USDA United States Department of Agriculture
Foreign Agricultural Service

GAIN Global Agricultural Information Network

**Required Report:** Required - Public Distribution **Date:** April 14, 2025

**Report Number:** ES2025-0002

# **Report Name:** Sugar Annual

**Country:** El Salvador

**Post:** San Salvador

**Report Category:** Sugar

**Prepared By:** Miguel Herrera

**Approved By:** Jason Wrobel

**Report Highlights:**

Sugar production in El Salvador is forecast to reach 740,000 metric tons (MT) in marketing year (MY) 2025/26, with MY 2024/25 estimates revised down to 706,000 MT. This growth is largely driven by ongoing investments in irrigation infrastructure, the modernization of refining equipment, and the adoption of improved sugarcane seed varieties. Sugar exports are projected to rise by 19 percent in MY 2025/26, with a 24 percent increase in raw sugar exports, driven by heightened demand from China. Favorable international prices have also helped mitigate some of the financial pressure from high input costs in sugar production. In response to persistent inflation concerns, the Government of El Salvador has extended the zero percent import duty on sugar until March 2025.

## PRODUCTION

Sugar production in El Salvador is projected to rise by 4.8 percent, increasing from 706,000 metric tons (MT) in marketing year (MY) 2024/25 to 740,000 MT in MY 2025/26. This growth is largely attributed to ongoing investments in irrigation infrastructure, modernized refining equipment, and the adoption of improved seed varieties. Meanwhile estimates for MY 2024/25 have been revised downward to 706,000 MT, reflecting a 6 percent decrease compared to the previous year.

According to data compiled by FAS/El Salvador, the sugarcane harvest for marketing year (MY) 2025/26 is projected to reach 6.5 million metric tons (MMT), representing a 5 percent increase over the previous year. This growth is attributed to favorable weather conditions, including timely and well-distributed rainfall, moderate temperatures, and improved soil moisture, all of which have created optimal growing conditions for sugarcane across key production zones.

Planted area is anticipated to remain stable at 79,000 hectares, as the number of producers in the sector continues to level off. Looking ahead, expansion is possible if rural security continues to improve, sugar prices trend upward, and the long-anticipated ethanol production law is enacted. Notably, El Salvador has an estimated 300,000 hectares of idle land that could be redirected toward sugarcane cultivation. However, the Government of El Salvador (GOES) currently prioritizes national agricultural recovery efforts focused on boosting the production of staple grains, vegetables, fruits, dairy, and meat, in response to food price inflation and food security concerns.

Grower prices remain based on the sugar content of the harvested cane. According to CONSAA, producers receive between 54.5 and 56.0 percent of total sugar sales revenue, while the remaining 44 percent is allocated to mills. Sugar mills then distribute payments among growers in proportion to the volume of cane delivered. Continued investment in mill operations has helped reduce downtime and improved sugar recovery rates, enhancing El Salvador’s competitiveness in the regional market.

**Key Areas of Focus to Boost Sugar Industry Profitability**

- Increased extraction rates
- Investment in irrigation systems
- Diversification into energy generation
- Improved sugarcane varieties
- Research and technology exchange with other sugar producing countries
- Introduction of pest and disease-resistant sugarcane varieties
- Rum production
- Coordination with law enforcement to diminish the impact of sugarcane burning

## CONSUMPTION

Sugar consumption in El Salvador is projected to increase modestly by less than one percent, rising from 280,000 metric tons (MT) in marketing year (MY) 2024/25 to 282,000 MT in MY 2025/26. This gradual uptick is largely attributed to a modest rebound in the country's economic activity, which is slowly boosting demand across the foodservice, beverage, and confectionery sectors. As economic conditions stabilize, sugar consumption is expected to maintain a slow but steady upward trajectory.

While alternative sweeteners such as stevia, monk fruit, and sucralose are widely available in supermarkets and health-focused retail outlets, traditional refined sugar remains the preferred choice among Salvadoran consumers. This continued preference is driven by its lower price point, widespread availability, and established cultural and culinary norms that favor sugar's taste and versatility in both homemade and commercially prepared foods.

