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Report Highlights:

Despite an anticipated increase in sugarcane production, Argentina's sugar exports for marketing year (MY) 2025/26 are forecast to decline to 515,000 metric tons (raw value), driven by significantly lower beginning stocks and more favorable returns from ethanol production under the domestic biofuels blend mandate. Exports are expected to continue to go primarily on Chile and the United States, including organic and quota-access sugar. Meanwhile, domestic sugar consumption is projected to rise modestly, supported by improved macroeconomic conditions following two years of economic contraction.

Production and Ethanol Demand

Sugar production in Argentina for marketing year (MY) 2025/26 is forecast at 1.88 million metric tons (raw value), representing a modest increase of approximately 2 percent compared to the previous season. This growth is driven by slightly higher domestic demand and a marginal increase in the volume of sugarcane allocated for sugar production. However, sugar exports are projected to decline by 85,000 tons (raw value) due to significantly lower beginning stocks compared to MY 2024/25.

While overall sugarcane production is expected to increase, Post forecasts the share directed toward sugar production is anticipated to remain stable at around 75 percent of total cane volume. The remaining surplus is increasingly being diverted to ethanol production, reflecting favorable economics under the domestic biofuels policy. In MY 2024/25, the surplus was split roughly evenly between ethanol and sugar exports. However, in MY 2025/26, a larger share is expected to be allocated to ethanol, reflecting its more attractive returns.

The ethanol sector continues to benefit from strong domestic demand, underpinned by projected GDP growth of at least 5 percent and a parallel rise in gasoline consumption. Ethanol production from sugarcane is forecast at 600–620 million liters in MY 2025/26, up from historical levels of approximately 200 million liters prior to the implementation of Argentina's biofuels mandate in 2010. Current law requires a 12 percent ethanol blend in gasoline. However, discussions are ongoing in Congress regarding potential reforms that could increase the mandate to 15 percent. For reference, Brazil mandates a 27.5 percent blend and Paraguay 30 percent, aided by widespread adoption of flex-fuel vehicles in those countries. Local industry stakeholders remain optimistic that policy changes could further bolster demand.

In late April 2025, ahead of the harvest, sugar industry representatives outlined projected supply scenarios, reaffirming the domestic market as a top priority. Remaining cane volume will be directed to ethanol or export markets, depending on their profitability. This flexible approach is aimed at maintaining price stability and avoiding seasonal oversupply, a recurring issue in past seasons when producers rushed to sell large volumes at harvest facing limited access to credit.

An important market development in MY 2024/25 was the role of a major local mill that purchased large quantities of sugar early in the season from financially constrained mills and exported most of it. This commercial arrangement helped stabilize domestic prices and eased inventory pressure. The industry expects a similar scheme to be replicated in MY 2025/26, contributing to a more orderly market.

The sugarcane planted area is projected to expand to approximately 420,000 hectares, up 6,000–7,000 hectares from the previous season. This growth is almost entirely concentrated in Tucumán, where sugarcane has outperformed alternative crops such as soybeans in terms of returns. In recent years, sugarcane has also displaced some lemon groves in the province, although that trend appears to have plateaued.

Harvest operations in Tucumán, covering around 300,000 hectares, remain susceptible to seasonal rainfall patterns and potential labor disruptions. In MY 2024/25, excessive rainfall in October and November resulted in approximately 6,000 hectares left unharvested. Weather during the final harvest

months (September–November) and the number of days mills operate, potentially affected by union strikes, will be key variables in the region’s overall output.

Photo #1: Sugarcane East of Tucuman City, Departamento de Cruz Alta, April 2025



Source: FAS Buenos Aires

Sugarcane and sugar production in MY 2025/26 will be highly dependent on winter and spring weather conditions. Severe frosts, particularly in Tucumán, could negatively impact yields and sucrose content. In response, mills and growers are enhancing management practices to mitigate frost damage, such as harvesting and processing frost-affected cane as rapidly as possible. Northern provinces typically experience milder frosts, and because most of the cane is vertically integrated with the mills, management and harvest logistics are more efficient in those regions.

Field conditions going into the season are relatively favorable. In addition to an increase in planted area, several thousand hectares in Tucumán that went unharvested in MY 2024/25 due to excessive rainfall are expected to contribute positively to yields in MY 2025/26. High profitability in 2023 spurred reinvestment in sugarcane fields, including the adoption of newer, higher-yielding varieties. However, the muddy and rain-disrupted end to the previous harvest cycle will likely diminish productivity in some fields. The extremely hot and dry summer, followed by excessive rainfall in April 2025, may also impact yields in the currently maturing cane.

