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Report Highlights:

FAS Manila forecasts raw sugar production to decrease for marketing year (MY) 2026/27 compared to MY 2025/26 estimate due to the impact of a potential El Niño and limited sugarcane area expansion. Refined sugar imports are forecast to increase in MY 2026/27, following the issuance of Sugar Order No. 2 in January 2026. The Philippines is expected to fulfill part of its 2026 U.S. sugar tariff-rate quota allocation. At this time, FAS Manila forecasts zero exports for MY 2026/27. Consumption is expected to increase amid growing demand from food and beverage manufacturers. Raw sugar stocks are forecast to decline as a result of lower production.

Production

Post forecasts a slight decline in MY 2026/27 centrifugal sugar production due the impact of potential El Niño and limited sugarcane area expansion.

FAS Manila forecasts centrifugal or raw sugar production at 1.93 million MT for MY 2026/27 (October 2026 to September 2027), down by 1 percent compared to MY 2025/26 estimate. The forecast decline is attributed primarily to the potential impact of El Niño on sugarcane production, alongside the limited area for expansion. FAS Manila recently revised historical production, supply, and distribution data to align with the Philippine Sugar Regulatory Administration's (SRA) adjusted sugar crop year (see GAIN Reports on Sugar Semi-Annual 2025 and Adjusted Sugar MY).

Table 1. Sugar (Centrifugal or Raw) Production, Supply, and Distribution, '000 MT

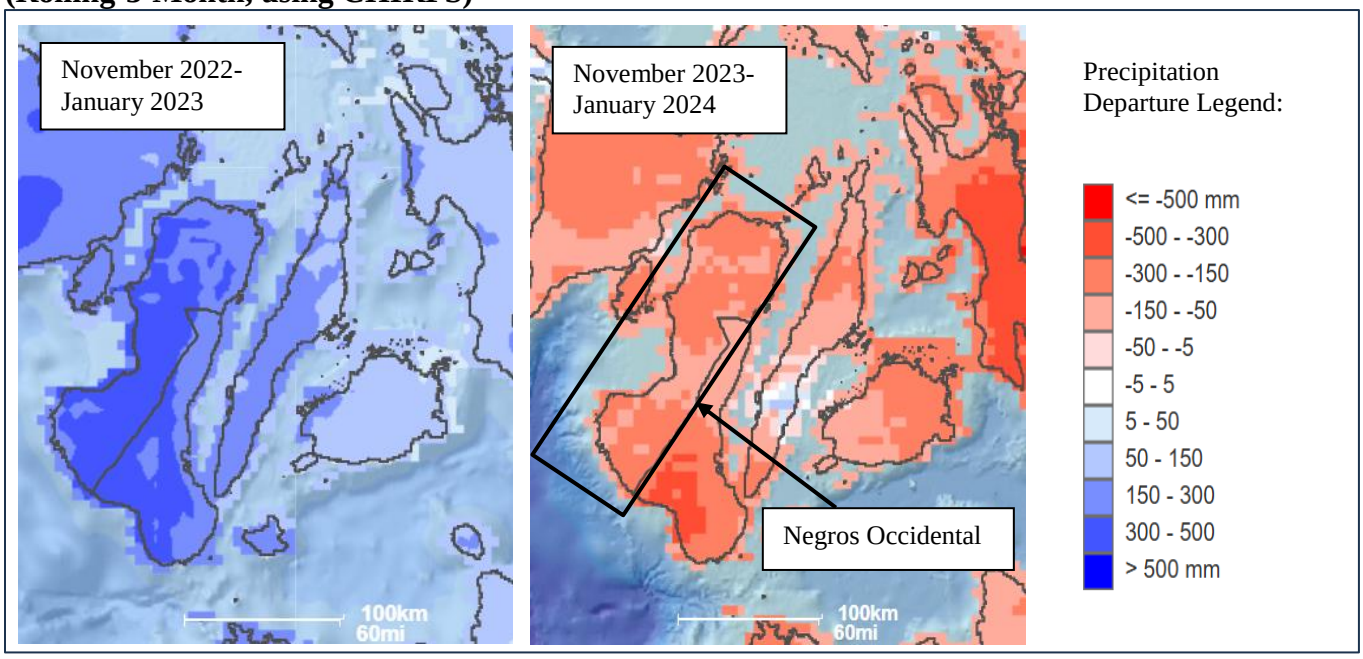
Sugar, Centrifugal	2024/2025		2025/2026		2026/2027	
Market Year Begins	Oct 2024		Oct 2025		Oct 2026	
Philippines	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	656	656	959	939	0	753
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	2085	2085	2085	1950	0	1930
Total Sugar Production (1000 MT)	2085	2085	2085	1950	0	1930
Raw Imports (1000 MT)	0	0	0	0	0	0
Refined Imp. (Raw Val) (1000 MT)	420	464	208	214	0	321
Total Imports (1000 MT)	420	464	208	214	0	321
Total Supply (1000 MT)	3161	3205	3252	3103	0	3004
Raw Exports (1000 MT)	72	66	0	100	0	0
Refined Exp. (Raw Val) (1000 MT)	0	0	0	0	0	0
Total Exports (1000 MT)	72	66	0	100	0	0
Human Dom. Consumption (1000 MT)	2130	2200	2200	2250	0	2300
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	2130	2200	2200	2250	0	2300
Ending Stocks (1000 MT)	959	939	1052	753	0	704
Total Distribution (1000 MT)	3161	3205	3252	3103	0	3004
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