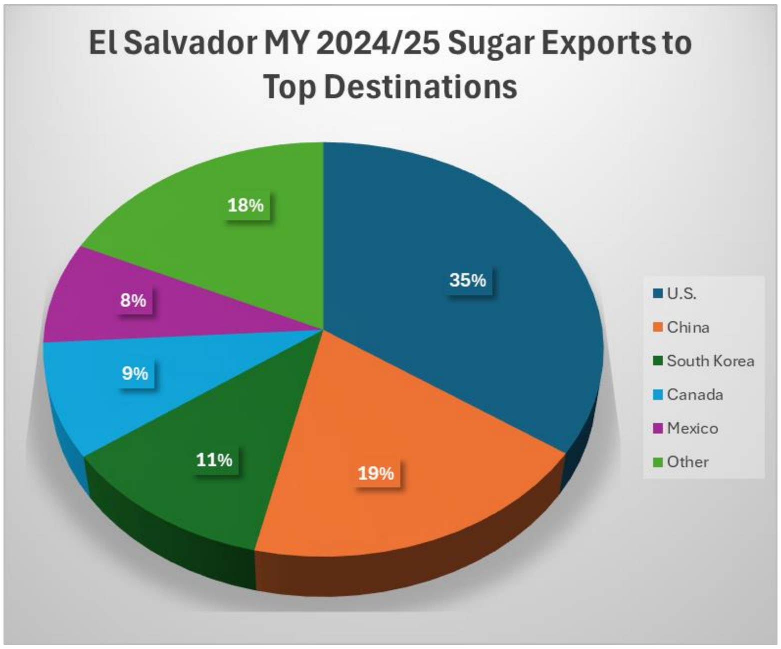
## TRADE

Total sugar exports from El Salvador are projected to increase by 19 percent, rising from 427,000 MT in MY 2024/25 to 506,000 MT in MY 2025/26. This growth is largely driven by a 24 percent anticipated rise in raw sugar exports. A major factor behind this surge is the increased demand for Salvadoran sugar from China, following the successful conclusion of free trade negotiations between the two nations. With favorable trade terms now in place, El Salvador is poised to meet China's growing appetite for high-quality raw sugar, which will significantly boost export volumes. This expanded trade relationship with China is expected to be a key driver of Salvadoran sugar export growth in the years ahead.

GOES applies a 40 percent ad-valorem import tariff on all sugar imports. The bound rate is set at 70 percent, as sugar is considered politically sensitive due to its significant role in rural income and employment. While CAFTA-DR encourages regional tariff harmonization to prevent market disruptions, the Central American region has yet to establish a unified import tariff for sugar. Although El Salvador maintains a Customs Union with Guatemala and Honduras, sugar is not among the products benefiting from duty-free trade. However, due to inflationary pressures, GOES has temporarily extended a zero percent import duty on sugar for another year, effective March 2024.

The United States, China, South Korea, and Canada remain the primary destinations for Salvadoran sugar exports. Additional key markets for MY 2024/25 include Mexico, Haiti, Peru, Spain, the United Kingdom, and Chile. See figure 1 and table 1 for El Salvador's top destinations for sugar exports below.

**Figure 1**




*Source: Trade Data Monitoring*

**Table 1**

| Export Trade Matrix for El Salvador Centrifugal Sugar (Metric Tons) | | |
|---|---|---|
| | **MY** | **MY** |
| **Exports for:** | **2024** | **2025** |
| U.S. | 149,989 | 148,000 |
| China | 81,750 | 81,000 |
| South Korea | 49,270 | 49,000 |
| Canada | 38,230 | 38,200 |
| Mexico | 34,391 | 34,000 |
| Peru | 22,018 | 22,000 |
| Haiti | 20,087 | 20,000 |
| Spain | 9,850 | 9,800 |
| United Kingdom | 8,132 | 8,100 |
| Chile | 6,998 | 6,990 |
| Taiwan | 5,848 | 5,840 |
| Ireland | 1,244 | 1,240 |
| Switzerland | 1,081 | 1,080 |
| Total for others | 278,899 | 277,250 |
| Others not listed | 1,515 | 1,950 |
| **Grand Total** | **430,403** | **427,200** |

*Source: Trade Data Monitoring*

The decision by GOES to sever diplomatic relations with Taiwan and establish ties with China has had significant ramifications for the sugar sector, introducing uncertainty. Prior to this shift, El Salvador enjoyed a Free Trade Agreement (FTA) with Taiwan, which provided favorable terms for Salvadoran sugar exports. However, in December 2018, GOES formally notified Taiwan of its intent to withdraw from the agreement. As a result, a considerable portion of the sugar that was previously exported to Taiwan has been redirected to other markets, with China emerging as a key destination.

Despite this change, El Salvador continues to benefit from its World Trade Organization (WTO) quota, which provides Salvadoran sugar with duty-free access to the United States market. For the period spanning October 1, 2024, to September 30, 2025, El Salvador has been allocated a quota of 27,971 MT of sugar under this arrangement, ensuring continued access to one of its most important export markets. This quota plays a vital role in maintaining stability for Salvadoran sugar producers amidst shifting international trade dynamics.

