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Pakistan

Sugar

Semi-Annual

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Approved by: **Jim Dever, Area Director**

FAS/FAA, Washington DC.

Prepared by: **Ikram Chaudhary, Ag Specialist**

U.S. Embassy Islamabad, Pakistan

Report Highlights:

Pakistan's MY 2002/03 sugar production is expected to increase to 3.77 million metric tons (MMT) due to forecast increase in area and yields as a result of good monsoon rains. To discourage imports, Government of Pakistan (GOP) has levied 25 percent import duty.

Includes PSD changes: Yes
Includes Trade Matrix: No
Semi-Annual Report
Islamabad [PK1], PK

SUGARCANE PRODUCTION

Pakistan's MY 2002/03 sugarcane production forecast has been increased 14 percent to 55 million metric tons (MMT), due to a 10-percent increase in area and 5-percent improvement in yield. This revision is based on the reports that: farmers have shifted some cotton area to cane due to decreasing returns in cotton cultivation and increased cane prices, which provides an incentive to increase both area and inputs. Despite early-season concern about water, sources report that monsoon rainfall (June-September) was normal and that irrigation supplies were adequate. As a result, observers expect sugarcane yields will improve about 5 percent.

Table 1: Sugarcane Area and Production by Province

Province	Area ('000' hectares)			Production ('000' MT)		
	MY2000/01	MY01/02	MY02/03	MY2000/01	MY01/02	MY02/03
Punjab	615.5	657.0	750.0	26,740	31,803	37,000
Sindh	238.8	241.0	250.0	12,050	11,416	13,000
NWFP	106.0	102.0	105.0	4,785	4,787	4,900
Baluch	0.7	0.7	0.7	32	35	35
Total	961.0	1000.7	1105.7	43,607	48,041	54,935

Source: Ministry of Food and Agriculture and FAS/Islamabad

SUGAR PRODUCTION

The MY 2002/03 refined sugar production forecast has been increased by about 10 percent to 3.77 MMT (raw value), based on the forecast increase in cane production and improvement in sucrose recovery. The sucrose content is expected to increase due to the substitution of new higher sucrose varieties for the previously popular, low sucrose, Indian variety COL 1148. Higher sucrose also is a function of adequate and timely rainfall and fertilizer usage.

CONSUMPTION

MY 2002/03 sugar consumption is forecast at 3.5 MMT (raw value), which is a slight increase, compared to last year due to increase in population. Recently, retail sugar prices hovered around Rs. 23 per kilogram (\$1=Rs. 60) due to the availability of abundant sugar stocks and the expectation of a good crop. Trade sources report that the Government of Pakistan (GOP) would like to see the sugar industry maintain retail sugar prices at Rs. 22-to-24 per kilogram or less.

Table 2. Refined Sugar Production, Supply and Demand

Commodity	Centrifugal Sugar		Preliminary	2002	(1000 MT)	
	Revised	2001			Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Beginning Stocks	127	127	425	425	181	460
Beet Sugar Production	10	10	10	32	10	33
Cane Sugar Production	2638	2638	2996	3421	3200	3745
TOTAL Sugar Production	2648	2648	3006	3453	3210	3778
Raw Imports	500	500	0	0	0	0
Refined Imp.(Raw Val)	600	600	200	32	200	0
TOTAL Imports	1100	1100	200	32	200	0
TOTAL SUPPLY	3875	3875	3631	3910	3591	4238
Raw Exports	0	0	0	0	0	0
Refined Exp.(Raw Val)	0	0	0	0	0	215
TOTAL EXPORTS	0	0	0	0	0	215
Human Dom. Consumption	3400	3450	3450	3450	3450	3500
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	3450	3450	3450	3450	3450	3500
Ending Stocks	425	425	181	460	141	523
TOTAL DISTRIBUTION	3875	3875	3631	3910	3591	4238

TRADE

Pakistan is expected to export about 215,000 MT (raw value) of sugar during MY 2002/03. This forecast is based on the competitive international prices. In response to complaints that imported sugar was harming domestic mills and growers, the government imposed an import duty of 25 percent during last budget in June 2002. According to mill owners, this levy was necessary to protect the local industry, whose cost of production for refined sugar is about \$320 per MT, compared to \$220 per MT for imported sugar C&F Karachi.

STOCKS

MY 2002/03 stocks are forecast at 523,000 MT as a residual of supply and demand factors. Of the total stocks, about 400,000 MT reportedly are held by the mills and the remaining stocks are in marketing channels.