

Voluntary Report – Voluntary - Public Distribution

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Report Name: China Imports Sugar Syrup from Thailand

Country: Thailand

Post: Bangkok

Report Category: Sugar

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Report Highlights:

Thailand's sugar syrup exports to China increased more than twelvefold by volume in the first eight months of 2020 when compared to the same period in 2019. Thailand's refined sugar imports from India also saw a large uptick in 2020 to supply China's growing demand for sugar syrup.

Thailand saw a large jump in its sugar syrup exports to China in 2020. Thailand averaged just 69 thousand metric tons of sugar syrup exports between 2015 to 2018. In 2019, Thai sugar syrups tripled to just under 150,000 metric tons, and in the first eight months of 2020, they rose more than 12 times from the export totals in the first eight months of 2019. In 2020, Thailand has already exported close to 300,000 metric tons of sugar syrup, primarily to China. The recent increase in exports can be attributed to tightening border controls by Chinese officials and traders taking advantage of import duty free zones.

Table 1 – Thailand: Sugar Syrup Exports

Partner	2015	2016	2017	2018	2019	Jan to Aug 2019	Jan to Aug 2020
	(in metric tons)						
China	569	446	2,630	2,090	106,592	23,090	291,786
Other	31,255	49,881	73,213	36,177	43,044	27,831	39,242
Total	31,824	50,327	75,843	38,267	149,636	50,921	331,028

Data Source: Ministry of Finance, Thailand

FAS Bangkok previously reported that increases in refined sugar exports to Myanmar and Taiwan over the last few years (Table 2) were transshipped to China via border trade. China, however, increased its enforcement along its borders in 2020, and Myanmar imposed additional import restrictions on sugar. These measures greatly limited the amount of sugar that was being transshipped to China. Thailand's refined sugar exports to Taiwan and Myanmar during the first eight months of 2020 decreased by 47 and 54 percent, respectively. The exports of refined sugar to China also dropped 61 percent (Table 2), while the exports of sugar syrup increased 1,164 percent from the same period in 2019 (Table 1).

Table 2 – Thailand: Refined Sugar Syrup Exports

Partner	2015	2016	2017	2018	2019	Jan to Aug 2019	Jan to Aug 2020
	(in metric tons)						
Taiwan	101,388	142,115	738,209	498,554	306,079	255,845	135,707
Myanmar	670,048	669,193	510,982	927,075	226,402	154,380	70,626
China	696,189	327,049	276,290	302,597	317,485	173,989	68,573
Other	2,511,857	1,768,681	1,529,893	2,363,506	3,017,445	1,545,949	1,491,734
Total	3,979,482	2,907,038	3,055,374	4,091,732	3,867,411	2,130,163	1,766,640

Data Source: Ministry of Finance, Thailand

According to trade sources, Chinese-owned processing plants are set up in Export Processing Zone in Thailand in order to produce sugar syrup for export to China to avoid paying import duties. Thailand origin sugar syrup to China faces a 0% import duty instead of the 50% out-quota tariff (15% in-quota) for refined sugar. Importing one ton of sugar syrup is 14 to 17 percent less costly than producing sugar in China. Sugar syrup, however, does have its disadvantages. It has a shorter shelf life and requires more complex packaging since it is liquid.

Table 3 – Thailand: Refined Sugar Imports

Partner	2015	2016	2017	2018	2019	Jan to Aug 2019	Jan to Aug 2020
	(in metric tons)						
United States	156	157	111	122	140	74	63
Malaysia	100	2	36	37	60	35	20
India	1	2	1	1	2	1	28,612
Other	234	2,022	312	66	94	70	3,854
Total	491	2,183	460	226	296	180	32,549

Data Source: Ministry of Finance, Thailand

Another new development is the sudden increase in refined sugar imports for Thailand. Thailand's sugar production is at record lows due to several years of drought. China's demand for sugar, however, continues to increase. FAS Bangkok also learned that the Chinese-owned processing plants have started importing refined sugar from India to produce sugar syrup in Thailand. Thailand imported an average of 590 metric tons of refined sugar a year during the last five years (Table 3). Thailand, however, imported more than 30,000 metric tons in the first eight months of 2020, mostly from India. It takes 1 ton of refined sugar to produce 1.5 tons of sugar syrup. If all the sugar from India is used to make sugary syrup, then it would produce roughly 43,000 metric tons of sugar syrup. The Indian sugar used to produce sugar syrup makes up a relatively small part of the close to 300,000 metrics tons of sugar syrup that have been exported to China in 2020, but the use of imported sugar could rise if Thailand continues to experience lower than usual sugar production.

End of report.

Attachments:

No Attachments.