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Morocco

Sugar

Annual

2004

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Report Highlights:
Sugar beet production is expected to be down as a result of an anticipated lower planted area this year. The area planted to sugar cane continues its downward trend because of high production costs.

The recently concluded free trade agreement with the US could result in more price competitive sugar substitutes (corn milling products) being available in the local market and result in lower use of sugar by industrials in the medium term.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Production

Morocco sugar beet production is expected to be down slightly, mostly because the uninterrupted rainfall during the planting season resulted in less area planted this year, especially in the Gharb (vicinity of Kenitra) and Doukkala (vicinity of El Jadida). Yields are expected to be comparable to last year's.

Although Sugar cane production is expected to be slightly higher due to higher yields in the Gharb region, the area planted to sugar cane continues to show a decreasing trend as farmers in the Gharb are reluctant to plant new sugar cane fields because of the high cost of production.

Table 1. Sugar Beet Area Planted and Production (1,000 hectares, 1000 MT)

Year of Harvest	2002		2003		Forecast 2004	
Region*	Area Planted	Production	Area Planted	Production	Area Planted	Production
Gharb	17.0	763	17.2	629	14.6	530
Doukkala	18.5	985	21.6	1,352	18.5	1,200
Tadla	13.6	667	18.4	958	17.1	850
Loukkos	5.8	259	5.1	156	4.2	130
Moulouya	4.8	316	4.9	318	4.5	290
	59.7	**2,990**	**67.2**	**3,413**	**58.9**	**3,000**

* Gharb: Vicinity of Kenitra, Doukkala Vicinity of El Jadida, Tadla: Vicinity of Beni Mellal, Loukkos (Vicinity of Larach), and Moulouya (Vicinity of Oujda)
Source: Ministry of Agriculture / AgAtt forecast.

Table 2. Sugar Cane Area Planted and Production (1,000 hectares, 1000 MT)

	2001/02		2002/03		Forecast 2003/04	
Region	Area Planted	Production	Area Planted	Production	Area Planted	Production
Gharb	10.9	624	12.0	635	10.2	690
Loukkos	4.2	314	3.1	264	4.3	300
Total	**15.1**	**939**	**15.1**	**899**	**14.5**	**990**

Source: Ministry of Agriculture / AgAtt forecast.

Trade

Morocco will continue to rely heavily on imports to fulfill the local demand for sugar. In recent years, Brazil has been by far the major supplier of sugar cane to Morocco. The private company COSUMAR accounts for most of imports of sugar in Morocco. Sugar imports consist virtually all of raw sugar to be refined locally. A very small quantity of refined sugar is imported directly at a high cost for sale in upscale supermarkets in major cities.

The recently signed free trade agreement with the US could change significantly the pattern of sugar consumption in Morocco. An estimated 120,000 MT of sugar consumption could be substituted, on the long term, by corn derivatives (such as corn syrup). The anticipated decrease in customs duties for corn is likely to make products of the corn processing industry more competitive. Currently, there is a single mill that processes about 50,000 MT of corn each year.

Policy

The government continues to subsidize consumption at the retail level, resulting in artificially low consumer prices. The GOM pays the sugar refineries a subsidy of 2,000 dirhams/MT (about $200) for refined sugar regardless of the type of sugar (granulated, cubes, or cones) produced. Consequently, the refineries are selling the refined sugar at an artificially low level, which has boosted the per capita consumption of sugar in Morocco.

- **Privatization of Beet and Cane Plants**

There are 13 sugar beet and sugar cane processing plants in Morocco, of which 2 private plants process about one third of the sugar beet in Morocco and belong to the same consortium that owns the major sugar refinery in Morocco.
The privatization of the other sugar beet and cane processing mills has been impeded primarily because of the low return of these mills, the excessive number of employees, and the lack of political willingness to make strategic and socially sensitive changes.

The GOM has merged some companies in order to improve their productivity and made them more appealing to potential buyers, but the GOM has announced no final agenda for privatization. Recently, the GOM has approved a plan for restructuring a group of 4 sugar beet mills in the area of Beni Mellal that are more prone to be privatized in the long term.

