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Thailand

Sugar Annual

2013

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Report Highlights:
TH3037 - Despite an anticipated increase in planting acreage for MY2012/13, sugar production will likely decline to approximately 9.9 million metric tons due to lower-than-expected sugarcane extraction rate caused by drought. MY2013/14 sugar production is forecast to recover to 10.5 million metric tons and will likely boost sugar exports.

Executive Summary:

MY2012/13 sugarcane production will likely increase to 99.5 million metric tons due to an increase in planting acreage and the construction of new sugar mill facilities. However, sugar production will likely decline to 9.9 million metric tons, down 3 percent from the previous year, due to lower-than-expected sugarcane extraction rates caused by drought. This will likely slow sugar exports, which doubled in the previous year. Meanwhile, MY2013/14 sugar production will likely recover to approximately 10.5 million metric tons in anticipation of a larger sugarcane crop and the improvement in sugarcane extraction rates due to favorable weather conditions. Consequently, sugar exports will likely resume its upward trend to 8.5 million metric tons raw value in MY2013/14 compared to approximately 8.0 million metric tons raw value in MY2011/12 and MY2012/13.

Commodities:

Sugar Cane for Centrifugal
Sugar, Centrifugal

Production:

Despite drought conditions during the growing period, MY2012/13 sugarcane production is likely to increase to 99.5 million metric tons, up slightly from the previous year due to acreage expansion and an increase in new sugar mill facilities. The number of Thai sugar mills increased to 51 with total crushing capacity of approximately 1 million metric tons of cane per day, up around 10 percent from the long standing capacity of approximately 0.9 million metric tons of cane per day and 47 mills. Drought conditions, however, affected the cane ripening stage resulting in lower-than-expected sugarcane extraction rates. According to the official MY2012/13 crushing report by the Office of Cane and Sugar Board (OCSB), the average sugarcane extraction rate is at approximately 100 kg/ton of cane, down 4 percent from an average of 104.5 kg/ton cane in the previous year. The MY2012/13 crushing period began around mid-November 2012 and will likely finish by mid-April 2013. Consequently, MY2012/13 sugar production will likely decline to 9.9 million metric tons, down approximately 3 percent from the previous year. Most of Thailand's sugarcane harvest is primarily used for sugar production and a small amount is used for ethanol production (see TH2064, "Biofuel Annual 2012). This trend is expected to continue as prices for sugarcane feed stocks that are used for ethanol production remain low. Presently, there is only one sugarcane based ethanol plant operating in Thailand producing about 30 to 40 million liters of ethanol per year; using only 0.4 to 0.5 million metric tons of cane per year. In contrast, full sugar production capacity is around 30 million liters per year using approximately 0.8 million metric tons of cane per year.

MY2013/14 sugarcane production is forecast to increase to 102 million metric tons in anticipation of a favorable monsoon season. The average yield will likely improve to approximately 12 million metric tons per rai (75 million metric tons per hectare). In addition, the average sugarcane extraction rate is expected to recover to 103-104 kg/ton of cane, thus, likely pushing sugar production slightly higher to approximately 10.5 million metric tons.

Consumption:
MY2011/12 sugar consumption increased to approximately 2.5 million metric tons, up around 5 percent from the previous year as the Thai food and beverage industry recovered from the nationwide flooding that occurred in the last quarter of 2011. Industrial use, which accounts for 40 percent of total sugar consumption, increased approximately 3 percent during the same period. Sugar consumption in the beverage industry, which accounts for approximately half of total industrial use, increased significantly to 11 percent from the previous year (Table 10). Household sugar consumption, which accounts for around 60 percent of total sugar consumption, increased approximately 6 percent during the same period.

MY2012/13 and MY2013/14 sugar consumption will likely trend upward to 2.7 and 2.8 million metric tons, respectively, in anticipation of growing household and industrial use driven by strong domestic economic growth of 5 to 6 percent. In addition, the beverage industry, particularly soft drink manufacturers, are expanding their new facilities which will likely result in a 30 to 40 percent increase in their production capacities in MY2012/13.

Trade:
Sugar exports in MY2011/12 increased to 7.9 million metric tons raw value (MMTRV), up 19 percent from the previous year due to acreage expansion. Raw sugar exports, which account for approximately 60 percent of total sugar exports, continued to increase significantly to around 5 MMTRV, up 21 percent from the previous year. The increase reflected a surge in raw sugar exports, particularly to China and Taiwan, which more than tripled from the previous year due to insufficient domestic supplies (Table 5). In addition, raw sugar exports to Indonesia, which is Thailand’s largest raw sugar export market increased to 1.8 MMTRV. Thai sugar exports to Indonesia account for approximately 30 percent of total raw sugar exports. White and refined sugar exports also increased significantly to 2.9 MMTRV.

