



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 4/10/2001

GAIN Report #UZ1003

Uzbekistan, Republic of

Sugar

Update

2001

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Report Highlights:

Uzbekistan, which depends on imports of refined sugar for virtually all of its consumption requirement, has initiated a long-term program to increase sugar beet production and processing capacity in an effort to save foreign exchange. The government recently approved a plan to import raw sugar to increase utilization of its under-utilized refinery.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Islamabad [PK1], UZ

SUGAR BEETS

PRODUCTION

Sugar beet production in Uzbekistan is relatively new. Experimental production began in 1994 on about 1,000 hectares. In 1998, the government adopted a policy designed to encourage the long-term development of a sugar industry. Since then, area has expanded to about 20,000 hectares. Sugar beets are planted in April and harvested in October. The Republic of Karakalpakstan and Khorezm originally were targeted to be the main sugar-beet growing areas. However, production problems, including severe drought and increasing salinization, combined with the high cost of transporting sugar beets from Karakalpakstan to the country's main sugar refinery in Khorezm, made it very costly to produce beets in this region and caused the government to rethink its plan. The government now is expected to target the Samarkand and Bukhara regions, which are closer to the refinery in Khorezm, as the main sugar beet-growing areas.

Table 1: Sugar Beet Production, Supply and Demand

PSD Table						
Country	Uzbekistan, Republic of					
Commodity	Sugar Beets				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		09/1999		09/2000		09/2001
Area Planted	0	19	0	19	0	20
Area Harvested	0	15	0	8	0	15
Production	0	215	0	104	0	200
TOTAL SUPPLY	0	215	0	104	0	200
Utilization for Sugar	0	215	0	104	0	200
Utilizatn for Alcohol	0	0	0	0	0	0
TOTAL UTILIZATION	0	215	0	104	0	200

In MY2000/01, Uzbek farmers planted sugar beet on a total of 19,000 hectares and the official production target was set at 360,000 MT. However, because of low-quality planting seeds imported from Moldova as well as the severe drought, total harvested area declined to 8,000 hectares and production dropped to 104,000 MT.

For MY 2001/02, the government reportedly plans to increase the procurement price for sugar beets by 30 percent. During MY 2000/01, the average procurement price for beets was soums 9,560 per MT. (Current official rate of \$1 = soums 339.90, Black market rate \$1= soums 900.00). All sugar beets produced by the 130 beet farms in the Khorezm region are delivered to the 'Khozarsp Shakar' State Sugar Refinery. Beet farms generally contract with the state refinery. Contract terms generally include a 40 percent advance, which the farms use to purchase inputs.

SUGAR PRODUCTION

Uzbekistan has only one large sugar refinery, the 'Khozarsp Shakar' State Sugar Refinery, which is located in the Khorezm region and was built by a Turkish company. This refinery can process 360,000 MT of sugar beets in three months to produce 45,000 MT of sugar. However, in MY 1999/2000 the refinery operated only at 60 percent capacity and produced only 23,000 MT of sugar (raw value). Given the sharp drop in sugar beet production, observers believe the government may begin to import raw cane sugar in order to expand refined sugar production to 125,000 MT. Total MY 2000/01 sugar production is forecast at 11,000 MT (raw equivalent).

Table 2. Centrifugal Sugar Production, Supply and Demand

PSD Table						
Country	Uzbekistan, Republic of					
Commodity	Centrifugal Sugar				(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		09/1999		09/2000		09/2001
Beginning Stocks	95	40	130	40	0	50
Beet Sugar Production	0	23	0	11	0	15
Cane Sugar Production	0	0	0	0	0	0
TOTAL Sugar Production	0	23	0	11	0	15
Raw Imports	0	0	0	0	0	80
Refined Imp.(Raw Val)	0	343	0	364	0	280
TOTAL Imports	500	343	450	364	0	360
TOTAL SUPPLY	595	406	580	415	0	425
Raw Exports	0	0	0	0	0	0
Refined Exp.(Raw Val)	0	0	0	0	0	0
TOTAL EXPORTS	0	0	0	0	0	0
Human Dom. Consumption	0	366	0	365	0	375
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	465	366	470	365	0	375
Ending Stocks	130	40	110	50	0	50
TOTAL DISTRIBUTION	595	406	580	415	0	425

In addition to the 'Khozarsp Shakar' State Sugar Refinery, there are 14 small sugar refineries scattered throughout Uzbekistan. However, only few of these plants reportedly can produce white crystal sugar. The government also is engaged in a joint-venture with a French firm to expand Uzbekistan's sugar processing industry. Currently, one plant, located in the Denau district of the Surkhandarya region is scheduled to be completed late in 2001. This plant will have an annual capacity to process 100,000 MT of sugar beet to produce about 10,000 MT of refined sugar. Two additional plants reportedly are scheduled to be built in the near future.

CONSUMPTION

At 13 kilograms per capita, sugar consumption is well below the world average and is constrained by the high price of sugar and low consumers' purchasing power. Sugar currently retails for soums 375 per kilogram. Consumption for industrial and confectionary uses is estimated at 50,000 MT.

TRADE

Uzbekistan relies on imported refined sugar for the bulk of its consumption requirements. In 2000, the government established a new State Joint-Stock Company 'Uzozikovkattaminot', which will be responsible for centralized imports of sugar as well as other basic food items. During MY 2001/02, the government is expected to import 80,000 MT of raw cane sugar for the refinery in Khorezm to supplement imports of 278,000 MT (raw value) of refined sugar.

Table 3: Sugar Imports by Origin

Import Trade Matrix			
Country	Uzbekistan, Republic of		
Commodity	Centrifugal Sugar		
Time period	CY	Units:	
Imports for:	2000		2001
U.S.		U.S.	
Others		Others	
Poland	102000	Poland	107000
Germany	40000	Germany	35000
Russia	15000	Russia	12000
Kazakhstan	10000	Kazakhstan	5000
Kyrgyzstan	3000	Belarus	1800
Belarus	2000	Kyrgyzstan	1300
Ukraine	1600	Ukraine	500
Total for Others	173600		162600
Others not Listed	156400		158400
Grand Total	330000		321000

Note: Official trade data is unavailable.

Figures in this table are based on data from trade sources.

TARIFFS

In December 1998, the government abolished the duty on the importation of all sugar.

STOCKS

There is no official published data on stocks. Information on government-held stocks are considered highly sensitive and there is no information on stocks held by refineries. Stock numbers in this report are calculated residuals.