A notable headwind in MY 2025/26 is the increase in production costs. The appreciation of the peso has raised on-farm and industrial costs significantly in dollar terms, squeezing margins across the value chain. Key expenses including freight, harvesting, labor, energy, and overhead have risen sharply, eroding profitability. At current prices, many producers are operating at near breakeven. Farmgate prices for sugar (including 21 percent VAT) are hovering around \$400/ton, while producers estimate they need a 30 - 40 percent price increase to recover costs and generate a reasonable profit. As a result, most growers are expected to reduce investment in sugarcane fields in the upcoming season.

Given current prices, the most profitable outlet for mills is exporting raw sugar under Argentina’s U.S. tariff rate quota (TRQ), followed by domestic ethanol sales under the national blending mandate and

exports to neighboring Chile. Exporting sugar to the world market is currently the least profitable channel.

Tucumán continues to dominate Argentina's sugar sector, accounting for approximately 70 percent of the planted sugarcane area. The provinces of Jujuy and Salta make up the balance. Argentina has around 6,000 independent sugarcane producers most of them smallholders with less than 50 hectares concentrated largely in Tucumán. The province has 14 sugar mills, while Jujuy has 3 and Salta 2. In contrast to Tucumán, most mills in Salta and Jujuy are vertically integrated, managing their own extensive cane plantations and relying heavily on gravity-fed irrigation systems.

Ethanol production infrastructure is well developed, with 16 distilleries and 12 dehydrators supporting Argentina's current E12 gasoline mandate, which requires a 12 percent ethanol blend with half sourced from sugarcane and half from corn. While many mills remain in relatively sound financial condition, rising input costs are expected to put downward pressure on margins in MY 2025/26. As such, no major capital investments are anticipated this year; most planned improvements will be minor and focused on incremental efficiency gains.

Argentina does not currently permit genetically engineered (GE) sugarcane. However, three research institutions across Tucumán, Salta, and Jujuy are awaiting final regulatory approval, which is anticipated in 2025 or early 2026. Adoption of GE varieties is expected to accelerate following approval, particularly given the precedent in neighboring Brazil, which already cultivates GE sugarcane.

Domestic Consumption and Exports

Domestic sugar consumption in MY 2025/26 is projected at 1.41 million metric tons (raw value), reflecting a modest rebound from the previous year's depressed levels. This increase is underpinned by an expected 5 percent GDP recovery in 2025 following two consecutive years of contraction. Roughly 70 percent of sugar consumed domestically in Argentina is used by the food and beverage industry. Carbonated soft drinks are the largest user, typically blending 50 percent sugar with 50 percent high-fructose corn syrup. Other key users include the confectionery sector, and the dairy, particularly ice cream, industries. The remaining 30 percent is sold for direct household consumption, primarily in 1-kilogram retail packages. Among retail channels, small stores account for approximately 55 percent of sales, followed by supermarkets (25 percent) and wholesalers/distributors (20 percent).

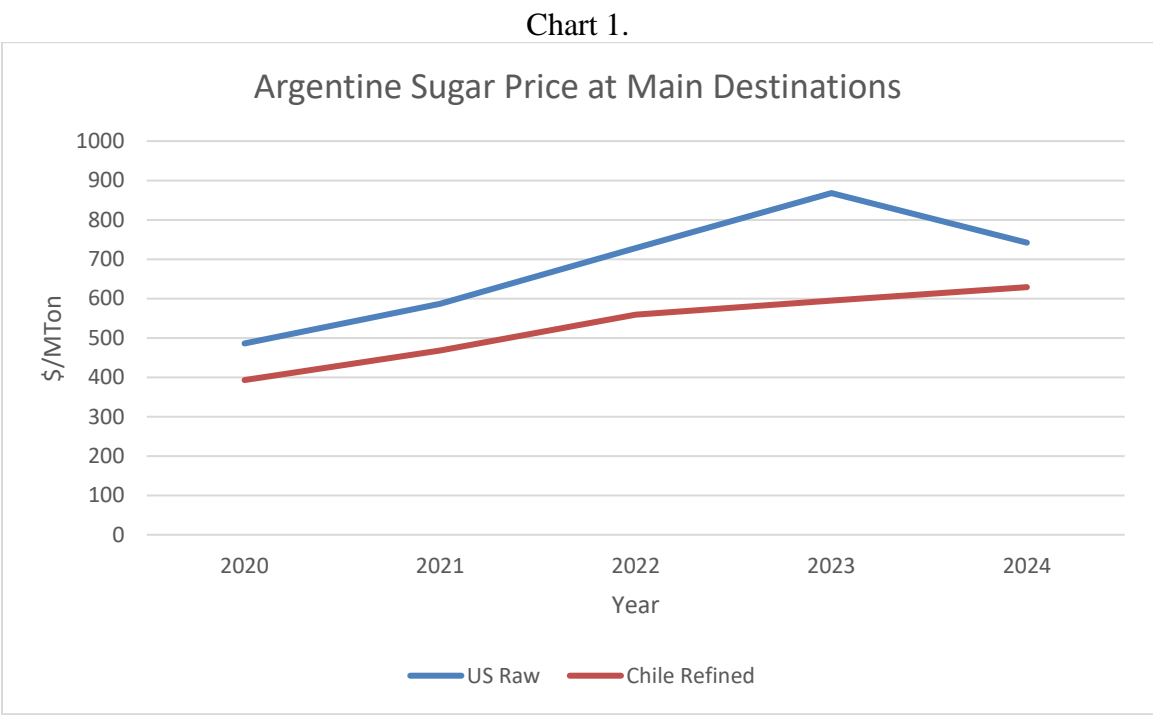
In MY 2024/25, domestic sugar consumption was estimated at 1.37 million tons, lower than initially projected due to macroeconomic instability and reduced household purchasing power. Although sugar is typically price inelastic, overall consumption fell as consumers shifted toward smaller packaging and lower-priced or lower-quality substitutes.