Sugar export growth in MY2012/13 will likely decelerate to approximately 8 MMTRV due to a reduction in sugar production caused by drought. Export of raw sugar to China will likely decline significantly in anticipation of increased Chinese sugar production. The reduction in raw sugar exports to China is expected to be offset by a continued increase in raw sugar exports to Indonesia, which has insufficient domestic production. In addition, Thailand will likely be able to fulfill its FY2013 U.S. raw sugar cane tariff rate quota of 15,027 MMTRV.

MY2013/14 sugar exports are forecast to increase to 8.5 MMTRV in anticipation of a recovery in sugar supplies as a result of favorable weather conditions. Raw sugar exports will likely increase to 5.3 MMTRV compared to 5.0 MMTRV in MY2011/12 and MY2012/13.

Meanwhile, sugar imports should be marginal due to the large supplies of domestic sugar. Furthermore, Thailand's high tariff rates are likely to deter sugar imports. Currently, Thailand subjects imported sugar to a 65 percent tariff rate and a quota of 13,760 metric tons. Its out-of-quota tariff rate is 94 percent.

Stocks:
MY2011/12 sugar stocks are revised down to 2.8 million metric tons due to higher-than-expected sugar exports and the recovery of domestic sugar consumption by the food and beverage industry. Sugar stocks will likely continue to decline to 2.1 million metric tons in MY2012/13 and approximately 1.3 million metric tons in MY2013/14 in anticipation of growing domestic consumption and continued increase in sugar exports.

Policy:
The support price for sugarcane production in MY2011/12 was set at 950 baht/ton ($31.7/MT), down 5 percent from 1,000 baht/ton ($32.3/MT) in the previous year due to a reduction in global sugar prices. In addition, on March 19, 2013 the Thai Cabinet approved direct payments to farmers totaling 160 baht/ton ($5.3/MT).

The downward trend in global sugar prices will likely prompt the government to maintain its price control policy on sugar that was established in May 2008. The 2008 policy fixed prices at 19 baht/kg ($29 cent/lb) for refined sugar, ex factory wholesale (excluding 7 percent value added tax). Retail sugar prices (including the value-added tax) will also remain at established 2008 prices at 21.85 baht/kg ($33 cent/lb) for white sugar and 22.85 baht/kg ($35 cent/lb) for refined sugar. The government will use the value-added tax collected from domestic sugar sales to repay the Bank for Agriculture and Agricultural Cooperatives (BAAC) for the costs of operating the state-run Cane and Sugar Fund (CSF). The CSF provides the funds necessary to carry out the various sugar programs such as the price support and direct payment programs. In addition, in fiscal year 2012/13, the CSF provided funding for a harvester purchasing program totaling 3 billion baht ($100 million), up from 1 billion baht ($33 million). The harvester program enables farmers and sugar millers to obtain low interest loans to purchase cane harvesters. The demand for harvesters is a result of the growing labor shortage in Thailand and an increase in the national minimum wage (300 baht/day ($100/day) in 2013 compared to 150-250 baht/day ($5-8/day) in 2012).

Production, Supply and Demand Data Statistics:

Appendix Tables

Table 1: Thailand's Sugarcane Production

Sugar Cane for Centrifugal Thailand	2011/2012		2012/2013		2013/2014		
	Market Year Begin: Dec 2011		Market Year Begin: Dec 2012		Market Year Begin: Dec 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	1,300	1,300	1,350	1,355		1,365	(1000 HA)
Area Harvested	1,280	1,280	1,340	1,345		1,360	(1000 HA)
Production	98,400	98,400	95,500	99,450		102,000	(1000 MT)
Total Supply	98,400	98,400	95,500	99,450		102,000	(1000 MT)
Utilization for Sugar	98,000	98,000	95,000	99,000		101,500	(1000 MT)
Utilization for Alcohol	400	400	500	450		500	(1000 MT)
Total Utilization	98,400	98,400	95,500	99,450		102,000	(1000 MT)

