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Post: Quito

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Report Highlights:

Ecuador's sugar production in marketing year (MY) 2025/26 is forecast to reach 513,000 metric tons (MT), a decrease from MY 2023/24 estimate. Domestic consumption is forecast to remain stable with gradual increases expected in the coming years. Ethanol production is not expected to increase in the near to mid-term, industry is not able to cover the Ethanol demand to comply with the blend rate of 10 percent needed for ECOPAIS gasoline, opening the demand for imported ethanol.

Sugar Cane for Centrifugal

Sugar Cane for Centrifugal Market Year Begins	2023/2024		2024/2025		2025/2026	
	Jun 2023		Jun 2024		Jun 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Ecuador						
Area Planted (1000 HA)	100	100	100	100	0	110
Area Harvested (1000 HA)	74	74	99	99	0	108
Production (1000 MT)	5116	5116	6930	6930	0	7730
Total Supply (1000 MT)	5116	5116	6930	6930	0	7730
Utilization for Sugar (1000 MT)	4378	4378	5891	5891	0	6730
Utilization for Alcohol (1000 MT)	738	738	1039	1039	0	1000
Total Utilization (1000 MT)	5116	5116	6930	6930	0	7730
(1000 HA),(1000 MT)						

Production:

The planted area for sugar cane in MY 2025/26 is projected to reach 110,000 hectares, reflecting an increase of 10,000 hectares compared to MY 2024/2025. Research from FAS Quito indicates that sugar mills and associated producers collectively manage between 90,000 to 92,000 hectares, with 80,000 ha allocated for sugar production and 10,000 to 12,000 ha designated for Ethanol production.

Eighty-two percent of the planted area consists of farms owned by mills in Guayas, Imbabura and Loja provinces, alongside farmers who supply these mills. In contrast, 18 percent is comprised of land owned by small producers of panela, alcohol and candy products. According to the National Federation of Ecuadorian Sugar Mills (FENAZUCAR), planted area for sugar production is expected to remain between 80,000 and 82,000 hectares in the coming years, with fluctuations largely dependent on weather conditions. The trend among small farmers in the coastal region to transition from sugar cane to other crops persists.

For sugar cane production in MY 2025/26, 99 percent of the total planted area is expected to be harvested, yielding approximately 7.73 million metric tons. This includes 6.73 million MT of sugar, “panela” and molasses, and 1.0 million MT for alcohol. Estimated yields for sugar cane are projected at approximately 70.2 MT per hectare, similar with those of MY 2024/25. Productivity on lands owned by sugar cane mills and associated producers exceeds 80 MT per hectare. According to FENAZUCAR, the areas surrounding the three main mills in Guayas province, which account for 98 percent of the planted area, are utilizing more productive local varieties such as CC85-92, ECU-03 and ECU-04 as well as new varieties from the Sugar Canes Research Center (CINCAE): EC-07, EC-08 and EC-09.

Ecuador’s sugar production in MY 2024/25 is estimated at 530,000 MT, an increase of 110,000 MT, or 21 percent from MY 2023/24. In MY 2025/26 sugar production is forecast to stabilize at 513,000 MT, with sucrose content expected to remain comparable to the previous year.

FAS Quito estimates that up to 20,000 hectares may be allocated for sugar cane dedicated to juice production, which is used to make “panela” (unrefined cane sugar), molasses, alcohol and traditional sweets. Small farmers in the sugar production areas of the Ecuadorian highlands typically produce these items using rudimentary methods.

Figure 1: Mechanized Sugar Cane Harvest at Ingenio Valdez



Source: FENAZUCAR

The ethanol production sector continues to rely on a contract with PETROAMAZONAS, the state-owned oil company, to supply up to 100 million liters of ethanol annually. Mills associated with FENAZUCAR allocate a consistent 15 percent of their production to ethanol. Artisan mills contribute approximately 4 percent or roughly four million liters, which falls short of the 10 percent of Ethanol required in the blend for ECOPAIS gasoline. FAS Quito continues to monitor developments in ethanol production and usage.

Sugar cane production for artisanal ethanol, panela, and other products is spread across the 24 provinces of Ecuador, in regions that receive between 600 and 1,200 millimeters of rainfall annually, with the majority occurring from January to April. This sugar cane cultivation is integrated into subsistence farming practices that also encompass crops such as plantain, cassava, corn, and others.

Ecuador's domestic wholesale sugar prices saw a steady decline from 2011 to 2017. However, prices stabilized during Calendar Year (CY) 2024 following a post-pandemic recovery. This recovery was influenced by disruptions in the harvest during CY 2023, which was attributed to the El Niño atmospheric phenomenon, leading to price speculation. In CY 2024, the average mill gate price for sugar was \$ 0.88/kg. The disparity between wholesale and retail prices is attributable to intermediary markups, speculation, storage, distribution, and advertising costs, which could range from \$1.07 to \$1.20/kg. Throughout CY 2024, retail stores and supermarkets received an adequate supply from mills to meet consumer demand.