As of March 25, 2026, the Philippine Atmospheric Geophysical and Astronomical Services Administration (PAGASA) reported a 62 percent chance that El Niño conditions will emerge in June-August 2026 and an 83 percent chance the condition will persist through October-December 2026. Below-normal rainfall and elevated temperatures associated with El Niño conditions typically cause

early maturity that results in lower cane volume, reduced sugar content, and potential early mill closures. The Philippine Government's mitigation measures could temper the impact on production. As of April 9, 2026, local sugar producers have urged the Philippine Government to implement cloud seeding operations to address water scarcity, support irrigation needs, and mitigate the impact of dry conditions on sugarcane production.

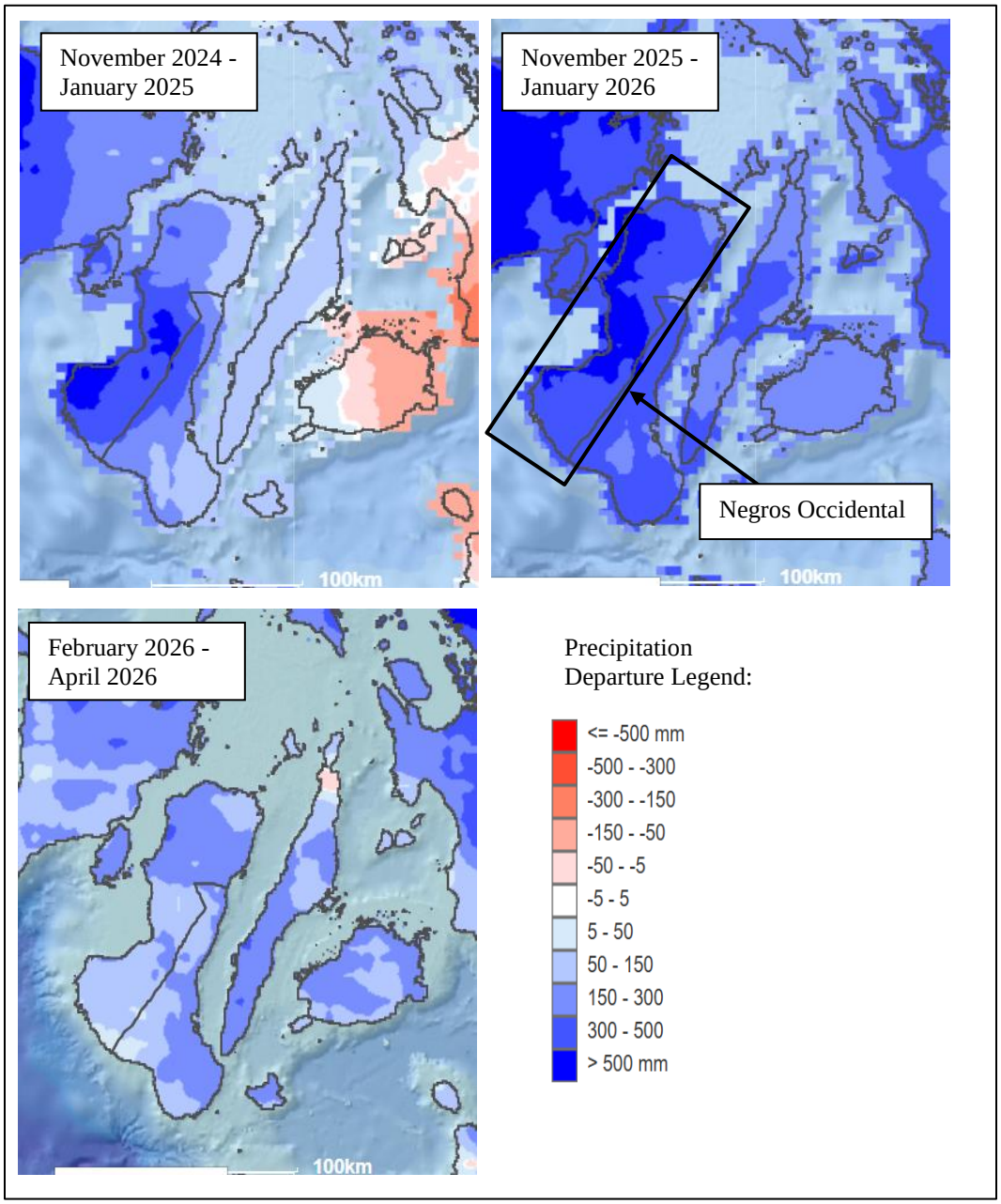
During the 2023-2024 El Niño event, the Philippine Statistics Authority's (PSA) data showed that overall sugarcane production declined by approximately 11 percent. The peak condition from November 2023 to January 2024 was classified as one of the five strongest El Niño events on record. Negros Occidental, the country's top sugarcane-producing province accounting for 60 percent of national output, experienced a significant decline in rainfall during these months (**Figures 1A and 1B**). SRA data show an average 11 percent annual decline in raw sugar production in calendar years 2023 and 2024. However, when assessed by marketing year, raw sugar production declined by an average of 1 percent in MY 2022/23 and MY 2023/24. See also Sugar Semi-Annual 2023.

