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Report Highlights:

FAS/San José expects sugar production in marketing year 2024/2025 to decline by seven percent to 394,000 metric tons (MT). Lower production is the result of adverse weather conditions during the development stage of the sugarcane, as well as during the early stages of the harvest. Based on very preliminary information, FAS projects sugar production to increase to 410,000 MT during the 2025/2026 marketing year. Costa Rica is expected to continue to export its WTO and CAFTA-DR quota allocations to the United States, as well as additional sugar to the world market.

Executive Summary

FAS/San José projects that sugarcane and sugar production will increase moderately in marketing year (MY) 2025/26, as sugarcane and sugar yields are expected to increase from the low average yields obtained in marketing year 2024/2025. After a very rainy 2024, which presented unusual rainfall, solar radiation, and temperature parameters, 2025 is expected to be a more neutral year in terms of weather patterns, which may result in higher sugarcane production. Factors contributing to recent sugar production declines, such as high debt, inadequate replanting rates, and competition for land in urbanizing areas, are not expected to improve in 2025. The Costa Rican colón which has appreciated by roughly 20 percent against the U.S. dollar since the middle of 2022, continues to affect exporter revenues whose contracts are dollar denominated. Producers have indicated that the lower price of inputs expressed in dollar-terms has not compensated for the lower value of sugar exports in colones, a situation eroding the competitiveness of Costa Rican agricultural exporters more broadly.

FAS/San José projects total sugar production will increase roughly 4 percent in MY 2025/26 to 410,000 metric tons (MT) on better expected weather patterns after a difficult year for producers caused by inclement weather at different times during the production cycle. Projected MY 2025/26 production levels should allow Costa Rica to continue to supply domestic demand, to satisfy quota allocations for exports to the United States, and to export on commercial terms to the European Union, Canada, and other markets.

FAS/San José expects Costa Rican sugar production to decline 7 percent during MY 2024/25 to 394,000 MT, which is still an improvement over MY 2022/23, which was the lowest seen since MY 2000/01. Although the local industry initially expected higher production, different climatic factors resulted in lower-than-expected yields and lower production.

Background

According to LAICA (Costa Rican Sugarcane League), there were 4,006 sugarcane producers in MY 2023/24, down from 4,321 producers in MY 2022/23. For comparison purposes, there were 7,830 producers in MY 2013/14. The number of producers has continued to fall as smaller sugarcane farmers have aged out of the industry and successive generations have sold or leased sugarcane area to remaining growers. The sector is comprised of primarily small producers, with 90 percent of farms delivering less than 500 MT of sugarcane annually to the mills. While most producers plant less than 7 hectares (ha) of sugarcane, 15 producers delivered more than 5,000 MT of sugarcane in MY 2023/24.

Sugarcane is grown in six regions with different climates, altitudes, and topography: Guanacaste and Puntarenas on the Pacific side of the country; the Northern Region, near the border with Nicaragua; the Central Valley; Turrialba; and the Southern Region, near the border with Panama. Sixty-seven percent of the sugar production is concentrated in the provinces of Guanacaste in the Northern Pacific (33,595 ha) and Puntarenas (5,840 ha) along the Central and Southern Pacific regions. Production in the other five regions is distributed more evenly, ranging from 5 to 15 percent of the total. According to data from LAICA, roughly 88 percent of sugarcane is expected to have been harvested mechanically during MY 2024/25. Of total sugarcane production in MY2023/24, 69.5 percent was owned or produced by the mills, while the rest was produced by independent producers.

Production

MY 2025/26

FAS/San José projects Costa Rican MY 2025/26 sugarcane production at 4.1 million MT and sugar production at 410,000 MT, on better weather conditions (an expected neutral rainy season) during 2025, improved agricultural practices by the larger growers, and relatively lower input prices, allowing for higher sugarcane and sugar production. Considering the above, FAS/San José anticipates that sugarcane production will grow by about 4 percent, unless excessive rainfall later in the year negatively affects production yields in the main production region of Guanacaste as it did in the current marketing year.

