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Prepared By: Rasheeda Hall-Hanson

Approved By: Elizabeth Autry

Report Highlights:

Jamaican sugar production for MY 2020/2021 is projected to be approximately 48,000 MT, down from 60,000 MT in MY 2019/2020. This decline in sugar production is attributed to a combination of factors, such as general inefficiencies in production and the closure of one sugar mill. Despite the reduced production, it is expected that Jamaica will still be able to meet its export quota to the United States, supply the remainder of raw sugar based on local demand, and export to the European Union and other markets in the region in MY 2020/2021.

Production

It is projected by Post that for MY 2020/2021 approximately 48,000 MT of sugar will be produced from 596,000 MT of sugarcane. This will represent an almost 20 percent decrease in production from MY 2018/2019. There has been a steady decline in production over the last three marketing years. This downward trend is due primarily to operational issues such as: outdated and inefficient machinery, high input costs, low yield and quality of sugar cane, losses from illegal burning, and labor issues resulting from low wages.

In addition to these issues, sugar factories have closed operations in recent years. In 2018, the Monymusk factory, which was operated by the Pan Caribbean Sugar Company (PCSC), closed its doors, and following suit in 2019, the Golden Grove factory that is owned and operated by Seprod also permanently closed down its operations. Sources have indicated that the factories were closed due to unsustainable cost of production and high debts. Post therefore expects a reduction in total sugar production resulting from the closure of this additional factory. Currently, Jamaica only produces raw sugar, as it does not possess the capabilities to produce refined sugar, and this is not likely to change in the medium term.

The Government of Jamaica has been encouraging and implementing mechanisms for private sector interests to utilize the many hectares of land that are coming out of sugar to produce other crops as the industry continues to decline.

Table 1: Sugar cane production by factory- crop year 2018/2019

Factory	Company	Estate Area Reaped (HA)	Farmer Area Reaped (HA)	Total Area Reaped (HA)	Estate Cane Milled (MT)	Farmer Cane Milled (MT)	Total Cane Milled (MT)	Raw Sugar Produced (MT)
Appleton	Campari	3,048.00	1,918.88	4,966.88	108,147.00	64,659.82	172,806.82	10,895.00
Frome	Pan Caribbean	2,761.00	1,775.00	4,536.00	159,845.00	80,524.00	240,369.00	17,288.00
Golden Grove	Seprod	801.00	1,206.00	2,007.00	43,446.00	72,809.00	189,064.00	7,310.00
Worthy Park	Worthy Park	1,796.00	2,400.12	4,196.12	125,741.00	88,993.18	214,734.18	23,619.00
GRAND TOTAL		8406.00	7300.00	15,706.00	437,179.00	306,986.00	816,974.00	59,112.00

Source: Sugar Industry Authority (Preliminary 2020)

Consumption

Local consumption of sugar in MY 2019/20 was 46,000 MT of raw sugar and 68,000 MT of refined sugar, a total of 114,000 MT. Per capita consumption of sugar remains relatively constant at approximately 82 lbs. per person per annum. The food and beverage industries accounts for the bulk of consumption of refined sugar, which is used in their manufacturing processes.

The Ministry of Health and Wellness (MoHW) of the GoJ and the Heart Foundation of Jamaica have implemented a national campaign that touts the negative effects of excess sugar consumption and promotes a healthier lifestyle. As such, the campaign has encouraged the population to consume less sugar.

Some manufacturers have begun to respond to that campaign by reducing the quantity of sugar in selected drinks and baked products. This is expected to result in a reduction in the overall consumption of both raw and refined sugars. A tax on sugary drinks has also been proposed to further dissuade the consumption of drinks and products that are high in sugar. If passed, this may influence the consumption of raw and refined sugar.

The production of alcoholic beverages accounts for approximately 100,000 MT of molasses and approximately 5,000 MT of raw sugar consumed within their production systems. There are other sweeteners on the market, however, demand and market share are generally low.

Trade

Jamaica previously enjoyed preferential treatment under the European Union Sugar Protocol (EUSP). This protocol was also extended to other countries within the African, Caribbean and Pacific (ACP) group of countries. It allowed raw sugar produced in the ACP to be exported to the European Union (EU) at a premium price and also for the importation of raw sugar for local consumption at a lower price. This arrangement was discontinued and replaced by the Economic Partnership Arrangement (EPA) in 2009.

Under the EPA, the difference between the world market price and that of the ACP countries, including Jamaica, were decreased. Further revision of the EU's Common Agricultural Policy (CAP) in 2013 saw a removal of the preferential price that was offered to the ACP countries. This translated to ACP countries such as Jamaica operating under normal market conditions, which meant that Jamaica had to compete with the lower cost of production and the high efficiency of other world sugar producers. The changes to the EU policy resulted in a shift in the marketing of raw sugar that Jamaica employed. Presently, the sugar produced by Jamaica is used for domestic purposes, exported to the U.S market based on a pre-determined quota and exported to the EU even at the reduced prices.