Figure 1A. Comparison of Precipitation Departure in November-January 2022/23 and 2023/24 (Rolling-3-Month, using CHIRPS)



Source: USDA-Foreign Agricultural Service Global Agricultural & Disaster Assessment System
Note: Precipitation departure from the normal indicates if the precipitation were above or below the 30+ year normal.

Figure 1B. Comparison of Precipitation Departure in November-January 2024/2025 and 2025/2026, and February-April 2026 (Rolling-3-Month, using CHIRPS)



Source: USDA-Foreign Agricultural Service Global Agricultural & Disaster Assessment System
Note: Precipitation departure from the normal indicates if the precipitation were above or below the 30+ year normal.

Limited area for sugarcane expansion will also contribute to the forecast MY 2026/27 sugar production level (**Table 2**). While there have been improvements in the sugarcane area planted in previous marketing years (**Figure 2**), FAS Manila maintains the area to be around 400,000 hectares in MY 2026/27 tempered by the conversion of agricultural land to residential and industrial uses. The Philippine Department of Agriculture (DA) issued a temporary moratorium on the processing of

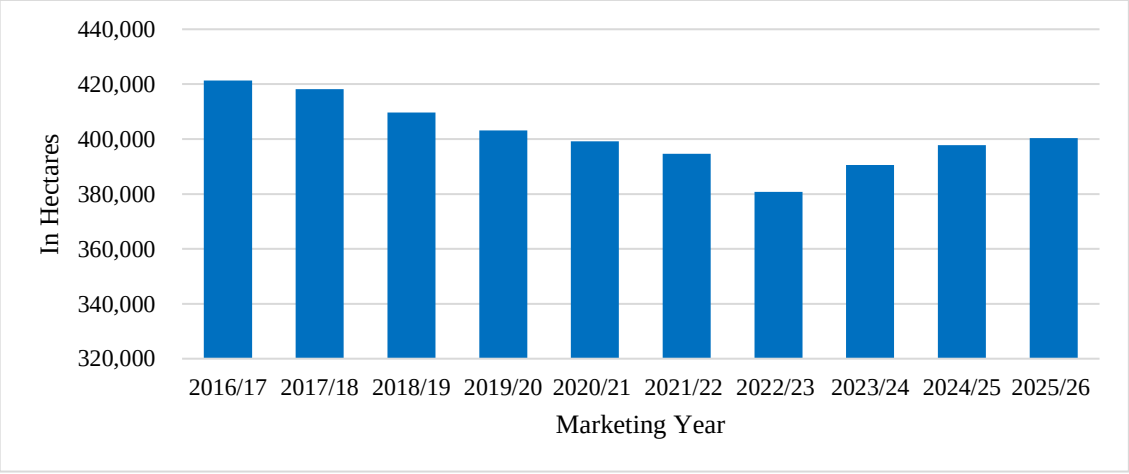
applications for Land-Use Reclassification Certification, which is needed to convert agricultural land to non-agricultural uses, from January to June 2026 for food security objectives. However, housing and renewable energy projects are exempt from the conversion ban under DA's Department Circular No. 11 of 2026.

Note that FAS Manila revised upward the area planted for sugarcane in MY 2024/25 based on SRA's final sugar production bulletin. For MY 2025/26, Post revised sugarcane production downward as unfavorable weather conditions and pest infestation more than offsets the estimated increase in planted area. See also the discussion below on FAS Manila's revisions to raw sugar production for MY 2025/26.

Table 2. Sugarcane for Centrifugal Production, Supply, and Distribution

Sugar Cane for Centrifugal	2024/2025		2025/2026		2026/2027	
Market Year Begins	Oct 2024		Oct 2025		Oct 2026	
Philippines	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	389	398	0	400	0	400
Area Harvested (1000 HA)	389	398	0	400	0	400
Production (1000 MT)	21800	25000	0	24500	0	24300
Total Supply (1000 MT)	21800	25000	0	24500	0	24300
Utilization for Sugar (1000 MT)	20800	24000	0	23500	0	23300
Utilization for Alcohol (1000 MT)	1000	1000	0	1000	0	1000
Total Utilization (1000 MT)	21800	25000	0	24500	0	24300
(1000 HA) (1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Figure 2. Sugarcane Area, MY 2016/17 to MY 2025/26