- **Sugar Crops are major pole of development in Morocco**

The comparative advantage of growing sugar in Morocco has been subject to criticism by numerous economic studies, and the wisdom of devoting scarce water resources to sugar crops has been questioned by many outside analysts. However, sugar crops have helped farmers to learn to intensify their farming and boosted economic and social development activities in El Jadida, Beni Mellal, Kenitra, and to a lesser extent Larach and Berkane. Every year, during a period of 8 months, sugar crops provide 90 to 100 days of work per hectares planted, for a population that is mostly illiterate and has no or very few job alternatives. This amounts to an estimated 8 million days of work. This is equivalent to 42,000 people working for 8 months, but the number of actual workers is much greater, since many of the jobs are occasional and for shorter periods. In fact, because of its impact on the local economy, during years of water shortages, the GOM gives priority in its allocation plans to sugar crops compared to other less labor intensive and less integrated crops

PSD Table: Sugar Beets (1000 HA)(1000 MT)
Country: Morocco

	2003 Revised		2004 Estimate		2005 Forecast		UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin	05/2002		05/2003		05/2004		MM/YYYY
Area Planted	60	60	65	67	0	59	(1000 HA)
Area Harvested	59	59	63	65	0	57	(1000 HA)
Production	2986	2986	3100	3400	0	3000	(1000 MT)
TOTAL SUPPLY	2986	2986	3100	3400	0	3000	(1000 MT)
Utilization for Sugar	2986	2986	3100	3400	0	3000	(1000 MT)
Utilization for Alcohol	0	0	0	0	0	0	(1000 MT)
TOTAL UTILIZATION	2986	2986	3100	3400	0	3000	(1000 MT)

PSD Table: Sugar Cane for Centrifugal (1000 HA)(1000 MT)
Country: Morocco

	2003 Revised		2004 Estimate		2005 Forecast		UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	14	11	14	12	0	10	(1000 HA)
Area Harvested	13	10	13	10	0	10	(1000 HA)
Production	939	939	955	900	0	990	(1000 MT)
TOTAL SUPPLY	939	939	955	900	0	990	(1000 MT)
Utilization for Sugar	939	939	955	900	0	990	(1000 MT)
Utilizatn for Alcohol	0	0	0	0	0	0	(1000 MT)
TOTAL UTILIZATION	939	939	955	900	0	990	(1000 MT)

PSD Table: Centrifugal Sugar (1000 MT)
Country: Morocco

	2003 Revised		2004 Estimate		2005 Forecast		UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin	**01/2002**		**01/2003**		**01/2004**		MM/YYYY
Beginning Stocks	247	247	238	268	230	268	(1000 MT)
Beet Sugar Production	390	380	400	440	0	400	(1000 MT)
Cane Sugar Production	100	90	100	90	0	90	(1000 MT)
TOTAL Sugar Production	490	470	500	530	0	490	(1000 MT)
Raw Imports	508	568	520	500	0	520	(1000 MT)
Refined Imp.(Raw Val)	3	3	2	0	0	0	(1000 MT)
TOTAL Imports	511	571	522	500	0	520	(1000 MT)
TOTAL SUPPLY	1248	1288	1260	1298	230	1278	(1000 MT)
Raw Exports	0	0	0	0	0	0	(1000 MT)
Refined Exp.(Raw Val)	0	0	0	0	0	0	(1000 MT)
TOTAL EXPORTS	0	0	0	0	0	0	(1000 MT)
Human Dom. Consumption	1010	1020	1030	1030	0	1030	(1000 MT)
Other Disappearance	0	0	0	0	0	0	(1000 MT)
Total Disappearance	1010	1020	1030	1030	0	1030	(1000 MT)
Ending Stocks	238	268	230	268	0	248	(1000 MT)
TOTAL DISTRIBUTION	1248	1288	1260	1298	0	1278	(1000 MT)

Import Trade Matrix: Centrifugal Sugar
Country: Morocco

Time Period	CY	Units:	MT
Imports for:	2002		**2003**
U.S.		U.S.	
Others		Others	
Brazil	542661	Brazil	441000
South Afr.Rep	25000	Guatemala	30000
		South Afr.Rep	29000
Total for Others	567661		500000
Others not Listed			
Grand Total	567661		500000