

**Required Report:** Required - Public Distribution

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## **Report Name:** Sugar Annual

**Country:** Nicaragua

**Post:** Managua

**Report Category:** Sugar

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### **Report Highlights:**

The Nicaraguan sugar industry estimates that sugarcane production in MY2021/2022 will exceed 7.1 million metric tons (MMT) which would be a two percent increase from MY 2020/2021. The expected increase in production is due to an expansion of 1,000 hectares of area planted spurred on by the increase of up to 25 percent in international sugar prices in 2021 compared to the previous year. In MY 2020/2021, three of the four major sugar mills reduced area planted by 4,400 hectares in aggregate, which is equivalent to five percent reduction in area planted. Despite this reduction, sugar cane production totaled 6.9 MMT, only a one percent decrease compared to MY 2019/2020.

## **Production**

### **Sugarcane Production**

The Nicaraguan sugar industry estimates that sugarcane production in MY2021/2022 will exceed 7.1 million metric tons (MMT) which is a two percent increase from MY 2020/2021. The expected increase in production is due to an expansion of 1,000 hectares of area planted spurred on by an increase of up to 25 percent in international sugar prices in 2021 compared to the previous year.

In MY 2020/2021, three of the four major sugar mills reduced area planted by 4,400 hectares in aggregate, which is equivalent to five percent reduction in area planted. Sugar companies reduced planted areas that were far from the sugar mills to save transportation costs and to make production more efficient. In addition, some sugarcane farmers planted peanuts instead of sugar this cycle. Despite this reduction, sugar cane production totaled 6.9 MMT in MY 2020/2021, only a one percent decrease compared to MY 2019/2020.

Nicaragua was hit by Hurricanes ETA and IOTA in late November and early December 2020. These hurricanes, however, did not have adverse impacts on the MY 2020/2021 sugar crop cycle. On the contrary, agricultural yields reached a record high of 97 metric tons per hectare, up five percent from the previous year. Sugar farmers did not report any significant problems with pests in MY 2020/2021.

Sugarcane is produced along the Pacific Coast of Nicaragua and the sugarcane harvest runs from November through May. San Antonio, Monte Rosa, Benjamin Zeledon and Montelimar are the four main sugar mills..

### **Yields**

The Nicaraguan Sugar Association estimates yields of over 95 MT per hectare for MY 2021/2022. Agricultural yields in MY 2020/2021 totaled 97 MT per hectare, up five percent from the previous year. Industrial yields are projected to remain stable at 218 pounds per MT.

### **Area Planted**

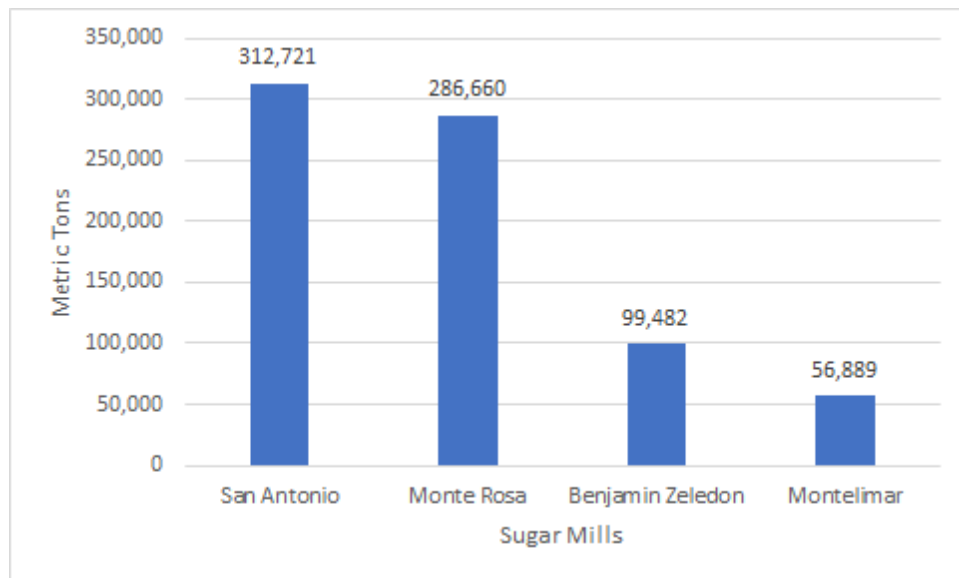
For MY 2021/2022, the Nicaraguan Sugar Association anticipates over 73,000 hectares of area planted, up two percent from the previous year. The 25 percent increase in international sugar prices is the main driver behind the expansion. In MY 2020/2021, total area planted was reduced by 4,400 hectares, equivalent to five percent of historical area planted. The reductions occurred in plantations far from the sugar mills.

### **Sugar Production**

For MY 2021/2022, the Nicaraguan sugar industry estimates that sugar production will exceed 776,000 MT, which would be a two percent increase from MY 2020/2021. The anticipated increase on sugar production is due to the expansion of 1,000 hectares of sugarcane. Sugar production reached 755,764

MT in MY 2020/2021, a one percent decline from the previous year. Industrial yields remained stable despite Hurricanes ETA and IOTA.