Table 2: Thailand's Sugar Production, Supply and Demand

Sugar, Centrifugal Thailand	2011/2012		2012/2013		2013/2014		
	Market Year Begin: Dec 2011		Market Year Begin: Dec 2012		Market Year Begin: Dec 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Beginning Stocks	2,983	2,983	3,223	2,810		2,060	(1000 MT)
Beet Sugar Production	0	0	0	0		0	(1000 MT)
Cane Sugar Production	10,235	10,235	9,930	9,900		10,500	(1000 MT)
Total Sugar Production	10,235	10,235	9,930	9,900		10,500	(1000 MT)
Raw Imports	0	0	0	0		0	(1000 MT)
Refined Imp.(Raw Val)	5	0	5	0		0	(1000 MT)
Total Imports	5	0	5	0		0	(1000 MT)
Total Supply	13,223	13,218	13,158	12,710		12,560	(1000 MT)
Raw Exports	5,000	4,968	5,000	5,000		5,300	(1000 MT)
Refined Exp.(Raw Val)	2,500	2,930	2,500	3,000		3,200	(1000 MT)
Total Exports	7,500	7,898	7,500	8,000		8,500	(1000 MT)
Human Dom. Consumption	2,500	2,510	2,600	2,650		2,750	(1000 MT)
Other Disappearance	0	0	0	0		0	(1000 MT)
Total Use	2,500	2,510	2,600	2,650		2,750	(1000 MT)
Ending Stocks	3,223	2,810	3,058	2,060		1,310	(1000 MT)
Total Distribution	13,223	13,218	13,158	12,710		12,560	(1000

							MT)

Table 3: Thailand's Sugar and Molasses Yield and Prices			
	MY 2011/12	MY 2012/13	MY 2013/14
		(FAS Estimate)	(FAS Forecast)
Yield per metric ton of cane			
Sugar (kg.)	104.47	100.00	103-104
Molasses (kg.)	44.79	44.50	45.00
Farm price (ex-factory): Baht/ton	942	910	900
Wholesale prices			
Sugar (Baht/100 kg.)	2,033	2,033	2,033
Molasses (Baht/ton)	3,600	3,800	3,500
Source: Office of Cane and Sugar Board			

Table 4: Thailand's Total Exports of Sugar

Unit: Metric tons (raw value)

	2008	2009	2010	2011	2012	% Change
U.S.	12,259	14,095	22,868	24,301	22,563	-7.2
Indonesia	1,665,828	1,004,884	1,304,964	1,352,165	1,921,618	42.1
Japan	916,460	724,676	533,903	1,107,846	870,657	-21.4
China	121,830	195,141	25,511	288,181	996,659	245.8
Malaysia	67,090	52,778	156,234	353,469	470,561	33.1
South Korea	263,672	151,418	134,804	521,738	505,139	-3.2
Cambodia	299,141	493,914	468,756	409,016	632,148	54.6
Taiwan	431,978	298,451	88,042	140,538	279,581	98.9
Russia	141,706	30,661	31,652	175,318	49,614	-71.7
Singapore	112,144	135,280	109,138	194,084	130,935	-32.5
India	-	327,560	349,268	6,426	7,592	18.1
Other	1,016,629	1,868,754	1,393,108	2,308,082	1,909,241	-17.3
Total	**5,048,737**	**5,297,612**	**4,618,248**	**6,881,164**	**7,796,308**	**13.3**

Source: Office of Cane and Sugar Board

Table 5: Thailand's Exports of Raw Sugar (MTRV)						
Destination	**2008**	**2009**	**2010**	**2011**	**2012**	**% Change**
China	20,520	115,086	4,617	192,673	839,576	335.8
Indonesia	1,094,179	854,174	782,081	1,248,555	1,786,363	43.1
Japan	916,460	724,660	533,887	1,107,829	868,700	-21.6
North Korea	-	41,450	20,273	18,515	3,263	-82.4
South Korea	246,516	141,589	134,261	507,330	482,409	-4.9
Malaysia	26,933	24,747	120,375	324,600	372,543	14.8
Philippines	-	-	29,365	3,335	-	-100.0
Russia	141,200	27,907	31,652	174,542	49,453	-71.7
Singapore	1,334	1,539	7,206	19,971	149	-99.3
Sri Lanka	18,771	12,877	8,824	7,643	513	-93.3
Tanzania	6,618	8,297	1,539	2,334	1,898	-18.7
Taiwan	246,061	180,675	56,367	53,282	182,791	243.1
United States	12,259	14,095	22,868	23,784	20,993	-11.7
UAE	221	257	-	205	282	37.6
Vietnam	41,626	23,598	81,372	43,400	99,220	128.6
Others	8,725	100,915	138,547	495,536	212,883	-57.0
Total	**2,781,423**	**2,271,866**	**1,973,234**	**4,223,534**	**4,921,036**	**16.5**