Source: SRA

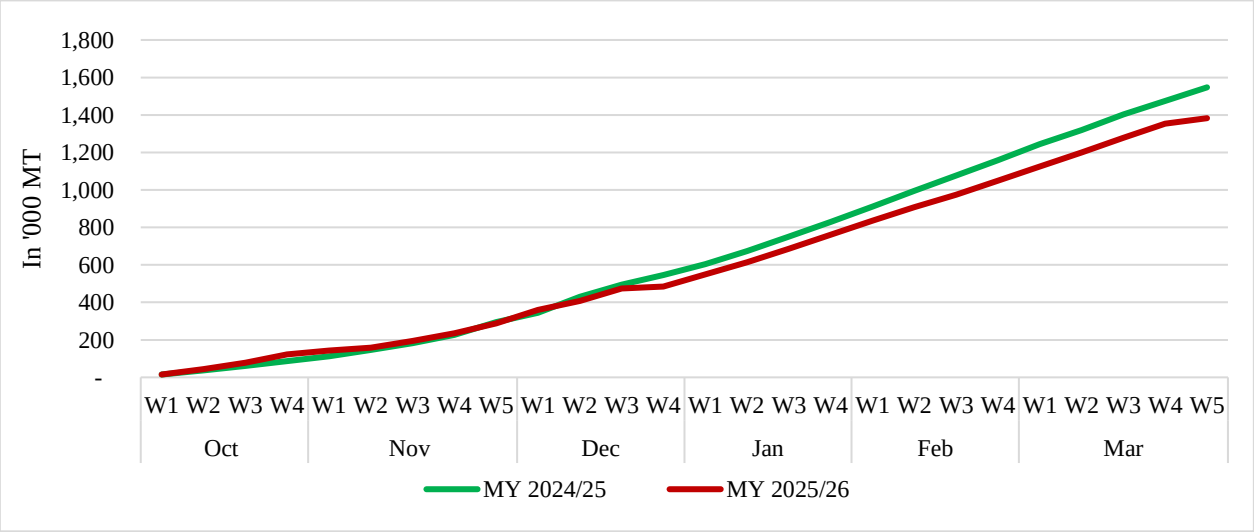
Additional factors affecting raw sugar production include the diversion of sugarcane to ethanol production and variation in milling schedule. According to PSA data, sugarcane allocated to ethanol production in 2025 increased by nearly 3 percent year-over-year. Industry sources also report that cash flow pressures have led to the harvest of immature cane, which yields higher molasses content. Sugarcane and sugar molasses are the primary feedstocks used for bioethanol production, while the bagasse is mainly used for power cogeneration of sugar mills, refineries, and bioethanol distilleries. There are currently 13 operating bioethanol distilleries and six bagasse-fueled power-generating plants in the country. The National Biofuels Board, through the SRA, sets up a price index or reference price of bioethanol, which serves as the basis for negotiations between fuel oil companies and bioethanol producers. For more information, see GAIN Report on Biofuels Annual 2025.

Meanwhile, FAS Manila expects that milling operations in some areas will conclude in May and June for MY 2025/26. According to SRA, as of March 29, 2026, there were 23 sugar mills in the country with an average milling capacity of 7,257 MT cane per day.

Post revises downward raw sugar production estimate for MY 2025/26 due to the impact of pest infestation and unfavorable weather conditions.

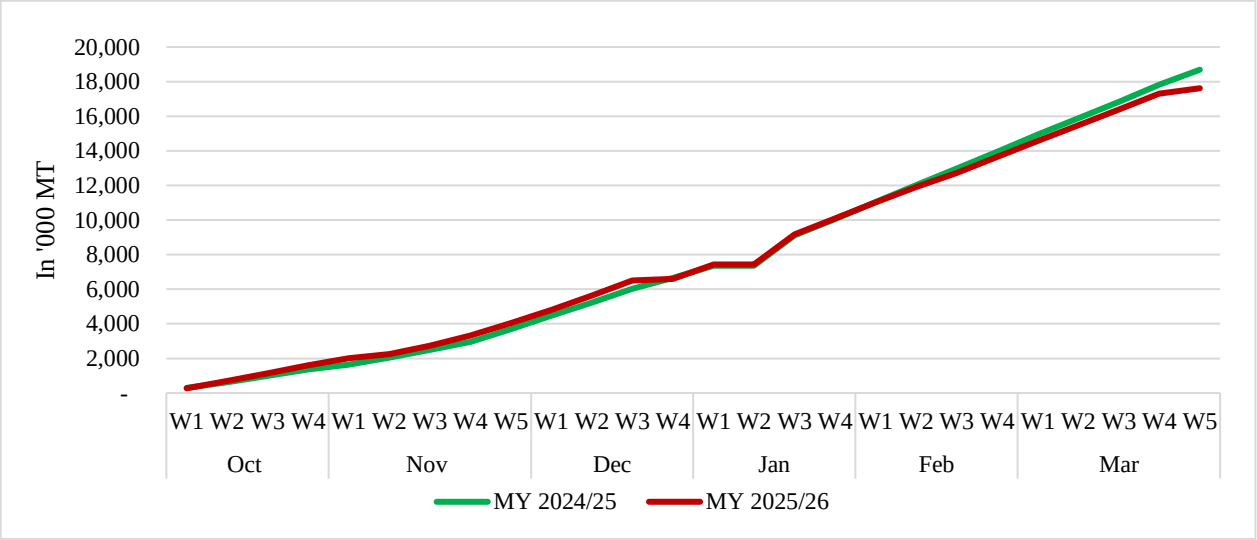
FAS Manila revises downward its MY 2025/26 raw sugar production estimate to 1.95 million MT due to red-striped soft scale insect (RSSI) infestations and production losses from Typhoon Tino, internationally known as Typhoon Kalmaegi, in the latter part of 2025. As of March 29, 2026, SRA reported raw sugar production at 1.38 million MT, 11 percent lower than the comparable period in the previous marketing year (**Figure 3**). Data further indicates that the volume of cane milled is so far lower by about 6 percent (**Figure 4**).