Figure 1. Expected start of the rainy season by geographic region - 2025



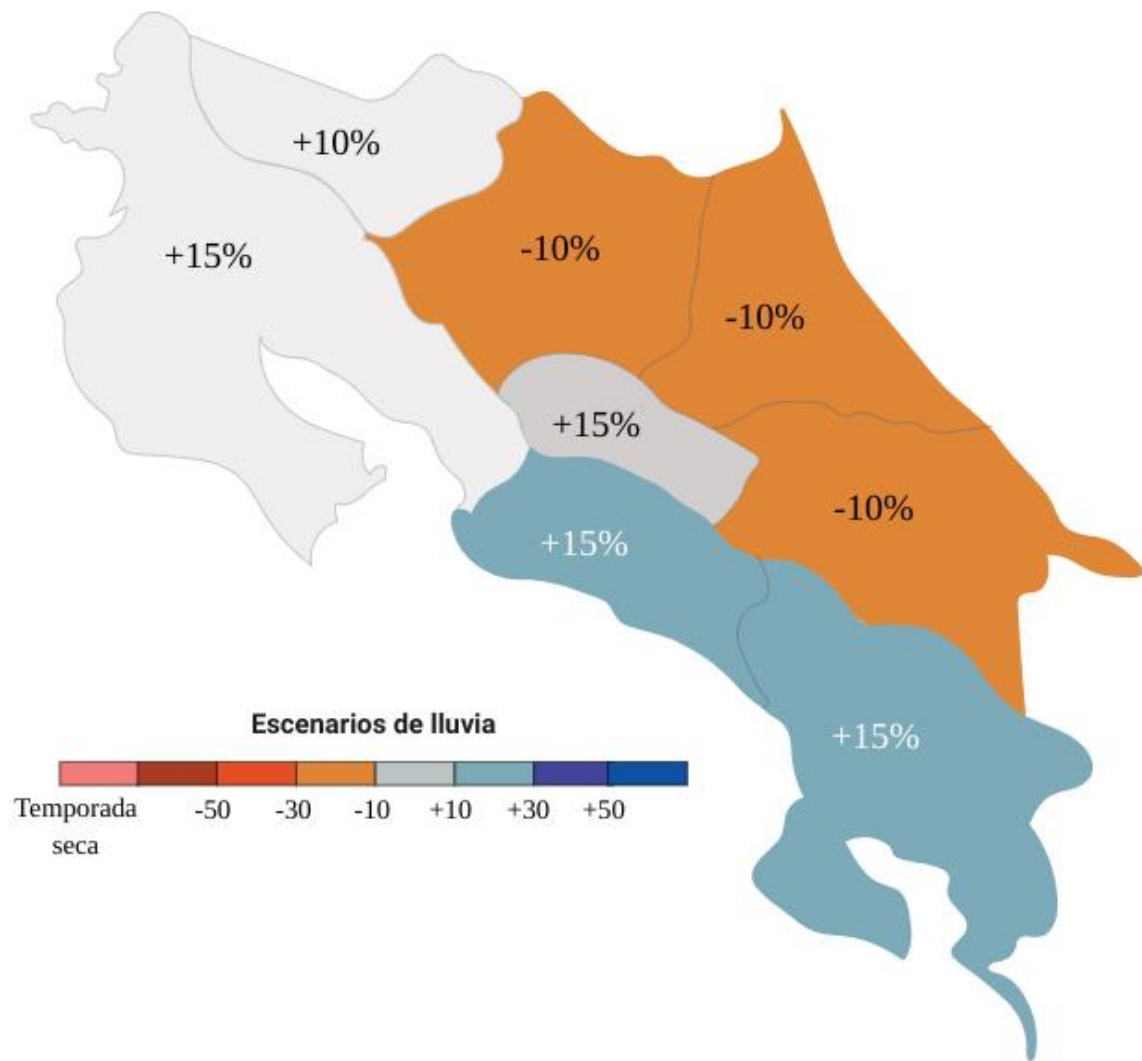
Source: *La Nación*, with information from IMN

The Costa Rican weather service (IMN) is expecting the neutral phase of the El Niño weather system to remain in place during 2025 as a neutral (cold) phase during the first half of the year, followed by a neutral (warm) phase during the second semester. The IMN expects the rainy season to start about a week earlier this year (see details by geographic region in figure 1). In previous years (including MY 2024/2025), excessive rainfall (associated with the occurrence of a La Niña) towards the end of the year, resulted in negative effects on sugar production, limiting the application and efficacy of fertilizer,

reducing sugar concentration, and delaying harvest operations. As of early April 2025, IMN is projecting that rainfall in the primary sugar producing areas during the months of Abril -June will be 15 percent higher than normal for this time of the year (see Figure 2).

Figure 2. Expected Deviation from Average Rainfall (April-June 2025)

Así lloverá entre abril y junio



Source: La Nación, with information from IMN

Note: the color scale on the map corresponds to the anticipated deviation from average rainfall for the specific regions; grey is roughly average, tan somewhat drier, and blue slightly wetter.