Source: Office of the Cane and Sugar Board, Ministry of Industry

Table 6: Thailand's Exports of White and Refined Sugar (MTRV)						
Destination	**2008**	**2009**	**2010**	**2011**	**2012**	**% change**
Bangladesh	535	98,160	2,140	11,856	-	-
Brunei	6,247	11,775	6,337	6,561	6,561	0.0
Burma	3,913	5,493	13,086	34,934	49,210	40.9
Cambodia	299,141	486,352	468,756	409,016	632,147	54.6
China	101,310	80,054	20,894	95,507	157,083	64.5
India	-	327,560	348,499	6,426	7,592	18.1
Indonesia	571,649	150,711	522,883	103,610	135,254	30.5
Iran	45,138	6,993	-	6,420	-	-100.0
Jordan	1,231	17,174	27	12,085	51,266	324.2
North Korea	62,786	2,467	5,230	4,140	-	-100.0
South Korea	17,126	9,830	544	14,408	22,730	57.8
Kenya	2,181	21,438	5,566	31,898	42,496	33.2
Laos	48,318	63,915	31,987	44,443	85,028	91.3
Malaysia	40,158	28,030	35,858	28,869	98,018	239.5
Maldives	749	1,418	776	936	990	5.8
Pakistan	15,856	148,734	178,485	2,676	936	-65.0
Philippines	103,143	82,982	266,813	126,829	81,961	-35.4
Russia	506	2,495	-	776	161	-79.3
Saudi Arabia	25,562	35,153	803	18,470	9,067	-50.9
Singapore	110,811	35,135	101,933	174,113	130,786	-24.9
Somalia	-	51,750	-	-	-	-
Sri Lanka	23,063	140,708	68,108	44,071	51,789	17.5
Syria	6,153	-	-	10,745	7,838	-27.1
Tanzania	4,727	22,259	9,071	28,576	24,813	-13.2
UAE	53,498	100,511	21,645	45,597	13,669	-70.0
Vietnam	59,546	110,217	179,179	263,384	249,518	-5.3
Yemen	6,741	31,539	1,498	3,123	5,466	75.0
Others	657,226	952,893	354,896	1,128,162	1,010,893	-10.4
Total	**2,267,314**	**3,025,746**	**2,645,014**	**2,657,631**	**2,875,272**	**8.2**

Source: Office of the Cane and Sugar Board, Ministry of Industry

Table 7: Thailand's Monthly Export Prices (F.O.B.) of Raw Sugar (Baht/Ton)

Month	2007	2008	2009	2010	2011	2012
January	9,715	8,463	9,380	12,761	15,398	17,547
February	9,812	8,457	10,741	14,685	14,700	17,535
March	8,915	8,398	11,480	14,028	16,589	17,420
April	8,807	8,594	11,123	14,865	16,078	17,016
May	8,391	8,491	11,655	13,865	15,832	15,663
June	8,238	8,758	11,803	13,558	15,731	16,513
July	7,645	8,917	11,649	13,719	15,127	16,364
August	8,590	9,163	11,942	13,890	17,344	16,801
September	7,909	8,949	11,162	13,446	17,892	16,611
October	7,167	9,278	11,614	12,695	18,855	16,257
November	8,189	9,469	11,361	12,240	18,694	16,636
December	8,215	9,644	12,736	15,034	17,685	14,750
Average	8,502	8,882	11,465	13,928	16,661	16,593
Avg. Exchange rates (Baht/U.S.$)	34.52	33.31	34.29	31.69	30.49	31.08

Source: Office of the Cane and Sugar Board, Ministry of Industry

Table 8: Thailand's Monthly Export Prices (F.O.B.) of Plantation White Sugar (Baht/Ton)						
Month	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
January	11,994	10,100	10,615	17,864	17,449	19,177
February	11,498	9,254	10,832	16,952	19,827	19,111
March	10,738	10,104	11,232	17,684	16,006	17,839
April	11,042	10,085	11,609	17,418	18,932	18,134
May	10,722	10,818	11,651	17,069	17,995	18,241
June	10,470	10,239	13,239	16,489	18,257	18,142
July	10,251	16,789	13,446	16,773	N.A.	18,574
August	10,132	10,459	13,391	18,100	20,551	18,166
September	10,202	11,762	14,077	18,868	20,211	17,624
October	9,112	11,987	14,439	16,826	19,965	17,232
November	9,616	10,855	15,211	22,320	20,542	17,505
December	9,522	11,253	15,855	20,077	19,527	16,558
Average	10,505	11,142	12,966	17,358	19,024	18,025
Avg. Exchange rates (Baht/U.S.$)	34.52	33.31	34.29	31.69	30.49	31.08