Figure 3. Weekly Raw Sugar Production, MY 2024/25 and MY 2025/26



Source: SRA
Note: Data is as of March 29, 2026

Figure 4. Weekly Tons Cane Milled, MY 2024/25 and MY 2025/26



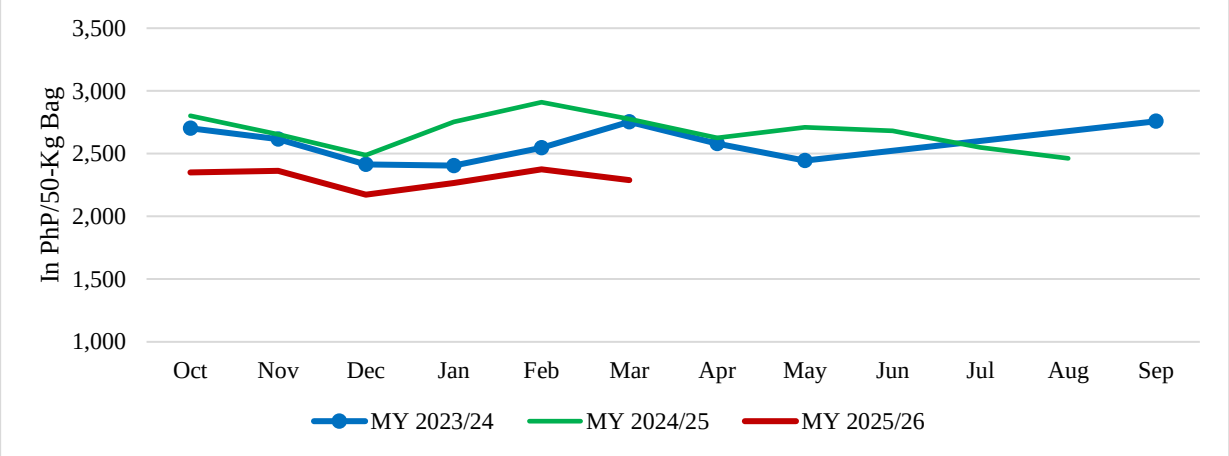
Source: SRA
Note: Data is as of March 29, 2026

Latest data from SRA, as of fourth quarter of 2025, showed that RSSI affected over 7,400 hectares of sugarcane. According to SRA, RSSI can reduce the sugar content of infected cane by up to 50 percent, dampening the raw sugar outlook for MY 2025/26. The sugar planters' representative at the SRA Board also emphasized the need for broader support from all mills and local government units to address RSSI, complementing some mills' efforts in producing and distributing pesticides to control the infestation. Additionally, Typhoon Tino resulted in PhP1.2 billion (USD 20.3 million) in losses to the Visayas sugar industry, including in Negros Occidental, the top sugar-producing province. The typhoon was among the strongest storms with the heaviest flooding experienced by industry in the past two decades. Reports further indicate that more than 53,000 hectares of sugarcane were damaged, of which over 30,000 hectares were in Negros Occidental.

The decline in raw sugar production from October 1, 2025, to March 29, 2026, was accompanied by a 12 percent drop in mill site prices for raw sugar (**Figure 5**), marking the lowest mill site price in recent marketing cycles. Additionally, industry stakeholders report high cost of labor and other inputs (fertilizer and fuel), as well as excess supply of refined sugar have depressed millsite prices. In response to rising fuel costs, the Philippine DA announced the release of fuel subsidies valued at PhP 5,000 (USD 83) per registered farmer and fisherfolk, in March 2026. This measure is part of the government's response to the state of national energy emergency declared due to the conflict in the Middle East.

Rising input costs have reduced profits for sugarcane farmers (also known as planters), with some experiencing losses in the current marketing year. Farmer income is calculated based on mill site prices using sugar yield, measured in LKG/TC (50-kilogram bags per ton of cane), and the prevailing sharing scheme implemented at each mill (typically 70:30, with 70 percent of sugar output going to the farmer and 30 percent to the miller).

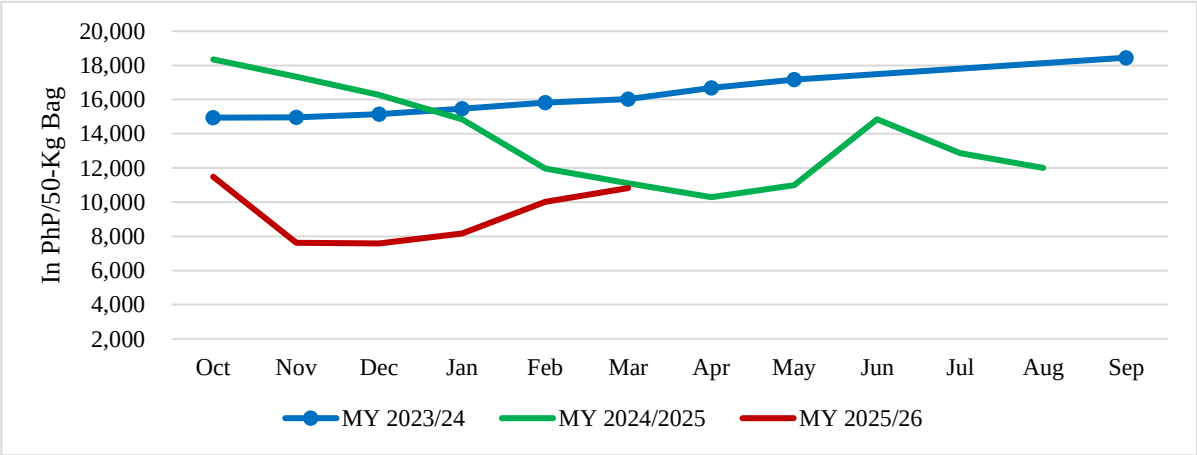
Figure 5. Monthly Average Mill Site Prices for Raw Sugar, MY 2023/24 to MY 2025/2026



