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Report Highlights:

FAS/Managua projects MY 2025/26 sugar production to reach 840,000 metric tons, up ten percent from MY 2024/25, assuming a more balanced rainy season and an increase in sugarcane plantations. In MY 2024/25, sugar production dropped five percent from the previous year due to a La Niña weather cycle in the second half of 2024, which had a negative impact on sugarcane industrial yields. Nicaragua continues to diversify its export markets, with China ranking among the top three destinations in calendar year 2024.

Sugarcane Production

MY 2025/26

FAS Managua forecasts Nicaraguan sugarcane production for marketing year (MY) 2025/26 to reach 7.6 million metric tons (MT), a four percent increase compared to MY 2024/25. This projected growth is attributed to a two percent expansion in planted areas and the expectation of having better agronomic and industrial yields due to a neutral rainy season with precipitation levels aligning with the historical average. Sugar producers anticipate a shift from the La Niña weather cycle to ENSO-neutral conditions in the latter half of 2025, typically associated with normal weather patterns and a more balanced rainy season.

Sugarcane harvested area in Nicaragua is projected by FAS/Managua to reach 75,000 hectares (ha) in MY 2025/26, a four percent increase from MY 2024/25. This increase is expected as two sugar mills plan to expand planted areas by 2,000 ha. The expansion is attributed to the rotation of some less productive peanut lands to sugarcane, driven by low peanut prices (US\$0.25/pound as of March 2025) and the mills' need for more biomass to enhance their power plant efficiency.

FAS/Managua expects financing will be readily available at relatively competitive rates in MY 2025/26, as sugar exports continue to be among the most reliable export revenue generating activities and as deposits at the Nicaraguan Central Bank reached a record high of \$6.6 billion in December 2024.

FAS/Managua anticipates MY 2025/26 agronomic yields to increase by two percent to 102 MT/ha, on a more balanced rainy season. Preliminary forecasts from the U.S. National Oceanic and Atmospheric Administration (NOAA) indicate that conditions are likely to shift from La Niña weather cycle to ENSO - neutral in the second half of 2025.

Roughly half of Nicaraguan sugarcane farms have integrated irrigation – drip or sprinkler-based systems – into their operations, making efficient use of limited water resources and improving sugarcane yields in drier years. Widespread planting of drought-tolerant sugarcane varieties, like the Guatemala-developed CG02-163 variety, further raises the expected floor for sugarcane agronomic yields in drier production cycles, like those associated with an El Niño system.

MY 2024/25

Preliminary data from sugarcane millers estimate total MY 2024/25 sugarcane production at 7.3 million MT, down three percent from MY 2023/24. The extended La Niña weather cycle brought prolonged rains in November, December, and January during the harvest season. This increased water concentration in the sugarcane lead to a decrease in sugar yields during these months from the historic average of 220 pounds per ton to 180 pounds per ton. However, industrial yields have since recovered in the early months of the year to 210 pounds, down 5 percent from typical average yields.

Although MY 2024/25 was impacted by La Niña, sugarcane farmers reported agronomic yields at 98.97 MT/ha, just a two percent decrease from the previous year, primarily due to excess precipitation. The above-average rainy season and cloud cover contributed to less-optimal plant growth. Farmers didn't report problems with pests and or diseases.

FAS/Managua estimates Nicaragua will remain the third-largest sugarcane producer in Central America, after Guatemala and El Salvador, in MY 2024/25 despite the decrease in production. Sugarcane is produced along the Pacific Coast and harvested from November through May. Four sugar mills produce approximately 60 percent of total sugarcane on company-owned plantations, with roughly 600 independent farmers producing the remainder. Up to 40 percent of sugarcane is still harvested by hand, where smaller-sized plots have prevented the introduction of mechanized harvesting and where rockier, lower quality soils that damage harvesting equipment make manual labor more cost-effective.

