

Required Report: Required - Public Distribution

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Report Name: Sugar Annual

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Report Highlights:

Sugar production in 2025/26 is projected to reach 6.6 million tons, which is 13.7 percent higher than the 2024/25 estimated production. This increase is based on expectations for improved sugar content and average cane yield. With population growth and increased demand from the food processing sector, some growth in sugar consumption is anticipated. Given the expected tight supply situation and decline in stocks, the government is unlikely to allow exports, and the export forecast for 2025/26 is only 50,000 tons.

Production:

Sugarcane production in 2025/26 is projected to reach 83.5 million metric tons, a four percent increase compared to the 2024/25 estimate. This expected growth is based on a five-year average yield of 69 metric tons per hectare and average sucrose recovery. During most of the 2024/25 crushing season, farmers received below average prices of around \$34 per ton. Toward the end of the season when supplies dwindled, prices increased to \$40 per ton. The lower prices received for the 2024/25 crop, reduced returns, which will discourage significant expansion of 2025/26 area. In addition, as of early April, irrigation water supplies were at critically low levels, and rainfall will be needed to replenish water storage levels. The current dry conditions are another major factor limiting sugarcane area expansion in 2025/26.

During 2024/25, production in Punjab and Sindh declined due to abnormally high temperatures in May and below-normal rainfall throughout the growing season. These conditions negatively impacted the yield of the 2024/25 crop, reducing cane output.

Sugarcane production is primarily concentrated in the Punjab and Sindh provinces, which contribute 67 percent and 26 percent, respectively. Khyber Pakhtunkhwa (KPK) accounts for most of the remainder. More than half of sugarcane area is in Bahawalpur in Punjab and Sukkur in Sindh. Similarly, almost all cane crushing mills are in Punjab and Sindh.

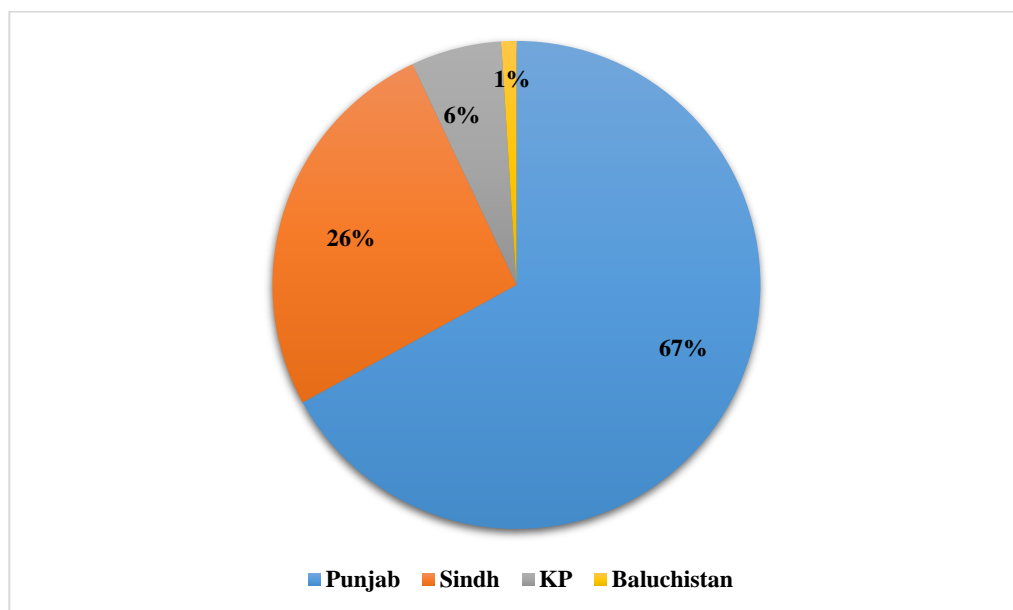
During the 2024/25 collection season, farmers encountered significant challenges in marketing their crops, particularly at the start of the crushing season. Long queues at mills caused delays in delivery. Farmers lacking transportation equipment were forced to sell their cane to agents at below market prices. Additionally, delayed payments from mill owners remained a chronic issue, leaving many farmers still awaiting payments as the crushing season drew to a close in early April 2025.

An estimated 10 percent of total cane production is diverted for making jaggery (Gur) and planting seed.