Source: SRA
Note: For MY 2023/24, there was no milling from June to August hence the break in the graph. Milling operations ended earlier than usual in MY 2023/24 amid the El Niño-induced dry conditions that impacted production.

Meanwhile, molasses prices have trended upward amid the moratorium on molasses imports until March 2026 pursuant to SRA's Molasses Orders No. 1 and No. 1-A, series of 2025/26 (**Figure 6**). See also GAIN Report on Molasses Import Moratorium. Additionally, SRA issued Molasses Order No. 2, series of 2025/26, which implements a purchase program for locally produced molasses. Eligible participants in this program will be allowed to import molasses at a ratio of 3:1 (locally purchased molasses : imported molasses). This measure aims to prioritize the use of locally produced molasses while maintaining adequate supply. All imported molasses allocation will be subject to SRA's approval. In the Philippines, potable alcohol producers are allowed to use imported molasses, but not for fuel ethanol production. Under Republic Act 9367 or the Biofuels Act of 2006, all liquid fuels for motors and engines sold in the country should be blended with locally-sourced biofuels components.

Figure 6. Monthly Average Mill Site Prices for Molasses, MY 2023/24 to MY 2025/2026



Source: SRA
Note: For MY 2023/24, there was no milling from June to August hence the break in the graph. Milling operations ended earlier than usual in MY 2023/24 amid the El Niño-induced dry conditions that impacted production.

Consumption

Post forecasts MY 2026/27 centrifugal sugar consumption to increase amid growing demand, driven by food and beverage manufacturers.

Centrifugal (Raw) Sugar. FAS Manila forecasts sugar consumption in MY 2026/27 to increase to 2.3 million MT, up 2 percent from MY 2025/26 revised estimate, amid increasing population and demand for sugar and sugar-containing products. A study of the University of Asia and the Pacific's Center for Food and Agribusiness indicates that industrial users, including those in the beverage, preserved fruits, and confectionary users, account for 50 percent of domestic sugar demand. The remaining demand includes household (32 percent) and institutional (18 percent) users. See also GAIN Report on Sugar Annual 2022 for more information on domestic consumption.

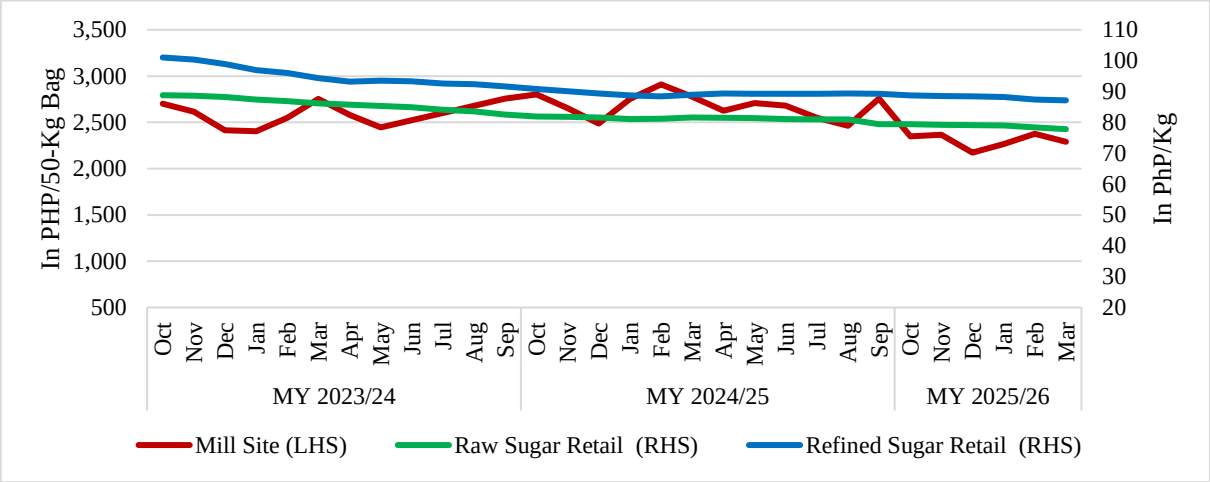
Euromonitor International reported that retail sales of soft drinks in the Philippines, especially carbonated beverages, are expected to grow over its 2026-2030 forecast period. The forecast growth is supported by population demand, robust marketing efforts of companies, improved distribution networks including online retail channels, and the growing food service sector. As prices remain a key factor for Filipino consumers, beverage companies have tailored product offerings to the consumption habits across urban and rural areas. For example, a major beverage manufacturer has distributed smaller packaging sizes of its carbonated products to improve affordability and accessibility for rural consumers, who typically buy in smaller quantities.