Raw sugar exports for MY 2020/21 are forecasted to be 13,000 MT, which follows a consistent decline in production over the last three marketing years. Jamaica is expected to fulfill the sugar tariff rate quota (TRQ) to the United States for MY 2019/2020. The remainder of the raw sugar is expected to be consumed locally and exported to other markets, including in the Caribbean Community (CARICOM). Jamaica currently does not have the capability to process refined sugar and is expected to continue to import to satisfy local demand. In MY 2019/20, it is expected that the imports of refined sugar will remain flat. The top three suppliers of refined sugar to Jamaica are: Guatemala, Colombia and Uruguay.

Stocks

Approximately 4,000 MT of raw sugar is generally kept in stock by producers, as storage costs are usually high. A limited amount of refined sugar is also kept in stock by importers.

Policy

Policy guidelines for the operation of the sugar industry in Jamaica are spearheaded by the Ministry of Industry, Commerce, Agriculture and Fisheries (MICAFA). The policies address inter alia, land usage, irrigation, and subsidies. The Sugar Industry Authority (SIA) is a regulatory body under MICAFA and controls the industry in areas of arbitrations, research and development, monitoring and evaluation. The marketing of sugar and molasses are also regulated by the SIA.

The Jamaica Cane Products Sales (JCPS) Limited was a private marketing company created in 1994 to market sugar for the industry through the granting of marketing licenses under the SIA. It should be noted that the JCPS would market on behalf of the factories it represented.

At the time, these factories did not possess individual marketing licenses as stipulated by government policy. Through changes to the policy, the GoJ/SIA began to grant licenses to the sugar factories directly, therefore making the JCPS obsolete, and the entity ceased operation at the end of 2018.

The main policy for guiding the sugar industry in Jamaica is the Jamaica Country Strategy for the Adaptation of the Sugar Industry (JCS). The JCS I (2009-2015) was designed to respond to the EU's policy changes that regulated sugar export trade in ACP countries. Following the revisions to the EU's policy, the prices paid for raw sugar to ACP countries would face a decrease of 36 percent.

The JCS II (2016-2020) was updated by the MICAFA in July 2019. The three main strategic objectives of the revised policy document are:

- i. developing and maintaining a sustainable private sector-led sugar cane industry based on multiple products;
- ii. strengthening of the social resilience, economic diversification and environmental sustainability of Sugar Dependent Areas (SDA);
- iii. maintaining progress towards the GOJ's macro-economic goals.

The policy had a three-phase approach, which was: transition, transformation and consolidation. The latter was targeted to be completed between years 2015 and 2020. These policy updates were expected to minimize the risks associated with the industry and provide an avenue to increase revenue generation. It is envisioned by MICAFA that the industry looks at the entire value chain of sugarcane and not limit focus solely on sugar as the sole end product. Other value addition that has been investigated is the production and generation of energy products such as; ethanol, refining sugar, and increasing the production of premium products such as rum and other alcoholic products.

Marketing

There are currently three marketing agents for local sugar: Pan Caribbean Sugar Company (Frome factory), Campari (Appleton factory) and Worthy Park (Worthy Park factory). These entities are owners and operators of the sugar factories in Jamaica, and were granted marketing licenses by the GoJ to market their own products.

Previously, the JCPS had responsibility for import and distribution of the refined product, refined sugar is now solely imported and distributed to the retail markets by independent importers and manufacturers of beverages and baked goods.

Table 2: Prices of Sugar

Type of Sugar	Prices (USD)		
	Producer to Wholesaler	Wholesaler/Importer to retail	Retail to consumer
Raw	-	0.51	0.69
Refined	NA	0.92	1.27

Tables 3 and 4: Production, Supply and Demand Tables

Sugar Cane for Centrifugal Market Begin Year Jamaica	2018/2019		2019/2020		2020/2021	
	Dec 2018		Dec 2019		Dec 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	21	21	17	17	0	14
Area Harvested	17	17	14	14	0	11
Production	900	900	745	745	0	596
Total Supply	900	900	745	745	0	596
Utilization for Sugar	892	892	737	737	0	588
Utilization for Alcohol	8	8	8	8	0	8
Total Utilization	900	900	745	745	0	596
(1000 HA) ,(1000 MT)						

Sugar, Centrifugal Market Begin Year Jamaica	2018/2019		2019/2020		2020/2021	
	May 2018		May 2019		May 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	4	4	4	4	0	4
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	76	76	60	60	0	48
Total Sugar Production	76	76	60	60	0	48
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	68	68	68	68	0	60
Total Imports	68	68	68	68	0	60
Total Supply	148	148	132	132	0	112
Raw Exports	30	30	14	14	0	13
Refined Exp.(Raw Val)	0	0	0	0	0	0
Total Exports	30	30	14	14	0	13
Human Dom. Consumption	114	114	114	114	0	95
Other Disappearance	0	0	0	0	0	0
Total Use	114	114	114	114	0	95
Ending Stocks	4	4	4	4	0	4
Total Distribution	148	148	132	132	0	112
(1000 MT)						

Attachments:

No Attachments