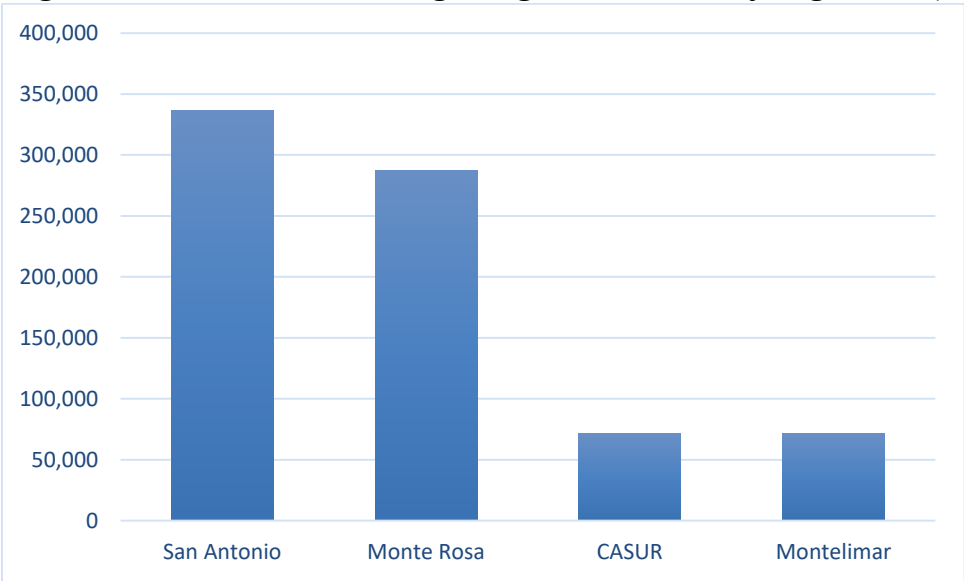
The high rate of sugar harvest mechanization – more than 95 percent of the harvest is mechanized in some of the most productive areas – has largely insulated the sector from the negative effects of high levels of migration on the labor supply. Harvest mechanization provides further benefits in the form of environmental services, as mechanized harvesting is predominantly done without burning, which reduces soil degradation and erosion and prevents the release of large amounts of smoke into the air.

Sugar Production

FAS/Managua projects MY 2025/26 sugar production to reach 840,000 MT, up ten percent from MY 2023/24, assuming a more balanced rainy season. FAS/Managua projects processing yields in MY 2025/26 to recover to average historic yields of 220 pounds of raw sugar per ton.

FAS/Managua estimates Nicaragua’s MY 2024/25 sugar production will fall slightly to 766,000 MT, a five percent decrease from the estimated 806,000 MT produced in MY 2023/24. This decline is attributed to an anticipated five percent drop in industrial yields resulting from extended rains during the harvest season, which increased the water concentration in the sugarcane. Based on these estimated sugar and sugarcane production figures, FAS/Managua projects MY 2024/25 sugar processing yields to be approximately 210 pounds of raw sugar per metric ton of sugarcane, down five percent from the average yield of previous years.

Figure 1. MY 2024/25 Centrifugal Sugar Production by Sugar Mill (MT)



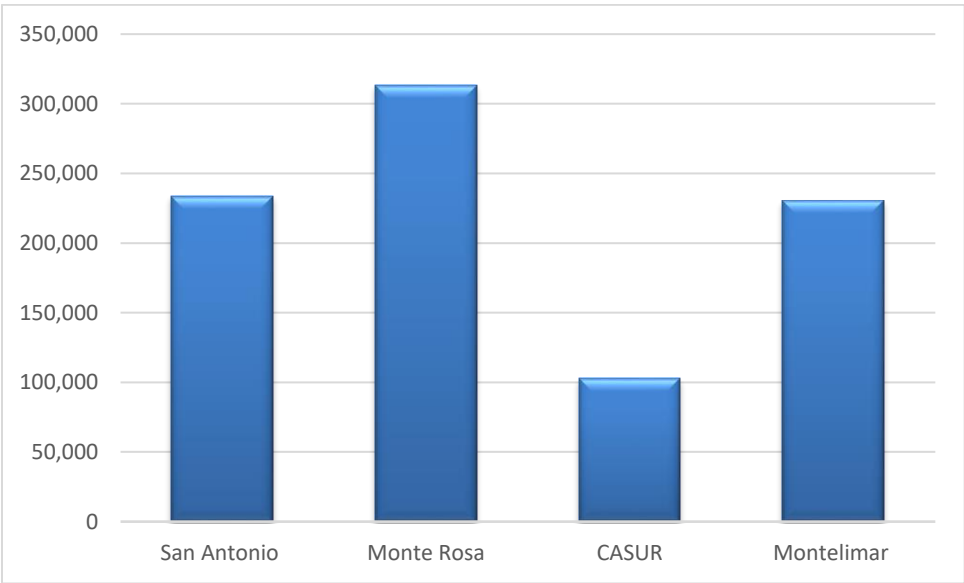
Source: Azucar de Nicaragua.

Sugar prices in Nicaragua have been relatively stable in the last five years, with a slight increase in the white plantation sugar price and a more marked increase in the refined sugar price dating back to 2019, when the Nicaraguan government began applying the 15 percent value added tax to sugar sales. Refined sugar prices at wholesale and retail were estimated at \$0.42 to \$0.49 per pound in March 2024, while white plantation sugar for wholesale and retail was estimated at \$0.37 to \$0.41 per pound. The Nicaraguan sugar industry anticipates modest domestic price increases in 2025, due to increasing production costs.