Figures 2-3: Local Alcohol and panela production:



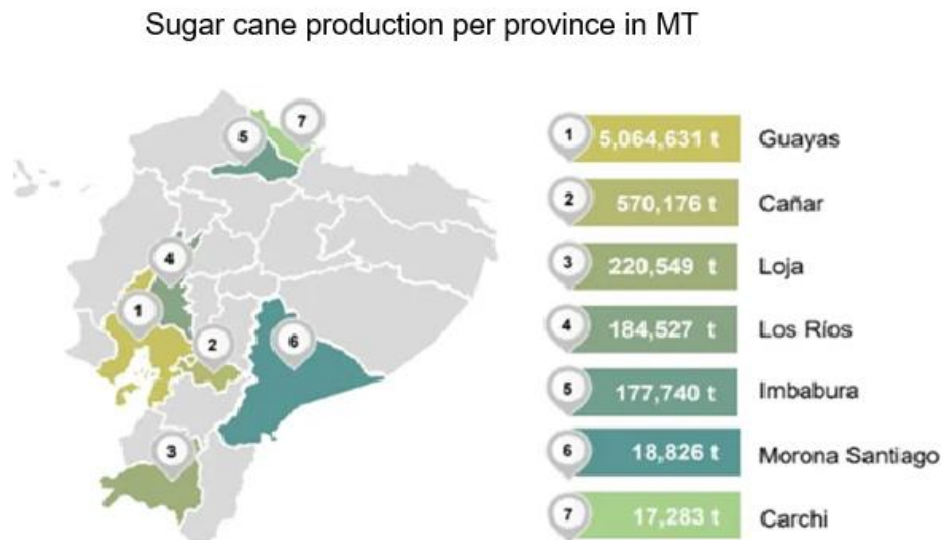
Source: FAS Quito files

In June 2022, the Ministry of Agriculture issued Agreement No. 0447, which established the price of cut sugar cane for MY 2022/23 at \$35.05 per metric ton. This price has remained in effect for CY 2024 as well.

According to Ecuador’s Biofuels Association (APALE), approximately 15 percent of the country’s sugar cane planted area is dedicated to ethanol production. Currently, about 100 million liters of ethanol are produced annually for “ECOPAIS” fuel, with a blend rate of up to 10 percent ethanol in certain regions.

During the harvest season, which runs from June to December, the sugar industry (sugarcane and sugar production) generates approximately 40,000 direct jobs and an additional 150,000 indirect jobs. The industry encompasses 3,146 producers, with 32 percent cultivating on less than 5 hectares, 52 percent managing between 5 to 20 hectares, and 16 percent operating on over 20 hectares.

Figure 4: Ecuador’s Main Sugar Cane Producing provinces (in MT):



Centrifugal Sugar

Sugar, Centrifugal Market Year Begins Ecuador	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)	385	385	392	392	0	372
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	420	420	530	530	0	513
Total Sugar Production (1000 MT)	420	420	530	530	0	513
Raw Imports (1000 MT)	0	0	0	0	0	0
Refined Imp.(Raw Val) (1000 MT)	170	170	40	40	0	13
Total Imports (1000 MT)	170	170	40	40	0	13
Total Supply (1000 MT)	975	975	962	962	0	898
Raw Exports (1000 MT)	18	18	15	26	0	26
Refined Exp.(Raw Val) (1000 MT)	10	10	15	6	0	6
Total Exports (1000 MT)	28	28	30	32	0	32
Human Dom. Consumption (1000 MT)	555	555	555	558	0	567
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	555	555	555	558	0	567
Ending Stocks (1000 MT)	392	392	377	372	0	299
Total Distribution (1000 MT)	975	975	962	962	0	898
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Consumption:

Total domestic sugar consumption in MY 2024/25 is estimated at 558,000 MT, which is lower than the forecast for MY 2025/26, estimated at 567,000 MT. This projection is based on the Ecuadorian Institute for Statistics and Census (INEC) population forecast of 18.3 million for CY 2025. The per capita annual consumption of sugar remains at 32 kilograms (kg) per person.

Sugar mills do not actively promote the consumption; however, producers of panela and brown sugar regularly engage in promotional activities to highlight the benefits of these artisanal products.

Domestic nutritional food labeling and fiscal policies (i.e., sugar taxes) continue to impact sugar consumption in Ecuador. In response to these policies and to explore alternative uses, sugar mills have increasingly used sugar cane and its by-products for alcohol and energy production in recent years.

