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Colombia

Sugar

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Report Highlights:

Sugarcane area continues to grow but at slow pace. Production will be 2.3 million tons in 1999/2000. Domestic sugar consumption began increasing again in 1999/2000, after dropping 3 percent in 1998/99, because of the severe Colombian recession. Colombia's exportable sugar surplus continues to increase slightly, however, increased exports are not likely.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Colombia expansion of sugarcane **acreage** for centrifugal sugar is slowing down as the area available for this crop seems to be limited to 200,000 hectares. Currently, Colombia has an area of 190,000 hectares planted to sugarcane for centrifugal sugar. Sugar **production**, at 2.25 million tons in 1999/2000, is projected to grow only about one percent annually for the next few years. The sugar industry has set out to reach minimum levels of sugarcane foliage burning by year 2005. Sugar growers and manufacturers are very interested in producing organic sugar for the foreign market.

Colombia sugar **exports** account for about 40 percent of sugar production. About one-fifth of them are headed for Venezuela, the largest buyer. Other purchasers of Colombian sugar are Ecuador and Peru, members of the Andean Community. In total, the Andean Community takes almost half of Colombian exports. In the last 15 years, Colombia has been shifting from exporting raw sugar to refined sugar, in an attempt to sell a higher value-added product. Some 40 percent of its sugar sales now consist of refined sugar. About three percent of the sugar exports enter the United States under quota.

Colombia is expected to start using **alcohol** in fuel in 2001, in order to meet new pollution reduction requirements. The domestic industry is working to ensure that these supplies come from sugar, rather than other possible sources.

Production

Colombia's planted sugarcane area reached an all-time record of 192,000 hectares in crop year 1998/99, up one percent from the previous year. Another one percent increase in area is projected for 1999/2000. Growth in planted area over the next three years is expected to be less than one percent annually. Industry observers believe that total planted sugarcane area is not likely to exceed 200,000 hectares. Expansion of sugarcane area beyond this level would require taking the crop into new producing zones, lacking the particular microclimate conditions existing in the current sugarcane area. In fact, some of the recent plantations are already in more marginal land and their yields are lower than the average for this region. Other restrictions to sugar area growth are an underdeveloped infrastructure and insecurity, because of guerrilla activity in the area.

Sugar production in 1999/2000 totaled 2.3 million tons, up one percent from 1998/99. Sugar output in 2000/2001 is forecast to be up less than one percent from 1999/2000. Although planted area is expected to grow slightly, harvested area is not projected to change in 1999/2000, since recent plantings will not be ready to harvest.

The sugar industry has embarked on a campaign to eliminate the practice of burning cane fields to reduce foliage before harvesting. The industry is attempting to reach minimum levels of burning by the year 2005. The Colombian sugar industry has begun to mechanize cane harvesting, which is an important factor in reducing burning. The sugar industry is also developing cane varieties that drop their leaves just before harvesting.

Colombia's non-centrifugal sugar (panela) situation has not changed since our last report (CO-0010 of April 7, 2000).

Consumption

Colombia's human consumption of sugar in 1999/2000 grew three percent to 1.2 million tons, as a result of the economic recovery that began in Colombia in early 2000. During this time, sugar utilization in the manufacture of processed foods and soft drinks also grew. These two categories account for approximately one-third of Colombia's total sugar consumption. Also, sugar prices to the consumer have shown considerable strength in 1999/2000, an indication of increasing demand. The average retail price for sugar in September 2000 was 1200 pesos per kilo (\$0.27 per pound), up 14 percent above a year ago. The annualized Colombian inflation rate in September was nine percent.

The outlook for 2000/2001 is for a two-percent growth rate in local sugar consumption. A two percent annual increases in consumption is projected for the next three years, based largely on a population growth rate of 1.7 percent.

Trade

All of Colombia's sugarcane exports are from the eastern production area and are shipped to a mill in Venezuela, owned by Colombian investors. No other sugar mills exist in the area. The rest of the sugarcane produced near the Venezuelan border is used for non-centrifugal sugar (panela) manufacturing in Colombia.

Colombia exports about 40 percent of its sugar output. Sugar exports in 1999/2000 are estimated to drop 20,000 tons to 940,000 tons. Since the internal consumption growth rate is lower than that of production, Colombia's exportable sugar surplus will expand slightly. However, export shipments in 2000/2001 are forecast at about the same level as in 1999/2000. Significant increments in Colombia's future sugar export volumes are not anticipated.