Co-Production

Besides sugar production, the four sugar mills operate biomass power plants capable of generating over 120 megawatts of electricity per hour for approximately 9 months each year, using bagasse and other crop residue for feedstock. Power generation has become an indispensable revenue stream, vital to the industry’s economic stability and profitability. Power generation at one innovative mill constituted just over a third of total revenues in MY 2024/25.

Figure 2. MY 2024/25 Energy Production by Sugar Mill (megawatts/hour)



Source: *Azucar de Nicaragua*.

Nicaraguan is not expected to produce ethanol in MY 2025/26 and did not produce ethanol in MY 2024/25 despite relatively high gasoline prices. Only one of Nicaragua’s four sugar mills has ethanol production capacity, but that equipment has not been operational due to the lack of a national policy to promote fuel ethanol.

Consumption

FAS/Managua projects MY 2025/26 sugar consumption to remain flat at 275,000 MT as sugar consumption in households has decreased over the last two years due to high levels of emigration in previous years. Although there are no prospects for an increase in domestic sugar consumption, in recent years, sugar mills reported increases in sugar demand from local soft drink manufacturers expanding

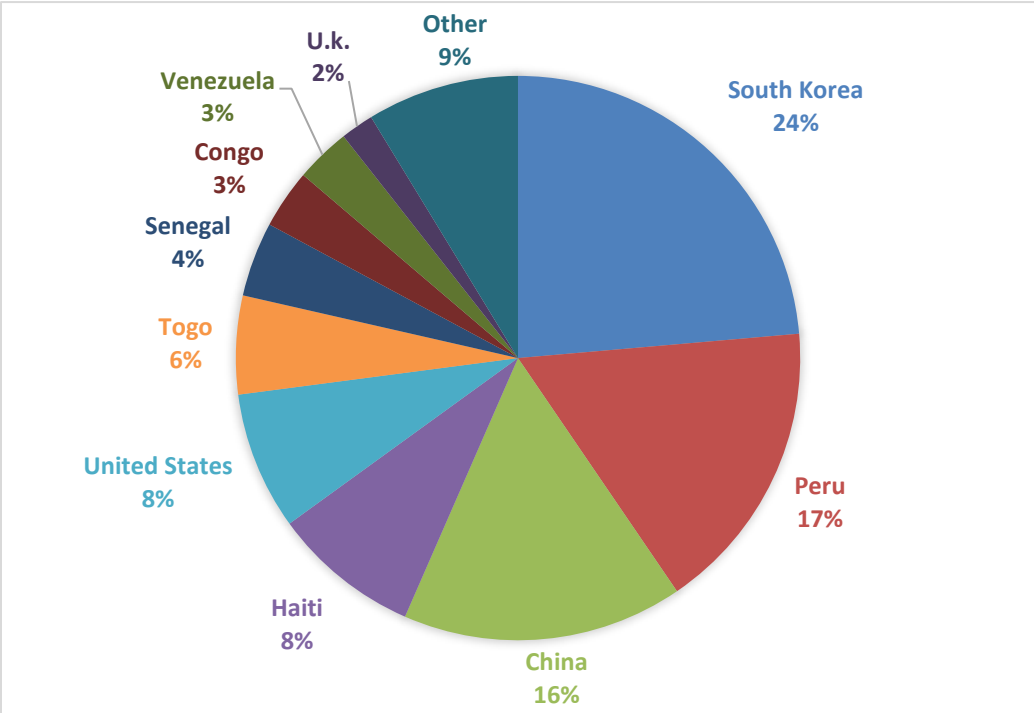
production to avoid paying the 15 percent selective consumption tax (ISC) on imported beverages. [Note: In 2019, the Government of Nicaragua revised taxes on several imported goods, including carbonated beverages, driving ISC up from 9 to 15 percent. End note.] Increased demand from local industries has compensated the decrease in demand for sugar at the household level.

Generally, about 40 percent of total sugar production is consumed domestically in the Nicaraguan market, with the remaining 60 percent exported. White plantation sugar accounts for 75 percent of all sales in the domestic market, while the rest is refined sugar. All sugar in Nicaragua is enriched with vitamin A to combat nutrient deficiency.

Trade

FAS/Managua projects total sugar export volumes at 565,000 MT in MY 2025/26, up fifteen percent from MY 2024/25, due to anticipated increase in planted areas and the recovery of industrial yields. According to the Nicaraguan Central Bank (BCN), total calendar year 2024 sugar exports were 444,499 MT, up ten percent from the previous year due to increased agricultural and industrial yields. South Korea, Peru, and China were the top three destinations totaling more than 50 percent of export shipments. FAS/Managua revises MY 2023/24 total sugar exports up slightly to 528,000 MT, which is higher than the BCN statistics reported in Table 1. This is mostly due to some enriched sugar juice exports to neighboring countries which may not get reported in BCN data.

