

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Nicaragua

### Sugar Annual

#### **Nicaragua: Sugar production down 4 percent.**

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**Report Highlights:**

In marketing year (MY) 2015/2016, the National Committee of Sugar Producers of Nicaragua (CNPA) anticipates a total sugarcane harvest of 5.9 million metric tons with total sugar cane production of 662,546 MT raw value. This represents a decrease of 4 percent in sugar production compared to the previous year due to the drought that negatively affected sugarcane production and industrial yields. For MY 2016/2017, CNPA anticipates an additional 100,000MT of sugar production assuming good weather conditions. This represents a 15 percent increase compared to the current marketing year.

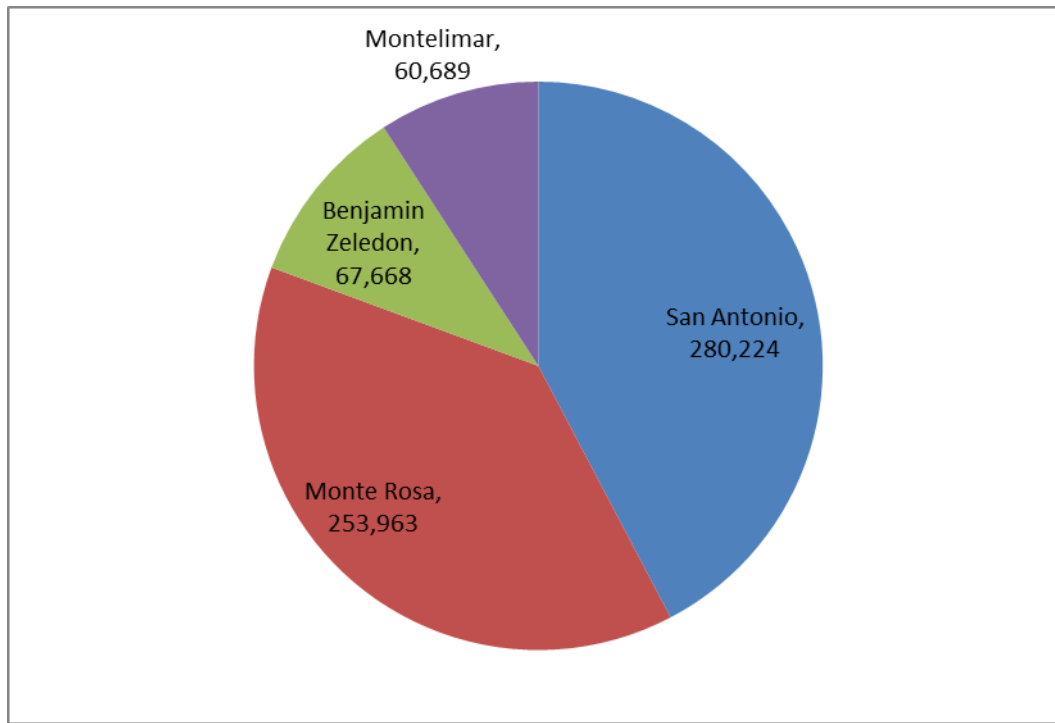
## Production

In marketing year (MY) 2015/2016, the National Committee of Sugar Producers of Nicaragua (CNPA) anticipates a total sugarcane harvest of 5.9 million metric tons with total sugar cane production of 662,546 MT raw value. This represents a decrease of 4 percent in sugar production compared to the previous year due to the drought that negatively affected sugarcane production and industrial yields. In MY 2016/2017, CNPA anticipates an additional 100,000MT of sugar production assuming good weather conditions. This represents a 15 percent increase compared to the current marketing year.

Sugarcane is produced along the Pacific Coast of Nicaragua and the sugarcane harvest runs from November through May. The main sugar mills are San Antonio, Mote Rosa, Benjamin Zeledon and Montelimar.

In recent years, the Nicaraguan sugar industry has experienced substantial growth as a result of the expansion of cultivated areas which have increased by 30 percent since 2011. One of the main factors contributing to the growth of the sugar industry is the diversification of the sugar industry into the production of energy. Three of the four sugar mills have biomass energy plants and sell energy to the national grid. The sugar mills generated 537,123,211 KWH in 2015/2016 out of which 52 percent was used by the sugar mills and the rest sold to the national grid. Other factors that have contributed to the growth of the sugar industry are good access to export markets (Nicaragua has free trade agreements with the United States, European Union, Taiwan and Chile) and good sugar prices, however, in the last two years sugar prices have been down.

### 2015/2016 Sugar Production by Nicaragua's Primary Sugar Mills



**Crop Area**

In 2015/2016 sugarcane planting totaled 72,643.55, a one percent increase compared to the previous year. This is due to the expansion of sugarcane plantations on the southwestern side of the country. The growth of cultivated areas on the Northwestern side of the country has been very limited due to the competition of peanut plantations. CNPA anticipates a three percent growth of sugar cane plantations for 2016/2017.