Colombia exported 75,268 tons of raw sugar to the United States in 1998/99. The U.S. sugar import quota for Colombia, during the October 1999-September 2000 period was fixed at 25,274 tons. According to exporters, the quota was fulfilled.

Sugar imports are minimal and occur only when price differentials favor them. For the period 1998/1999, they came mainly from United States.

Stocks

Stocks at the end of 1999/2000 meet local and export needs for about two weeks (95,000 tons). Although slightly tight, this level is judged to be adequate, since sugar is harvested year-round in Colombia.

Tables

Colombia: Centrifugal Sugar, PS&D, 1998/99 - 2000/2001 (1,000 tons)

PSD Table						
Country	Colombia					
Commodity	Centrifugal Sugar				(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		09/1998		09/1999		09/2000
Beginning Stocks	64	64	57	49	105	88
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	2169	2199	2240	2260	2280	2280
TOTAL Sugar Production	2169	2199	2240	2260	2280	2280
Raw Imports	1	1	1	1	1	1
Refined Imp.(Raw Val)	7	6	7	9	5	8
TOTAL Imports	8	7	8	10	6	9
TOTAL SUPPLY	2241	2270	2305	2319	2391	2377
Raw Exports	530	569	530	520	535	535
Refined Exp.(Raw Val)	410	391	410	420	405	415
TOTAL EXPORTS	940	960	940	940	940	950
Human Dom. Consumption	1194	1180	1210	1214	1235	1235
Feed Dom. Consumption	50	81	50	82	83	83
TOTAL Dom. Consumption	1244	1261	1260	1291	1318	1318
Ending Stocks	57	49	105	88	133	109
TOTAL DISTRIBUTION	2241	2270	2305	2319	2391	2377

Colombia: Sugarcane for Centrifugal Sugar, 1998/99 -2000/2001
(1,000 hectares and 1,000 tons)

PSD Table						
Country	Colombia					
Commodity	Sugar Cane for Centrifugal				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		09/1995		09/1996		09/1997
Area Planted	192	189	194	191	190	192
Area Harvested	186	168	186	169	168	169
Production	18200	18800	18400	19200	19400	19400
TOTAL SUPPLY	18200	18800	18400	19200	19400	19400
Utilization for Sugar	18200	18800	18400	19200	19400	19400
Utilizatn for Alcohol	0	0	0	0	0	0
TOTAL UTILIZATION	18200	18800	18400	19200	19400	19400

Source: Asocana (Colombian Sugar Growers Association).

Colombia: Exports of Centrifugal Sugar, 1999 (1,000 tons)

Export Trade Matrix			
Country	Colombia		
Commodity	Centrifugal Sugar		
Time period	Jan-Dec	Units:	1,000 mt
Exports for:	1999		2000
U.S.	75	U.S.	
Others		Others	
Venezuela	130		
Tunisia	234		
Peru	205		
Russia	115		
Germany	61		
Chile	38		
Haiti	32		
Sri Lanka	27		
Dominican Rep.	19		
Trinidad/Tobago	19		
Total for Others	880		0
Others not Listed	5		
Grand Total	960		0

Source: DANE (National Statistics Bureau).

Colombia: Imports of Centrifugal Sugar, 1998 (1,000 tons)

Import Trade Matrix			
Country	Colombia		
Commodity	Centrifugal Sugar		
Time period	sep98/aug99	Units:	1,000 metric tons
Imports for:	1999		2000
U.S.	8	U.S.	
Others		Others	
Total for Others	0		0
Others not Listed	1		
Grand Total	9		0

Source: DIAN (Revenue and Customs Agency).

Colombia: Retail Prices for Refined Sugar, 1997-98 (Pesos per kilo)

Prices Table			
Country	Colombia		
Commodity	Centrifugal Sugar		
Prices in	Pesos	per uom	kilo
Year	1999	2000	% Change
Jan	960	1020	6.25%
Feb	970	1030	6.19%
Mar	980	1060	8.16%
Apr	990	1080	9.09%
May	990	1080	9.09%
Jun	1000	1100	10.00%
Jul	1000	1140	14.00%
Aug	1000	1190	19.00%
Sep	1050	1200	14.29%
Oct	1040	0	-100.00%
Nov	1000	0	-100.00%
Dec	1000	0	-100.00%
Exchange Rate	2011.94	Local currency/US \$	

Source: Agricultural Attache's Office surveys.

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