FAS/San José projects MY 2025/26 sugarcane area planted to remain stable at 58,000 ha. Area planted reductions in some parts of the country such as the Central Valley are expected to be compensated by small area planted growth in Guanacaste. Sugarcane area planted remains under pressure from other

agricultural and economic activities in different production regions. Area planted in Guanacaste has grown marginally, but not as much as previously expected by the mills, which planned to attract former rice growers to sugar production. The sugar mills in Guanacaste also used to rotate sugar fields and rice as part of their agricultural practices with positive results on sugarcane productivity. However, according to the sugar industry, the new government rice policy has rendered rotations economically unprofitable, and they have basically eliminated or sharply reduced rice rotations.

Within the Central Valley and some smaller growing areas, the advance of urbanization appears inexorable over the medium-term, as higher production costs, historical debt loads, increasing land values and a generation of older farmers willing to retire or sell their land, are expected to extend the trend of production area losses. As an example of this trend, a new Free Trade Zone is under development near Tacares, Grecia, on 130 ha of land previously planted to sugarcane. The Free Trade Zone is expected to generate 20,000 jobs over the next 15 years, with a projected investment of \$200 million. As construction of the Free Trade Zone advances, land prices in the surrounding areas have risen, driving additional agricultural land out of production. The Central Valley region lost 275 ha of sugarcane area in MY 2023/24, and 254 ha in MY 2022/2023 according to data from the LAICA. Other regions such as the North and Turrialba have also lost area planted to sugarcane.

Labor availability remains an important issue, affecting smaller-sized sugarcane growers, which are typically too small to take advantage of mechanized harvesting equipment. LAICA is looking for smaller equipment options in foreign markets to offer lower cost mechanization alternatives to farmers. According to industry sources, labor shortages have driven an increasing number of smaller producers, who are now competing with the tourism and construction sectors to attract a smaller pool of available workers, out of production.

MY 2024/25

As of April 8, 2025, the MY 2024/25 sugarcane harvest and sugar processing are almost over in Guanacaste, close to completion in the Southern region of the country, and still underway in the Juan Viñas, Central Valley, and San Carlos regions. LAICA preliminary data projects sugarcane and sugar production at 3.98 million MT and 394,000 MT respectively during MY 2024/25, a 7 percent decline in terms of sugar production. Calendar year 2024 was characterized by unusual and very damaging weather parameters, not only in terms of rainfall, but also in terms of reduced solar radiation and temperature, which negatively affected sugarcane production in Guanacaste and Puntarenas. Rains were excessive during the periods of May-July and October-November, causing soil saturation that affected the production of biomass in sugarcane. Flooding resulting from Tropical Storm Sara and Hurricane Rafael increased losses in cane and sugar in plantations close to rivers at altitudes lower than 20 meters above sea level. The high level of cloudiness present during most of the year drastically affected growth and final biomass and resulted in the reduction of metric tons of cane per hectare. Also, the high humidity prevalent in the soil and the environment resulted in higher incidence of diseases (primarily fungi) that reduced the growth and development of sugarcane stalks.

The following pictures provided by DIECA (LAICA's Sugarcane Research and Extension Department), show some of the affected plantations in Guanacaste.

Figures 3 and 4: Flooded and Damaged Sugarcane Fields in Guanacaste, Costa Rica, MY 2024/25



The MY 2024/25 average sugar processing yield is expected to decline to 95.5 kilograms (kg)/MT from 102.4 kg/MT during the previous marketing year. As it was pointed out earlier, unusually high levels of precipitation in Guanacaste, Puntarenas, and the Southern region in October and November 2024 – just before harvest – reduced sucrose accumulation in sugarcane during a key developmental stage.

According to preliminary data, FAS/San José expects sugarcane area planted to remain at 58,000 ha in MY 2024/25. Sugarcane area planted declined to 58,301 ha in MY 2023/24, falling from 58,917 ha in MY 2022/23.

Table 1. Costa Rica: Sugarcane and Sugar Production

Marketing Year	Sugarcane (MT)	Sugar (MT)	Cane/sugar ratio ¹
2017/18	4,054,141	431,109	9.40
2018/19	4,025,447	442,187	9.10
2019/20	4,092,123	440,393	9.29
2020/21	3,995,020	425,178	9.40
2021/22	3,987,888	415,897	9.37
2022/23	3,422,767	350,242	9.46
2023/24	4,139,275	423,967	9.76
2024/25*	3,987,489	394,000	10.12

* Preliminary data.

1. Interpreted as the number of tons of sugarcane needed to produce a ton of sugar.

Source: Costa Rican Sugar League (LAICA)

Consumption

FAS/San José projects total Costa Rican domestic sugar consumption to increase marginally to 240,000 MT in MY 2025/26, as population growth in Costa Rica is very low (about 1 percent per year) and sugar consumption is already high in relative terms. However, sectors such as food, beverage, and alcohol manufacturing continue to grow at relatively steady rates, pushing industrial sugar consumption up. The Costa Rican population growth rate has been trending downward since at least 2001 and is expected to remain just above 1 percent over the medium term. On an estimated 2025 population of 5.3 million people (extrapolated from recent growth rate trends), FAS/San José projects annual per capita consumption at approximately 45 kg. While Costa Rica's per capita consumption remains relatively high, it has fallen by nearly a third since MY 1997/98, as public health campaigns combatting diabetes and changing cultural norms have driven down sugar consumption while supporting consumption of sugar alternatives.