During CY 2024, sugar production intended for direct sales accounted for 75 percent of total utilization. Of this, 45 percent (or 34 percent of total human consumption) was sold in 50 kg by wholesalers, distributed nationwide and commonly measured by weight at the destination. Supermarket chains, traditional wet markets, and small retailers, such as neighborhood family-owned stores, facilitated 55 percent of direct distribution to consumers, representing approximately 41 percent of total consumption. Sugar is available in various packaging options, including 0.5 kg, 1 kg, 2 kg, and by desired weight.

The remaining 25 percent of sugar consumption is allocated for industrial uses. Sugar is used in the production of sweetened beverages, bread, cookies, frozen snacks, confectionery, and jarred goods.

However, in recent years, the proportion of industrial sugar use has declined from over 40 percent to less than 30 percent of total consumption. This decrease is largely due to the industry's transition to artificial sweeteners in response to domestic nutrition policies.

It's important to note that approximately 13,000 tons of sugar are imported annually by industry, airlines and other sectors, primarily consisting of “refined sugar” that is not produced in Ecuador.

Figure 5: Refined and Other Sugar Presentations



Source: Valdez Mill

Trade:

Post estimates sugar exports in MY 2024/25 at 32,000 MT, reflecting a 13 percent increase from MY 2023/24. Exports in MY 2025/26 are also forecast to remain at 32,000 MT, as weather conditions in the coastal region are expected to improve following the El Niño weather cycle during CY 2023. This forecast follows a trend of significant fluctuations in Ecuador’s sugar exports in recent years, which peaked in MY 2016/17 at 107,000 MT, before declining to 60,000 MT the following year.

Ecuador consistently meets its U.S. tariff rate quota (TRQ) for sugar. FAS Quito does not anticipate any changes in Ecuador’s capacity to fulfill the TRQ in the coming years, as the U.S. TRQ represents a small percentage of Ecuador’s total sugar production (roughly three percent). Additionally, Ecuador has successfully fulfilled reallocated amounts without any issues.

Ecuador is largely self-sufficient in raw sugar production, with imports historically ranging from 25,000 MT to 40,000 MT per year, as reported by Ecuador’s National Federation of Sugar Producers (FENAZUCAR). For MY 2024/25, imports are estimated to reach 40,000 MT, consistent with this historical trend. However, sugar imports for MY 2025/26 are forecasted to decrease significantly to 13,000 MT, representing a drop of 27,000 MT from MY 2024/25.

Ecuador’s surplus sugar production is partially directed towards exports, with the United States being the primary destination. During CY 2024 the United States accounted for 89 percent of Ecuador’s sugar exports. Spain and Germany followed, each representing 3 percent of exports, while additional

destinations, primarily in Europe and Latin America, made up the remaining 5 percent of total exports. All sugar exported to the U.S. is shipped under the U.S. Quota Eligibility System.

Figure 6: Ecuador Sugar Exports (MT/ FOB price) 2024

WHEIGHT MT	USD FOB	USD CIF
26,731.7 toneladas	20,570.5 miles	0.0 miles

Exports per country in MT and FOB price			
	Peso (t)	FOB (USD miles)	CIF (USD miles)
Estados Unidos / US	23,924.3	17,194.4	
Alemania / Germany	755.0	1,004.0	
España / Spain	803.8	932.3	
Italia / Italy	267.1	420.6	
Colombia / Colombia	458.0	323.5	
Francia	165.4	263.5	
Países Bajos	126.6	183.0	
Bélgica	91.8	50.4	
República Checa	28.5	44.8	
Finlandia	26.3	39.9	
Chile	26.0	32.6	
Reino Unido	14.0	30.4	
Perú	28.0	27.6	
Canadá	10.0	14.0	
Rusia	5.0	6.0	
Lituania	2.0	3.6	
Cuba	0.0	0.1	

Source: SIPA MAG

Local and international sugar prices significantly influence the decision to export sugar to Colombia and other countries. It is important to note that the export figures reported by the Ecuadorian Central Bank do not include informal cross-border trade with neighboring countries like Colombia and Peru, which is considered to be negligible.

Stocks:

The Government of Ecuador does not maintain a strategic sugar reserve; however, private sector sugar mills have invested in sugar storage facilities. These warehouses are primarily located in Guayaquil and the Guayas province. The existing storage capacity is adequate to accommodate both production and a four-month reserve during the inter-harvest period. For MY 2025/2026, ending stocks are forecasted to be approximately 299,000 MT.