Table 1: Sugarcane Production Areas

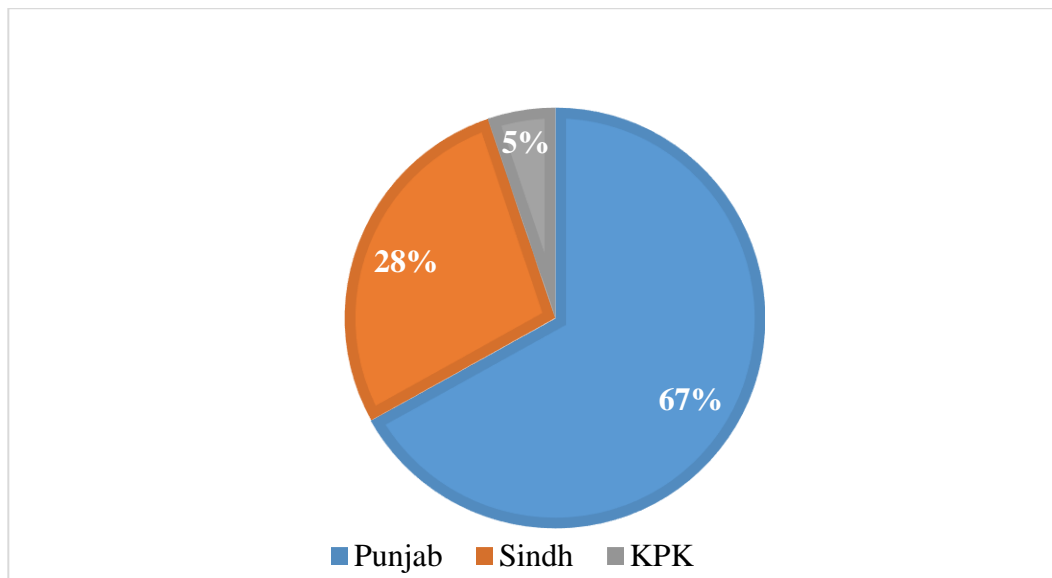
Zones	Sugarcane Area	Province
Indus Delta	Thatta , Badin	Sindh
Southern irrigated plain	Rahim Yar Khan,	Punjab
	Sukhur, Larkana, Khairpur, Gotki	Sindh
Northern Irrigated Plains	Faisalabad, Jhang, Chiniot, Gujranwala, Sargodha.	Punjab,
	Peshawar and Mardan, Charsada	KPK
Sandy Deserts	Muzaffargarh, Minawali	Punjab
Sulaiman Piedmont	DI Khan, DG Khan	KPK, Punjab

Figure 1: Sugarcane Production by Province



Source: Pakistan Bureau of Statistics and Sugar Mills Association (PSMA)

Figure 2: Cane Crushing by Province



Source: Pakistan Sugar Mills Association (PSMA)

Policy:

The government is working to reduce subsidies and transition to market-based pricing instead of maintaining support prices. This marked a significant policy change for sugarcane in the 2024/25 season, when neither the federal government nor the Punjab government announced a support price, a departure from the longstanding practice. Only the Sindh provincial government set a minimum sugarcane price of 425 rupees per 40 kg (approximately \$38 per ton).

Sugar is considered an essential commodity in Pakistan, with provincial governments overseeing its pricing and supply to ensure stability and affordability. Provincial authorities also restrict sugar mills to sourcing sugarcane from designated areas and control procurement quantities. This extensive control at the provincial level aims to maintain a steady production flow and protect local farmers. Nonetheless, price fluctuations and supply shortages have still characterized the market. The sugar market is also fraught with inefficiencies and vested interests. As mentioned above, over the past year, the government has gradually reduced its direct involvement in the sugarcane market, signaling a trend toward minimal intervention in price-setting. This shift is expected to extend into the 2025/26 season. However, authorities are expected to remain engaged with the industry to ensure price stability.

Table 2: Sugar Cane Production, Supply and Distribution (1,000 HA), (1000 MT)

Sugar Cane for Centrifugal	2023/2024		2024/2025		2025/2026	
Market Year Begins	Oct 2023		Oct 2024		Oct 2025	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	1,175	1,175	1,210	1,210	-	1,210
Area Harvested (1000 HA)	1,175	1,175	1,210	1,210	-	1,210
Production (1000 MT)	81,500	81,500	83,500	80,000	-	83,500
Total Supply (1000 MT)	81,500	81,500	83,500	80,000	-	83,500
Utilization for Sugar (1000 MT)	81,500	81,500	83,500	80,000	-	83,500
Utilization for Alcohol (1000 MT)	0	0	0	0	-	0
Total Utilization (1000 MT)	81,500	81,500	83,500	80,000	-	83,500
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Table 3: Sugarcane Minimum Support Price (MSP) by Province (\$/Ton)

Year	Punjab	Sindh	KPK
2019-20	29.7	30.0	29.7
2020-21	28.4	28.7	28.4
2021-22	24.9	25.1	24.9
2022-23	26.5	26.7	26.5
2023-24	36.0	38.2	36.0
2024-25	0	36.0	0

Source: Provincial Agriculture Departments and PSMA

SUGAR, CENTRIFUGAL

Production:

Due to expectations for the increase in cane production, sugar production is forecast to increase to 6.6 million tons during 2025/26, which is 13 percent above the 2024/25 estimate. This increase assumes average sucrose recovery rates and cane yields.

The 2024/25 output estimate is decreased due to the updated lower sugarcane production estimate and due to below average sucrose recovery. Total sugar production from November 16, 2024, to March 1, 2025, was an estimated 5.4 million tons, compared to 6.05 million tons during the same period last season. Additionally, the low price of sugarcane prompted a larger portion of the crop to be diverted for jaggery production. As in recent seasons, sugar mills' delayed procurement led more farmers to sell cane in local markets for unrefined sugar production.