Costa Rican mills produce different types of sugar for the domestic market, including raw sugar, white sugar, refined sugar, white special, and organic sugar.

Trade

FAS/San José projects Costa Rican raw value basis sugar exports to increase to 145,000 MT in MY 2024/25. Based on historical export patterns, FAS/San José expects the United States, Europe (primarily Germany, United Kingdom, and Netherlands), and the Bahamas to remain the leading destinations for Costa Rican sugar exports. Exports to the United States include sugar quota volumes allocated within the U.S. commitments under World Trade Organization (WTO) Agreement and negotiated in the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) as well as sugar for re-export.

Table 2: Centrifugal Sugar Export Volume Matrix (Oct/Sep Marketing Year, MT)

Country of destination	2021/2022	2022/2023	2023/2024
United States	103,968	110,943	88,134
South Korea	35,000	0	0
United Kingdom	13,232	6,437	7,244
Spain	9,981	2,234	1,535
Bahamas	3,594	4,161	4,218
Germany	3,773	8,248	8,656
Netherlands	3,020	1,893	1,861
Others	9,411	7,312	10,080
Total	181,979	141,228	121,728

Source: Costa Rica's Customs Department

FAS/San José expects Costa Rican sugar exports to increase to 145,000 MT in MY 2024/25. As of April 15, 2024, Costa Rica had already exported its full WTO sugar quota – 16,137 MT raw value allocated volume – to the United States for U.S. fiscal year (FY) 2025, which corresponds to sugar MY 2024/25. Costa Rica also plans to export its CAFTA-DR sugar allocation of 15,180 MT for calendar year 2025.

FAS/San José projects MY 2024/25 sugar imports at 2,000 MT based on available trade data and recent trade patterns. Though imports are generally negligible, white sugar for direct consumption from Brazil was relatively high during the 2015-2020 period. The Government of Costa Rica imposed a safeguard measure on Brazilian refined sugar to limit import growth in August 2020, pushing the import duty on imported refined sugar from 45 percent to 72.68 percent. The safeguard has already been lifted by Costa Rica, following WTO agreements. After peaking at 12,771 MT in 2020, and declining thereafter, imports from Brazil were 1,040 MT in 2024 according to Costa Rica's Customs Department. Total sugar imports were 1,089 MT in 2023 and 1,617 MT in 2024.

Stocks

FAS/San José projects MY 2024/25 sugar ending stocks at 400,000 MT. Costa Rican sugar ending stock volumes reflect a residual of export and consumption projections and estimates.

Table 3: Sugarcane for Centrifugal Sugar: Supply and Utilization

Sugar Cane for Centrifugal Market Year Begins Costa Rica	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)	60	58	61	58	0	58
Area Harvested (1000 HA)	54	53	55	53	0	53
Production (1000 MT)	3989	4139	4100	3987	0	4100
Total Supply (1000 MT)	3989	4139	4100	3987	0	4100
Utilization for Sugar (1000 MT)	3989	4139	4100	3987	0	4100
Utilizatn for Alcohol (1000 MT)	0	0	0	0	0	0
Total Utilization (1000 MT)	3989	4139	4100	3987	0	4100
(1000 HA) ,(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Table 4: Centrifugal Sugar: Production, Supply, and Distribution

Sugar, Centrifugal Market Year Begins Costa Rica	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)	314	314	326	387	0	400
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	416	424	430	394	0	410
Total Sugar Production (1000 MT)	416	424	430	394	0	410
Raw Imports (1000 MT)	0	0	0	0	0	0
Refined Imp.(Raw Val) (1000 MT)	1	1	2	2	0	1
Total Imports (1000 MT)	1	1	2	2	0	1
Total Supply (1000 MT)	731	739	758	783	0	811
Raw Exports (1000 MT)	165	94	175	110	0	125
Refined Exp.(Raw Val) (1000 MT)	10	28	15	35	0	35
Total Exports (1000 MT)	175	122	190	145	0	160
Human Dom. Consumption (1000 MT)	230	230	235	238	0	240
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	230	230	235	238	0	240
Ending Stocks (1000 MT)	326	387	333	400	0	411
Total Distribution (1000 MT)	731	739	758	783	0	811
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Attachments:

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