



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 3/31/2006

GAIN Report Number: CS6001

Costa Rica

Sugar

Annual Report

2006

Approved by:

Katherine Nishiura, Agricultural Attache
FAS San Jose

Prepared by:

Victor Gonzalez, Agricultural Specialist

Report Highlights:

After a record production of 404,000 MT, Costa Rica's sugar production is expected to decline to 380,000 MT in crop year 2005/2006. Production is expected to increase to 390,000 MT in 2006/2007.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
San Jose [CS1]
[CS]

| | |
|--|----------|
| Executive Summary | 3 |
| Production | 3 |
| Table 1: Sugar Cane for Centrifugal Sugar: Supply and Utilization | 3 |
| Table 2: Centrifugal Sugar: Production, Supply and Distribution | 1 |
| Area Planted | 1 |
| Yields | 1 |
| Consumption..... | 1 |
| Prices | 1 |
| Trade..... | 1 |
| Table 3: Export Trade Matrix | 2 |

Executive Summary

Costa Rica's cane and sugar production are expected to decline in the 2005/2006 crop year to 3,595,590 MT and 380,000 MT respectively. Preliminary data indicate that the cane production yield will decline from 77.3 MT/ha in 2004/2005 to approximately 73 MT/ha. in 2005/2006. Production in the 2005/2006 year was negatively affected by excess moisture in the province of Guanacaste, where most of the sugar cane is grown. The forecast for 2006/2007 is for slightly higher cane and sugar production, assuming rainfall patterns are normal during the rainy season.

Production

Costa Rica's sugar cane production is concentrated in the pacific region, mainly in the province of Guanacaste. After a 14.3% increase in output during 2003/2004, sugar cane production declined 3.9% to 3,804,648 MT during crop year 2004/2005. Cane production is expected to decline 5.5% during 2005/2006 as a result of a stronger than usual rainy season in 2005, which negatively affected production areas in Guanacaste. After a record production level of 410,000 MT of sugar in 2004/2005, sugar production is expected to reach 380,000 MT in 2005/2006.

Table 1: Sugar Cane for Centrifugal Sugar: Supply and Utilization

PSD Table

| Country Commodity | Costa Rica Sugar Cane for Centrifugal | | | | | |
|----------------------|--|-------------|-----------------|-------------|-----------------|-------------|
| | (1000 HA) | | (1000 MT) | | | |
| | 2005 | Revised | 2006 | Estimate | 2007 | Forecast |
| | USDA Official [| Estimate[1] | USDA Official [| Estimate[1] | USDA Official [| Estimate[1] |
| Market Year Begin | 10/2004 | | 10/2005 | | 10/2006 | |
| Area Planted | 52 | 52 | 53 | 52 | 0 | 53 |
| Area Harvested | 49 | 49 | 50 | 49 | 0 | 50 |
| Production | 3900 | 3805 | 4000 | 3596 | 0 | 3800 |
| TOTAL SUPPLY | 3900 | 3805 | 4000 | 3596 | 0 | 3800 |

Table 2: Centrifugal Sugar: Production, Supply and Distribution

PSD Table

| Country | Costa Rica | | | | | |
|------------------------|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|
| Commodity | Sugar, Centrifugal | | | | | |
| | (1000 MT) | | | | | |
| | 2005 | Revised | 2006 | Estimate | 2007 | Forecast |
| | USDA Official [Old] | Post Estimate[New] | USDA Official [Old] | Post Estimate[New] | USDA Official [Old] | Post Estimate[New] |
| Market Year Begin | | 10/2004 | | 10/2005 | | 10/2006 |
| Beginning Stocks | 63 | 63 | 73 | 76 | 78 | 77 |
| Beet Sugar Production | 0 | 0 | 0 | 0 | 0 | 0 |
| Cane Sugar Production | 410 | 404 | 420 | 380 | 0 | 390 |
| TOTAL Sugar Production | 410 | 404 | 420 | 380 | 0 | 390 |
| Raw Imports | 0 | 0 | 0 | 0 | 0 | 0 |
| Refined Imp.(Raw Val) | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL Imports | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL SUPPLY | 473 | 467 | 493 | 456 | 78 | 467 |
| Raw Exports | 190 | 183 | 200 | 145 | 0 | 180 |
| Refined Exp.(Raw Val) | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPORTS | 190 | 183 | 200 | 145 | 0 | 180 |
| Human Dom. Consumption | 210 | 208 | 215 | 234 | 0 | 220 |
| Other Disappearance | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Disappearance | 210 | 208 | 215 | 234 | 0 | 220 |
| Ending Stocks | 73 | 76 | 78 | 77 | 0 | 67 |
| TOTAL DISTRIBUTION | 473 | 467 | 493 | 456 | 0 | 467 |

Area Planted

Area planted has remained stable over the last few years and is expected to grow slowly in the short term. It has recently been mentioned that producers in some areas of the country are shifting from sugar to pineapple production, but the net effect of newly planted areas, mostly in Guanacaste, is expected to remain positive for sugar. Although higher sugar prices may attract some new farmers to the activity, area planted to sugarcane is not expected to increase sharply.

Yields

Based on data provided by the Costa Rican Sugar League (LAICA), the average sugar cane yield was 77.3 MT/ha. in 2004/2005. The cane yield is expected to decline to 73 MT/ha. in 2005/2006. The average sugar yield was 106.3 kg/ton in 2004/2005, up from 104.4 kg/ton in 2003/2004. The average sugar yield is expected to decline slightly in 2005/2006, resulting in lower sugar output.

Consumption

Costa Rica's sugar consumption is estimated at 235,000 MT for crop year 2005/2006, up 13% from 2004/2005. Per capita sugar consumption was roughly 56 kg. in 2005/2006. Costa Rica's per capita sugar consumption is one of the highest in the region, although it has declined from a record 59.2 kg in 1997-1998. Of total sugar consumption, about 53% is used for direct consumption and 47% is for industrial use.

Prices

Costa Rica protects its sugar market with high duties (45%). The domestic price (higher than world sugar prices) as well as higher prices obtained under quotas such as that allocated by the U.S., provide support to producers and millers. The retail price for white sugar ranges from \$0.31 to 0.35 per pound in the local market.

Trade

Sugar exports are expected to reach 145,000 MT in 2005/2006, down from 183,000 MT in 2004/2005. Export volume may increase to 180,000 MT during 2006/2007 assuming that the production volume increases as expected. The main destinations for Costa Rica's sugar are the U.S., including for re-export, Canada under the Costa Rica-Canada free trade agreement and the former Soviet Union. In 2004/2005, Costa Rica exported 23,457 MT of sugar to the Mexican market under the FTA with that country. Although Costa Rica is supposed to have preferential access to the Mexican market under their FTA, during the past ten years it had not been able to access that market.

Table 3: Export Trade Matrix

Export Trade Matrix

Country Costa Rica

Commodity Sugar, Centrifugal

Time Period Units:

Exports for:

U.S. U.S.

Others Others

| | | | |
|--------|--------|--|--|
| Canada | 61,551 | | |
| Russia | 46,150 | | |
| Mexico | 23,457 | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

Total for Others 131,158 0

Others not Listed

Grand Total 183,203 0