Policy:

Domestic sugar prices remain artificially high due to the government's protection of the sugar value-added chain from international trade. A significant example of government intervention favoring

Ecuador's sugar producers is COMEX Resolution 030-2017, enacted in December 2017. This resolution effectively terminated the preferential treatment (zero tariffs) previously granted to sugar imports from Andean Community members Colombia, Peru, and Bolivia. It established a tariff-free quota for imports from Colombia of up to 30,000 MT. Subsequently, all sugar imports from other Andean Community countries became subject to the Andean Price Band System. In November 2018, Resolution 030 was replaced with COMEX Resolution 020-2018. Resolution 020, which further restricted access to the Ecuadorian market by reducing the quota for Colombian exports to 17,229 MT. Before the implementation of these COMEX Resolutions, Ecuador's sugar imports from the Andean Community enjoyed duty-free treatment, although prior government authorization was still required for these imports.

All-origin raw and refined sugar imports are assessed a 15 percent base tariff. Additionally, sugar imports are assessed a variable tariff under the Andean Price Band System. For the first half of April 2021, this variable levy for both raw and refined sugar was set at 15 percent. Furthermore, Ecuador has a World Trade Organization (WTO)-approved bound tariff rate of 45 percent for sugar imports, which encompasses duties related to the price band.

Three policy changes have significantly influenced domestic sugar consumption in Ecuador over the last few years. A 2014 food labeling law mandated that all processed food products and beverages sold in Ecuador be labeled with a traffic light-style system. This labeling highlights the content of sugar, salt, and fat, providing consumers with clear information about the nutritional quality of the products they purchase. This initiative is aimed at promoting healthier dietary choices among the population.

Following the 2014 food labeling law, additional policy changes have further impacted domestic sugar consumption in Ecuador. Issued by Ecuador's Ministry of Industries, Resolution 17-156, mandates that food products packaged for retail sale must include a warning label for sugar content. The label states: "For your health, reduce the consumption of this product." This initiative aims to inform consumers about the health risks associated with excessive sugar intake. The Organic Law to Balance Public Finances (April 29, 2016, published in the Official Record 744) established a tax scheme specifically for sugary drinks. It categorizes non-alcoholic beverages based on their sugar content:

- Soft drinks with a sugar content ≤ 25 grams per liter and energy drinks are subjected to a 10 percent ad-valorem tax.
- Non-alcoholic drinks and soft drinks with a sugar content > 25 grams per liter (excluding energy drinks) incur a charge of \$0.18 for each 100 grams of sugar.

These measures are designed to discourage excessive sugar consumption by increasing product visibility and costs associated with high sugar content, thereby promoting healthier dietary choices among the population.

Figure 5: Image of Ecuador's Dietary Warning Labels:



Source: Ecuador Ministry of Public Health

Industry sources indicate that the implementation of these three policies has notably influenced consumer patterns and increased production costs for food and beverage manufacturers in Ecuador. As a result, many manufacturers are increasingly replacing sugar with low-calorie sugar substitutes in their products. This shift helps them comply with health regulations, manage production costs, and respond to changing consumer preferences for healthier options.

The use of low-calorie substitutes not only helps manufacturers avoid the higher taxes associated with sugary products but also aligns with public health initiatives aimed at reducing sugar consumption. Consequently, this trend reflects a broader market adjustment in response to regulatory pressures and evolving consumer demands for healthier food and beverage choices. Sugar is a crucial component of the basic family basket of goods utilized by the Ecuadorian government to monitor inflation. Neither farmers nor mills receive domestic or export subsidies. However, sugar cane farmers, like other farmers, are eligible for agricultural loans at preferential rates from institutions such as BanEcuador and the National Finance Corporation.

Ecuador enjoys associate status with the Southern Common Market (MERCOSUR), although it has yet initiated negotiations regarding sugar tariffs within this framework. This status allows Ecuador to engage in certain collaborative efforts with MERCOSUR member countries, but no concrete agreements concerning sugar have been established. Additionally, under the Ecuador-European Union Free Trade Agreement which came into effect on January 1, 2017, Ecuador benefits from a tariff-rate quota (TRQ) for sugar and related products, allowing for the export of up to 25,000 metric tons of sugar to the EU. This provision enhances Ecuador's export opportunities and facilitates access to the European market while promoting the country's sugar industry. The TRQ is composed of 15,000 MT of raw sugar and an additional 10,000 MT for a mix of products such as high-content sugar and cocoa powder. However, in 2021, Ecuadorian sugar producers did not utilize this quota benefit. The decision not to claim the TRQ was primarily due to considerations related to domestic supply levels and the significant freight costs associated with exporting sugar. These factors likely made it less economically viable for producers to

engage in exports under the TRQ, leading them to prioritize domestic market needs over international trade opportunities.

Attachments:

No Attachments