Euromonitor International also projects steady growth in both retail value and volume sales of sugar confectionery in the country from 2026 to 2030, driven by expanded product variety and intensified marketing and promotional campaigns. For example, a leading lollipop brand has introduced collectible items to attract both loyal customers and new consumers through novelty appeal and gift-giving potential. Brands offering chewy candies, gummies, and jellies have also launched value-for-money formats targeting individual consumers and families. While small neighborhood stores (known locally as "sari-sari" stores) remain a critical distribution channel, widespread smartphone use and internet accessibility have elevated the importance of social media and e-commerce platforms in reaching younger, digitally engaged consumers.

The retail prices of local raw and refined sugar have declined in MY 2025/26, compared to previous marketing years, amid a stable overall supply (**Figure 7**). However, the average monthly retail prices in MY 2025/26 have so far only decreased by less than 1 percent, slower than the average monthly 3 percent drop in mill site prices. Refined imports have resulted in only a slight decline in sugar prices. FAS Manila's computation shows that imported refined sugar from the Association of Southeast Asian Nation (ASEAN) member-countries can be sold between PhP60-65 per kilo (around $1 U.S. Dollar). See also Sugar Annual 2023.

Alternative Sweeteners. Among other forms of sugar and sugar substitutes or alternative sweeteners are high fructose corn syrup (HFCS), coconut sap sugar, muscovado, honey, among others. These alternative sweeteners serve niche markets, as sugar holds the largest share of consumption. See GAIN Report on Sugar Semi-Annual 2025 for additional information.

Figure 7. Retail and Mill Site Prices of Local Sugar, MY 2023/24 to MY 2025/2026



Source: SRA
Note:
1. LHS refers to left hand side vertical axis and RHS refers to right hand vertical side axis.
2. For MY 2023/24, milling operations ended May 2024 hence the break in the graph.

FAS Manila expects consumption of alternative sweeteners (aspartame, acesulfame, sucralose, saccharin, stevia) converted into raw sugar equivalent to reach 1.135 million MT in MY 2025/26, up by approximately 3 percent compared to the previous marketing year (**Table 4**). This represents almost half of the 2.3 million MT raw sugar consumption. Some bakeries and beverages manufacturers have shifted to alternative sweeteners due to more competitive pricing. Demand will continue to increase among health-conscious consumers moving towards sugar alternatives.

Table 3. Alternative Sweeteners

Sucralose (Splenda) 600 times sweeter than sugar Supplier: Singapore and China
Aspartame (Equal, NutraSweet, NutraTaste) 160-220 times sweeter than sugar Supplier: China, Japan, Taiwan
Stevia (Sweet & Fit) 300 times sweeter than sugar Supplier: Local, China, Malaysia, Thailand
Saccharin (Sweet N Low) 200-700 times sweeter than sugar Supplier: China and South Korea
Acesulfame (Sweet One, Sunnett) 200 times sweeter than sugar Supplier: Indonesia, China, Singapore

On January 2, 2025, SRA issued Sugar Order (SO) No. 6, series of 2023-24, imposing clearance fees of PhP3/LKG ($0.05/LKG) on imported sugar and alternatives. SO 6 covers the importation in whatever form and sugar content of all "sugars" covered under Heading 17.01 and 17.02 and "sugar confectionery" under Heading 17.04 of the ASEAN Harmonized Tariff Nomenclature. On March 12, 2025, SRA amended certain provisions of SO 6 such as the documentary requirements for the importation of sugar products.

The consumption of sugar alternatives, including glucose, and fructose/HFCS, is lower by nearly 40 percent compared to sugar consumption. Consumption of sugar alternatives has been generally increasing over the past years (see also **Tables 4 and 5**).

Table 4. Consumption of Sugar and Alternative Sweeteners, in '000 MT Raw Sugar Equivalent

Demand/ Consumption	Marketing Year		
	2023/24	2024/25	2025/26*
Sugar	2,200	2,200	2,250
Sugar Alternatives	1,098	1,105	1,135
292429 Aspartame	359	342	354
293499 Acesulfame	319	320	326
293214 Sucralose	348	358	366
292511 Saccharin	47	62	64
293890 Stevia	25	24	26

Source: Trade Data Monitor (TDM) and FAS Manila Estimates
Note: *MY 2025/26 is an estimate.

Table 5. Imports of Sugar Alternatives covered in SO 6, in MT

Alternative Sweetener	Marketing Year		
	2023/24	2024/25	2025/26*
170211 Lactose and lactose syrup	18,611	9,902	1,034
170219 Lactose in solid form	647	1,631	28
170220 Maple sugar and maple syrup	73	45	36
170230 Glucose (Dextrose) and glucose syrup	223,779	229,786	58,826
170240 Glucose and glucose syrup	19,039	19,589	4,490
170250 Fructose, chemically pure	1,091	2,349	440
170260 Fructose, Nesoi	21,805	17,547	13,943
170290 Sugar, Nesoi	95,677	88,293	37
1704 Sugar confectionery	85,419	107,938	27,844

Source: TDM and FAS Manila Estimates
Note: MY 2025/26 only covers October 2025 to February 2026.