Source: Office of the Cane and Sugar Board, Ministry of Industry

Table 9: Thailand's Average Prices of Domestic Plantation White Sugar and Sugarcane

Calendar	Plantation White Sugar		Sugarcane	
Year	Wholesale (Baht/100 kg.)	Retail (Baht/kg.)	Initial (Baht/metric ton)	Actual
1980	1,011	11.65	Nil	650
1981	1,019	11.51	Nil	510
1982	1,075	11.94	350	381
1983	1,091	12.00	421	421
1984	1,162	12.00	395	380
1985	1,097	12.00	330	388
1986	1,099	12.00	375	408
1987	1,097	12.00	405	462
1988	1,098	12.00	450	527
1989	1,098	12.00	460	596
1990	1,099	12.00	460	442
1991	1,099	12.00	399	480
1992	1,099	12.00	420	516
1993	1,099	12.00	490	533
1994	1,099	12.00	520	569
1995	1,099	12.00	500	538
1996	1,099	12.00	500	561
1997	1,099	12.00	600	703
1998	1,100	12.50	500	485
1999	1,100	12.50	450	478
2000	1,177	12.50	600	693
2001	1,177	13.25	530	520
2002	1,177	13.25	500	531
2003	1,177	13.25	465	504
2004	1,177	13.25	620	658
2005	1,177	13.25	800	847
2006	1,498	16.5	800	702
2007	1,498	16.5	638	672
2008	2,033	21.85	830	918
2009	2,033	21.85	965	1,000
2010	2,033	21.85	945	1,039
2011	2,033	21.85	1,000	N.A.
2012	2,033	21.85	945	N.A.

Note:

* The revenue sharing system of 70:30 to cane planters and millers started in 1982/83 when the initial cane price began to be quoted.
* The purchasing cane based on C.C.S. system starts in 1993/94 crushing season with the standard quality of cane at 10 C.C.S.
* Average final cane price has been split into different assessments for different regions since 1996/97.
* The retail price of plantation white sugar raised to 13.25 baht/kg in Jun. 2, 2000.
* Wholesale prices and retail prices of plantation white sugar raised to 1,498 baht/kg and 16.50 baht/kg, respectively, on Mar. 7, 2006.
* Wholesale prices and retail prices of plantation white sugar raised to 2,033 baht/kg and 21.85 baht/kg, respectively, on May 1, 2008.

Source: Office of the Cane and Sugar Board, Ministry of Industry

Table 10: Thailand's Sugar Utilization by Industry

Unit: Metric Ton

Type of Industry	2007	2008	2009	2010	2011	2012
BEVERAGES (Exluding Alcoholic Drink)						
Refined Sugar	213,037	215,573	232,063	277,504	274,448	296,375
White Sugar	134,982	148,359	149,727	170,309	197,764	225,093
Sub - Total	348,019	363,932	381,790	447,813	472,212	521,468
CAKE & BREAD and Alcoholic Drink						
Refined Sugar	10,123	9,236	3,987	10,313	13,108	10,075
White Sugar	12,695	13,955	10,981	14,028	14,623	18,635
Sub - Total	22,818	23,191	14,968	24,341	27,731	28,710
FRUIT & FOOD PRODUCTS						
Refined Sugar	80,250	67,099	68,584	103,300	115,300	99,527
White Sugar	129,500	127,951	119,451	155,598	157,691	173,052
Sub - Total	209,750	195,050	188,035	258,898	272,991	272,579
DAIRY PRODUCTS						
Refined Sugar	28,110	33,985	35,857	51,056	57,698	67,153
White Sugar	116,905	116,544	129,472	145,697	143,836	121,796
Sub - Total	145,015	150,529	165,329	196,753	201,534	188,949
CONFECTIONARY PRODUCTS						
Refined Sugar	7,760	6,095	7,169	7,178	6,382	6,451
White Sugar	15,619	15,882	54,104	25,806	16,818	18,295
Sub - Total	23,379	21,977	61,273	32,984	23,200	24,746
PHARMACEUTICAL PRODUCTS & MISCELLANEOUS						
Refined Sugar	15,485	8,018	17,353	20,981	29,230	18,627
White Sugar	568	916	3,309	3,041	2,080	2,312
Sub - Total	16,053	8,934	20,662	24,022	31,310	20,939

Source: Production and Distribution Administration Center, Office of Cane and Sugar Board

End of report