**Yields**

Average sugar cane yields in 2015/2016 were 82.36 MT per hectare, a fall of 7 percent compared to the previous year. Central America, including Nicaragua, was hit by a prolonged drought that affected basic grains and export crops such as coffee, sugar and peanuts. According to a study conducted by the Nicaraguan Foundation for Economic and Social Development (FUNIDES), a local independent think tank, the Nicaraguan agricultural sector lost over \$35 million (equivalent to 0.36 percent of the GDP) as a result of the drought. In the specific case of sugar cane, some areas were completely lost due to the lack of water. For 2016/2017, CNPA expects to have average yields above 90 metric tons, assuming good weather conditions.

**Consumption**

In 2015, Nicaragua’s sugar consumption was 271,902 MT (4 percent increase) and it is forecast to increase by three percent in 2016. Nicaragua’s Sugar Central Association (NCSA) estimates a per capita consumption of 46.64kg. The growth of sugar consumption is the result of different factors; the Nicaraguan economy has experienced positive economic growth, growth of the beverage industry and significant increase of small mom-and-pop stores through the country that make processed beverages easily available to a larger number of consumers.

**Trade**

Nicaraguan sugar exports reached over 398,710 MT in CY 2015, a 6 percent decrease compared to the previous year. Major export destinations in 2015 include Venezuela, the United States, Cote de Ivoire, Canada, and the United Kingdom, among others.

**2015 Sugar Export Trade Matrix**

Countries	MT
Venezuela	125,000
United States	85,354
Cote de Ivoire	81,109
Canada	52,600
United Kingdom	22,615
Others	32,032
<b>Total</b>	<b>398,710</b>

**Sugar Quotas**

Nicaragua has tariff rate quotas (TRQs) with the United States under the WTO (22,114MT) and CAFTA-DR (26,400), the European Union (23,189 MT) and Taiwan (21,067 MT of refined sugar and 10,379MT of raw sugar). Mexico also allocates an export quota to Nicaragua to buy only where there is a shortage of sugar in that country.

## Policy

The Government of Nicaragua does not set sugar prices, nor does it provide subsidies or special credit programs. Nicaragua lacks a legal framework that would support the consumption of bio-fuels, inhibiting the commercialization of ethanol domestically.

## Marketing

The private sector of Nicaragua buys and sells all sugar. Sugar for national consumption is fortified with vitamin A and packaged in bags of 0.4, 0.8 and 2kg. Nicaragua’s Sugar Central Association (NCSA) reported the following wholesale and retail prices for refined and white plantation sugar in 2015.

### Whole Sale Prices for Refined and White Sugar in 2015

Sugar prices per Pound (U.S. dollars)	Jan.	Feb.	Mar.	Apr.	May.	June.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
White Plantation Sugar	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Refined Sugar	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40

### Retail Prices for Refined and White Sugar in 2015

Sugar prices per Pound (U.S. dollars)	Jan.	Feb.	Mar.	Apr.	May.	June.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
White Plantation Sugar	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.30	0.30	0.30
Refined Sugar	0.31	0.31	0.31	0.31	0.32	0.32	0.32	0.32	0.32	0.32	0.33	0.33

## Production, Supply and Demand Data Statistics:

Table 1: Sugarcane for centrifugal sugar: Supply and Utilization

Sugar Cane for Centrifugal Market Begin Year	2014/2015		2015/2016		2016/2017	
	Oct 2014		Oct 2015		Oct 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Nicaragua						
Area Planted	72	72	74	72	0	75

<b>Area Harvested</b>	72	72	74	72	0	75
<b>Production</b>	6578	6388	7400	5982	0	6750
<b>Total Supply</b>	6578	6388	7400	5982	0	6750
<b>Utilization for Sugar</b>	6578	6388	7400	5982	0	6750
<b>Utilizatn for Alcohol</b>	0	0	0	0	0	0
<b>Total Utilization</b>	6578	6388	7400	5982	0	6750
(1000 HA) ,(1000 MT)						

Table 2: Centrifugal Sugar: Production, Supply and Demand (in thousands)

Sugar, Centrifugal Market Begin Year Nicaragua	2014/2015		2015/2016		2016/2017	
	Oct 2014		Oct 2015		Oct 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Beginning Stocks</b>	40	40	40	46	0	31
<b>Beet Sugar Production</b>	0	0	0	0	0	0
<b>Cane Sugar Production</b>	728	695	770	662	0	762
<b>Total Sugar Production</b>	728	695	770	662	0	762
<b>Raw Imports</b>	0	0	0	0	0	0
<b>Refined Imp.(Raw Val)</b>	0	0	0	0	0	0
<b>Total Imports</b>	0	0	0	0	0	0
<b>Total Supply</b>	768	735	810	708	0	793
<b>Raw Exports</b>	278	293	286	290	0	310
<b>Refined Exp.(Raw Val)</b>	150	105	164	108	0	115
<b>Total Exports</b>	428	398	450	398	0	425
<b>Human Dom. Consumption</b>	260	271	268	279	0	286
<b>Other Disappearance</b>	40	20	52	0	0	40
<b>Total Use</b>	300	291	320	279	0	326
<b>Ending Stocks</b>	40	46	40	31	0	42
<b>Total Distribution</b>	768	735	810	708	0	793
(1000 MT)						