Trade

Post forecasts zero sugar exports for MY 2026/27, while refined sugar imports may reach 300,000 MT based on the SRA's recent policy issuance.

FAS Manila maintains MY 2026/27 exports at zero while waiting for SRA's policy on sugar export for the next marketing year. In recent years, the United States has been the sole export market for Philippine raw sugar. Post expects the Philippines to fulfill part of its 2026 U.S. WTO tariff-rate quota allocation of 100,000 MT raw value by May 30, 2026, consistent with SO 3, series of 2025-26.

Post forecasts importation of 300,000 MT refined sugar (321,000 MT raw equivalent) for MY 2026/27. On January 20, 2026, SRA released SO 3 detailing the guidelines on the fulfillment of the U.S. sugar quota allocation for MY 2026 and provided a 1:3 ratio (locally produced farmers' share sugar exported to the United States : imported sugar). The projected volume is also aligned with SO 2 released on January 14, 2026, on the voluntary purchase of farmers' sugar to avail of future import program. See GAIN Report here. SO 2 covered a maximum of 300,000 MT at a ratio of 3:1 (locally produced sugar purchased : locally produced sugar exported to the United States under the 2026 WTO Tariff-Rate Quota Allocation for raw cane sugar).

For MY 2025/26, as of March 29, 2026, refined sugar import arrivals totaled 199,909 MT (214,000 raw sugar equivalent). This volume is from the last import program authorized by SRA under SO 8 in MY 2024/25. As of March 2026, the SRA has not issued a new policy allowing refined sugar importation.

Stocks

Post forecasts MY 2026/27 ending stocks to decline due to the impact of potential El Niño on production.

FAS Manila forecasts MY 2026/27 sugar ending stocks at 704,000 MT, down by 7 percent compared to previous marketing year amid potential production decline due to the forecast El Niño. This also considers no additional imports authorized by SRA beyond SO 2, series of 2025-26, to augment domestic production. Milling operations may end at an earlier period, similar to the El Niño in 2023-2024.

FAS Manila revises sugar ending stocks for MY 2025/26 downward compared to the previous estimate due to the projected decrease in raw sugar production, the absence of a refined sugar import program for the current marketing year and expected growth in consumption. The Philippines is also expected to fulfill part of its 2026 U.S. sugar tariff-rate quota allocation, further contributing to the estimated decline in ending stocks.

Meanwhile, SRA also reports on raw and refined stocks based on actual physical stocks at the end of the milling season. The sugar stock balance represents the available supply of sugar in the market at any given time. Sugar is normally stored in mill warehouses. Most sugar is produced and marketed under the long established "*quedan*" system. A *quedan* is the equivalent of a warehouse receipt which shows the ownership of a specified amount of sugar in a warehouse. *Quedan* is a negotiable instrument, the primary trading document in the Philippine sugar industry. See GAIN Sugar Annual 2025 for more details.

Policy

Tariff-rate quota. The Philippine sugar industry remains highly protected. Non-ASEAN countries face a 50 percent tariff for imports within the quota or minimum access volume (MAV) and 65 percent for imports exceeding the MAV. Under the Uruguay Round of the World Trade Organization, the Philippines committed to a MAV of 65,050 MT of raw sugar. However, the sugar MAV is not allocated

annually. For example, the Philippine DA has not opened applications for sugar MAV for three years, citing ample stocks and stable retail prices. The DA last allowed MAV imports in 2023, when retail prices of sugar increased significantly. Meanwhile, sugar imports from ASEAN countries receive a preferential uniform tariff of 5 percent. See also Sugar Annual 2025 for overarching policies guiding SRA's actions.

Sugar Order. Philippine sugar policy and trade are generally regulated by the Philippine DA's SRA, working closely with industry stakeholders. At the start of each marketing year, the SRA issues a central policy document (known as SO 1) on production and marketing of sugar for the country. This order allocates production volumes to the domestic market, export market, and reserves. These orders are adjusted as the season progresses. A running history of SRA sugar orders may be accessed here.

Most recent sugar orders are as follows:

- **Sugar Order No. 1**. SRA released SO No.1 series of 2025-26 on September 17, 2025, which forecasts production at 1.920 million MT for MY 2025/26. The SRA allocated all production for the domestic market or "B" sugar, with none classified as "A" sugar for the U.S. market. SRA periodically assesses sugar allocation throughout the year based on the sugar supply situation. A list of policies is available in the Sugar Annual 2025.

- **Sugar Order No. 2**. SRA released SO No. 2 on January 14, 2026, authorizing the voluntary purchase of 300,000 MT of raw sugar to avail of an allocation in the government's sugar importation program. Sugar purchased under this voluntary program will be classified as "reserved" and is eligible for export to the United States under the 2026 WTO Tariff-Rate Quota allocation for raw cane sugar.

- **Sugar Order No. 3**. SRA released SO No. 3 on January 20, 2026, the first export program on the fulfillment of the 2026 WTO Tariff-Rate Quota Allocation for raw cane sugar. SO3 covers a maximum volume of 100,000 MT for export to the United States.

Attachments:

No Attachments