**Chart 1. Distribution of the MY 2020/2021 Sugar Production among Sugar Mills (MT)**



### **Consumption**

For MY 2021/2022, the sugar industry anticipates a two percent increase in domestic sugar consumption as the food service sector recovers from the pandemic. In MY 2020/2021, sugar consumption in Nicaragua increased by one percent compared with the previous year. Domestic demand for sugar increased in the early months of the pandemic (March and April 2020) as more families stayed home due to the pandemic, but domestic consumption soon returned to previous levels after people went back to work. Sugar consumption in MY 2020/2021 reached 272,000 MT.

### **Trade**

MY 2020/2021 sugar export statistics are not yet available. According to the Center for Exports and Procedures (CETREX), Nicaragua's sugar exports in CY 2020 totaled 430,000 MT. Post estimates sugar exports of 509,000 MT for MY 2020/2021 and does not anticipate any significant changes in exports for MY 2021/2022. According to the International Trade Center. South Korea, Taiwan, the United States, Europe, and Canada are the main export destinations.

### **Sugar Quotas**

Nicaragua has tariff rate quotas (TRQs) with the United States under the WTO (22,114 MT) and CAFTA-DR (28,600 MT), as well as with the European Union (25,717 MT) and Taiwan (35,000 MT of raw sugar and 25,000 MT of refined sugar). Mexico also allocates an export quota to Nicaragua; however, the quota is used only if Mexico has a shortage of sugar.

## Stocks

The Nicaraguan sugar mills keep between 30,000 and 40,000 MT of ending stocks of sugar to guarantee supply when waiting for the new harvest to be available. The total sugar domestic consumption in MY 2020/2021 reached over 272,000 MT. Inventories are expected to remain constant in MY 2021/2022.

## Policy

The Government of Nicaragua does not set sugar prices nor does it provide subsidies or special credit programs for sugar production or export. However, the sugar industry does benefit from relatively high domestic prices compared to sugar prices in the international markets.

## Marketing

Sugar domestic prices remained stable in 2020. Sugar for national consumption is fortified with vitamin A and packaged in bags of 0.4, 0.8 and 2.0 kg. Nicaragua's Sugar Association reported the following wholesale and retail prices for refined and white plantation sugar in 2020.

**Table 1. Wholesale prices for refined and white sugar in 2020**

Sugar prices per Pound (U.S. dollars)	Jan.	Feb.	Mar.	Apr.	May.	June.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
White Plantation Sugar	0.31	0.31	0.31	0.31	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32
Refined Sugar	0.39	0.39	0.38	0.39	0.39	0.39	0.40	0.40	0.39	0.39	0.39	0.39

**Table 2. Retail Prices for Refined and White Sugar in 2020**

Sugar prices per Pound (U.S. dollars)	Jan.	Feb.	Mar.	Apr.	May.	June.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
White Plantation Sugar	0.36	0.36	0.35	0.35	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37
Refined Sugar	0.47	0.47	0.46	0.47	0.48	0.48	0.48	0.48	0.47	0.48	0.48	0.48

**Table 3: Sugar Cane for Centrifugal Sugar: Supply and Utilization**

Sugar Cane for Centrifugal Market Year Begins	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2021		Oct 2022	
Nicaragua	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

<b>Area Planted</b> (1000 HA)	77	76	77	72	0	73
<b>Area Harvested</b> (1000 HA)	77	76	77	72	0	73
<b>Production</b> (1000 MT)	7142	7007	7140	6906	0	7100
<b>Total Supply</b> (1000 MT)	7142	7007	7140	6906	0	7100
<b>Utilization for Sugar</b> (1000 MT)	7142	7007	7140	6906	0	7100
<b>Utilizatn for Alcohol</b> (1000 MT)	0	0	0	0	0	0
<b>Total Utilization</b> (1000 MT)	7142	7007	7140	6906	0	7100
(1000 HA) ,(1000 MT)						

**Table 4: Centrifugal Sugar: Production, Supply and Distribution**

Sugar, Centrifugal Market Year Begins	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Nicaragua						
<b>Beginning Stocks</b> (1000 MT)	40	40	65	65	0	40
<b>Beet Sugar Production</b> (1000 MT)	0	0	0	0	0	0
<b>Cane Sugar Production</b> (1000 MT)	787	787	787	756	0	776
<b>Total Sugar Production</b> (1000 MT)	787	787	787	756	0	776
<b>Raw Imports</b> (1000 MT)	0	0	0	0	0	0
<b>Refined Imp.(Raw Val)</b> (1000 MT)	0	0	0	0	0	0
<b>Total Imports</b> (1000 MT)	0	0	0	0	0	0
<b>Total Supply</b> (1000 MT)	827	827	852	821	0	816
<b>Raw Exports</b> (1000 MT)	267	348	267	356	0	357
<b>Refined Exp.(Raw Val)</b> (1000 MT)	230	149	252	153	0	153
<b>Total Exports</b> (1000 MT)	497	497	519	509	0	510
<b>Human Dom. Consumption</b> (1000 MT)	265	265	268	272	0	274
<b>Other Disappearance</b> (1000 MT)	0	0	0	0	0	0
<b>Total Use</b> (1000 MT)	265	265	268	272	0	274
<b>Ending Stocks</b> (1000 MT)	65	65	65	40	0	32
<b>Total Distribution</b> (1000 MT)	827	827	852	821	0	816
(1000 MT)						

**Attachments:**

No Attachments