## STOCKS

Ending stocks are projected to decline by 62 percent, from 78,000 MT in MY 2024/25 to 30,000 MT in MY 2025/26. This decrease is primarily driven by an expected rise in sugar demand from various markets, particularly China. The recent successful free trade agreement with China has opened up significant opportunities for Salvadoran sugar exports, tapping into China's growing demand for high-quality raw sugar. As a result, more sugar will be directed to meet this rising export demand, leading to a substantial reduction in El Salvador's sugar stocks for MY 2025/26.

Contraband sugar from neighboring countries is negligible and causes no disruption to the local market. The national sugar law states that all sugar sold locally must carry a safety seal provided by CONSAA.

## POLICY

GOES continues to mandate that all sugar sold domestically be fortified with vitamin A, with the costs shared between producers and millers. Although GOES does not have a specific support or assistance program for the sugar sector, it primarily provides support by limiting market access through import tariff protection.

The sugar industry is regulated under the national sugar law, with CONSAA serving as the oversight body. The CONSAA board of directors includes representatives from the government, sugar producers, and sugar mills.

A proposed law aimed at producing alternative fuels, including ethanol, remains stalled since its drafting in 2009. While discussions between the sugar industry and the GOES have considered a

10 percent ethanol blend in gasoline, the current administration has not yet enacted this law, citing the need for further analysis of its environmental and consumer impact. However, the current super-majority in the National Assembly presents an opportunity for the law to potentially pass.

In response to rising inflationary pressures on basic goods, GOES introduced a temporary law in March 2022 that reduces the import duty on several essential products, including sugar, to zero percent. This measure will remain in effect until March 2025. To date, no sugar imports have been made due to this reduction in import duties, and CONSAA does not anticipate any imports in the near future. Industry representatives note that the high costs of transportation, logistics, and the requirement for vitamin A fortification pose significant barriers to sugar imports, even from neighboring Central American countries. FAS/San Salvador will continue to monitor these developments to detect any changes in sugar import trends.

## Production, Supply and Distribution

| **Sugar Cane for Centrifugal** | **2023/2024** | | **2024/2025** | | **2025/2026** | |
|---|---|---|---|---|---|---|
| Market Begin Year | Oct-23 | | Oct-24 | | Oct-25 | |
| El Salvador | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted | 79 | 79 | 79 | 79 | 0 | 79 |
| Area Harvested | 78 | 78 | 78 | 78 | 0 | 78 |
| Production | 6560 | 6555 | 6757 | 6200 | 0 | 6500 |
| Total Supply | 6560 | 6555 | 6757 | 6200 | 0 | 6500 |
| Utilization for Sugar | 6560 | 6555 | 6757 | 6200 | 0 | 6500 |
| Utilization for Alcohol | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Utilization | 6560 | 6555 | 6757 | 6200 | 0 | 6500 |
| (1000 HA), (1000 MT) | | | | | | |

| **Sugar, Centrifugal** | **2023/2024** | | **2024/2025** | | **2025/2026** | |
|---|---|---|---|---|---|---|
| Market Begin Year | Oct-23 | | Oct-24 | | Oct-25 | |
| El Salvador | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Beginning Stocks | 34 | 34 | 29 | 79 | 0 | 78 |
| Beet Sugar Production | 0 | 0 | 0 | 0 | 0 | 0 |
| Cane Sugar Production | 765 | 754 | 787 | 706 | 0 | 740 |
| Total Sugar Production | 765 | 754 | 787 | 706 | 0 | 740 |
| Raw Imports | 0 | 0 | 0 | 0 | 0 | 0 |
| Refined Imp. (Raw Val) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Imports | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Supply | 799 | 788 | 816 | 785 | 0 | 818 |
| Raw Exports | 393 | 326 | 402 | 324 | 0 | 403 |
| Refined Exp. (Raw Val) | 102 | 104 | 102 | 103 | 0 | 103 |
| Total Exports | 495 | 430 | 504 | 427 | 0 | 506 |
| Human Dom. Consumption | 275 | 279 | 277 | 280 | 0 | 282 |
| Other Disappearance | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Use | 275 | 279 | 277 | 280 | 0 | 282 |
| Ending Stocks | 29 | 79 | 35 | 78 | 0 | 30 |
| Total Distribution | 799 | 788 | 816 | 785 | 0 | 818 |
| (1000 MT) | | | | | | |

## Attachments:

No Attachments