Argentina's sugar exports in MY 2025/26 are forecast at 515,000 tons (raw basis), a 15 percent decrease year-over-year. The reduction is attributed to lower beginning stocks and a strategic shift toward ethanol production, which currently offers better returns than bulk sugar exports.

Local trade contacts report that roughly 500,000 tons of sugar have already been contracted for future delivery in MY 2025/26. Chile remains the leading export market, with expected purchases of approximately 250,000 tons of refined sugar. An estimated 100,000 tons of organic sugar will be

shipped primarily to the United States and the European Union, while a similar quantity of raw sugar has been sold to international traders, with final destinations to be determined. Argentina is expected to fulfill its FY2025 U.S. TRQ allocation and may apply for additional quota access if available.

The following table shows the import price reported by the US for Argentine raw sugar and by Chile for Argentine refined sugar (in \$/MT):



Source: FAS Buenos Aires with Trade Data Monitor, Inc. data

In late January 2025, the Argentine government officially eliminated export taxes on a range of products classified under “regional economies,” including sugar, cotton, tobacco, and rice. Prior to this policy shift, sugar exports were subject to a 4.5 percent export tax, though exporters also received a 2.5 percent rebate. The removal of the net 2 percent tax burden is expected to modestly improve the competitiveness of Argentine sugar in export markets, particularly in comparison to global suppliers not facing such levies.

Ending stocks for MY 2025/26 are projected at 140,000 metric tons (raw value), a sharp decline from the estimated stock level in MY 2024/25. This volume represents slightly more than one month’s worth of domestic consumption and is considered relatively low by historical standards. Such a tight stocks-to-use ratio is expected to support firmer domestic sugar prices and improve returns to both mills and growers.

Typically, sugar stocks in Argentina are held by mills and larger producers, allowing them to exert some control over the timing of market supply and prices. This stockholding structure may also help smooth price volatility during the year in the domestic market despite the overall tighter availability.

Statistical Data

Sugar Cane for Centrifugal Market Year Begins Argentina	2023/2024		2024/2025		2025/2026	
	Jun 2023		Jun 2024		Jun 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	420	420	440	414	0	420
Area Harvested (1000 HA)	405	405	435	408	0	418
Production (1000 MT)	19900	19900	24300	24480	0	25400
Total Supply (1000 MT)	19900	19900	24300	24480	0	25400
Utilization for Sugar (1000 MT)	17000	17000	20000	18300	0	18800
Utilizatr for Alcohol (1000 MT)	2900	2900	4300	6180	0	6600
Total Utilization (1000 MT)	19900	19900	24300	24480	0	25400
(1000 HA) ,(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Sugar, Centrifugal Market Year Begins Argentina	2023/2024		2024/2025		2025/2026	
	May 2023		May 2024		May 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	147	147	295	315	0	185
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	1710	1730	2000	1840	0	1880
Total Sugar Production (1000 MT)	1710	1730	2000	1840	0	1880
Raw Imports (1000 MT)	0	0	0	0	0	0
Refined Imp.(Raw Val) (1000 MT)	0	0	0	0	0	0
Total Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1857	1877	2295	2155	0	2065
Raw Exports (1000 MT)	17	17	390	255	0	200
Refined Exp.(Raw Val) (1000 MT)	85	85	235	345	0	315
Total Exports (1000 MT)	102	102	625	600	0	515
Human Dom. Consumption (1000 MT)	1450	1450	1460	1360	0	1400
Other Disappearance (1000 MT)	10	10	10	10	0	10
Total Use (1000 MT)	1460	1460	1470	1370	0	1410
Ending Stocks (1000 MT)	295	315	200	185	0	140
Total Distribution (1000 MT)	1857	1877	2295	2155	0	2065
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Attachments:

No Attachments