Consumption:

Sugar consumption is projected to increase slightly to 6.8 million tons in the 2025/26 period. This steady growth is driven by population increases and rising demand from the food processing industry. Sugar is primarily consumed at the household level for daily use, but it also used for beverages and confectionaries, with smaller shares used in the dairy and pharmaceutical sectors.

Trade:

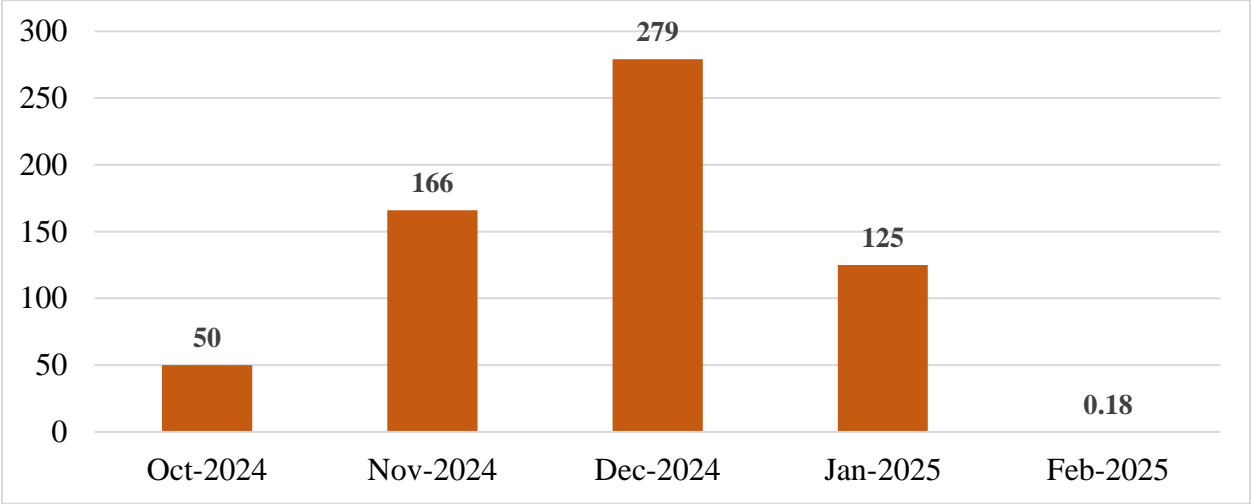
With expectations for tight supplies and declining stocks in 2025/26, exports are forecast to be minimal. To ensure domestic price stability, the government will continue to control exports.

During the early months of the 2024/25 marketing year, sugar exports contributed to an increase in domestic retail prices. Although supplies were closely monitored by the Sugar Advisory Board and the Cane Commissioner's Office, the exports and surge in local consumption during Ramadan led to higher prices in March/April 2025. The government set a notional price ceiling, but prices remained above that price as of mid-April.

The export estimate for 2024/25 has been revised upwards to 700,000 tons, reflecting the quantity of exports during Oct/Jan. In March 2025, the government announced that no further sugar exports would be allowed for the remainder of the 2024/25 marketing year.

No sugar imports are forecast for 2025/26, as domestic supplies are expected to be sufficient. However, a clearer picture will emerge by June, once final production and stock estimates become available.

Figure 3: Refined Sugar Exports (1,000 Tons)



Stocks:

With expectations for growth in domestic consumption and a slight rise in cane sugar production during 2025/26, stocks are forecast to decline to 1.76 million tons.

Policy:

As a vital staple, the government continues to focus on maintaining steady sugar supplies and prices. In addition, to support low-income households, the government provides targeted subsidies. Under this scheme, subsidized sugar is sold at around \$0.43 per kilogram at government operated outlets, while the prevailing market price is roughly \$0.61 per kilogram.

In 2024/25, the government took several steps to reduce underreporting and to curb tax evasion. For example, the Federal Board of Revenue (FBR) installed surveillance cameras to remotely monitor sugar mills’ cane intake and sugar output, officers have been stationed at mill sites, and all the mills are subject to random inspections.

Table 5: Retail Sugar Prices (\$ /Kg)

Months	2020	2021	2022	2023	2024	2025
January	0.48	0.52	0.41	0.35	0.56	0.58
February	0.50	0.52	0.39	0.35	0.56	0.58
March	0.51	0.56	0.38	0.38	0.53	0.65
April	0.51	0.55	0.39	0.45	0.53	
May	0.51	0.55	0.37	0.45	0.53	
June	0.51	0.56	0.37	0.45	0.53	
July	0.53	0.58	0.37	0.51	0.53	
August	0.59	0.60	0.41	0.56	0.53	
September	0.61	0.61	0.42	0.60	0.53	
October	0.62	0.59	0.39	0.54	0.53	
November	0.62	0.55	0.43	0.51	0.56	
December	0.52	0.52	0.44	0.52	0.57	
Average	0.54	0.56	0.40	0.47	0.57	
Dollar	\$=Rs.160	\$=Rs.176	\$= Rs.226	\$= Rs.283	\$=Rs.278	\$=Rs. 278

Source: Pakistan Bureau of statistics and Agriculture Market Information System (AMIS)

Attachments:

No Attachments