Figure 3. 2024 Centrifugal Sugar Export Destinations (by volume)



Source: Nicaraguan Central Bank

Table 1: Centrifugal Sugar Export Volume in MT (Oct/Sep Marketing Year)

Destination	2021/2022	2022/2023	2023/2024
China	0	0	71,489
South Korea	128,920	64,237	70,000
Peru	39,759	44,362	63,117
Haiti	38,697	21,540	42,814
United States	98,352	49,627	34,495
Togo	0	0	25,081
Senegal	0	0	17,054
Congo	0	22,394	15,045
Colombia	4,682	7,087	10,900
U.K.	10,742	7,883	8,308
Venezuela	0	15,000	7,020
Chile	6,464	5,826	6,419
Other Markets	65,930	229,655	72,756
Total	393,546	467,611	444,498

Source: Nicaraguan Central Bank.

Sugar Quotas

Nicaragua continues to benefit from preferential market access arrangements under several free trade agreements, including for refined sugar under the Dominican Republic-Central American Free Trade Agreement (30,360 MT in 2025), the Association Agreement with the European Union (30,000 MT), the Association Agreement with the United Kingdom (10,000 MT), and with South Korea (preferential access without quota allocations). Nicaragua also has access to ten percent of Mexico's sugar import quotas when they become available due to shortages.

Nicaragua made use for the first time in 2024 of its 50,000 MT sugar quota granted by the People's Republic of China, after signing a free trade agreement in 2023. Nicaraguan exporters pay a 15 percent duty for in-quota sugar exports and 50 percent for out of quota exports.

When Nicaragua diplomatically recognized the People's Republic of China in December 2021, Taiwan ended a preferential sugar quota of 70,000 MT, out of which 40,000 applied to refined sugar and 30,000 to raw sugar, previously set aside for Nicaraguan exporters. The U.S. Government has not included Nicaragua in its World Trade Organization (WTO) sugar tariff-rate quota allocations or re-allocations since April 2022.

Stocks

FAS/Managua expects stocks to remain unchanged in MY 2025/26 at approximately 40,000 MT. The Nicaraguan sugar industry typically maintains ending stocks to guarantee domestic and exportable supplies ahead of the out-year harvest. These stocks mitigate risks associated with possible supply shortfalls originated from natural disasters such as earthquakes and from the Atlantic hurricane season (September through December).

Policy

The Government of Nicaragua does not set sugar prices, nor does it provide subsidies nor special credit programs for sugar production or export. However, the sugar industry does benefit from relatively high domestic prices compared to world sugar prices as a result of high tariffs on imported sugar. Domestic sales at higher than world prices in Nicaragua, stable exports to the United States, and revenue from biomass energy production have helped insulate Nicaragua's sugar industry from fluctuations in international sugar pricing. Nicaragua does not have a law to promote production and/or use of fuel ethanol.

Table 2: Sugarcane for Centrifugal Sugar: Supply and Utilization

Sugar Cane for Centrifugal Market Year Begins Nicaragua	2023/2024		2024/2025		2025/2026	
	Oct 2023		Oct 2024		Oct 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	73	74	74	73	0	75
Area Harvested (1000 HA)	73	74	74	73	0	75
Production (1000 MT)	7500	7500	7300	7300	0	7600
Total Supply (1000 MT)	7500	7500	7300	7300	0	7600
Utilization for Sugar (1000 MT)	7500	7500	7300	7300	0	7600
Utilizatr for Alcohol (1000 MT)	0	0	0	0	0	0
Total Utilization (1000 MT)	7500	7500	7300	7300	0	7600

Table 3: Centrifugal Sugar: Production, Supply and Distribution

Sugar, Centrifugal Market Year Begins Nicaragua	2023/2024		2024/2025		2025/2026	
	Oct 2023		Oct 2024		Oct 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	40	40	40	40	0	40
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	792	806	760	766	0	840
Total Sugar Production (1000 MT)	792	806	760	766	0	840
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)	832	846	800	806	0	880
Raw Exports (1000 MT)	324	344	310	321	0	375
Refined Exp.(Raw Val) (1000 MT)	190	184	175	170	0	190
Total Exports (1000 MT)	514	528	485	491	0	565
Human Dom. Consumption (1000 MT)	278	278	275	275	0	275
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	278	278	275	275	0	275
Ending Stocks (1000 MT)	40	40	40	40	0	40
Total Distribution (1000 MT)	832	846	800	806	0	880

Attachments:

No Attachments