

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 10/2/2014

GAIN Report Number: PK1407

Pakistan

Sugar Semi-annual

Sugar Semi-annual 2014

Approved By:

David Williams

Prepared By:

M. Shafiq Ur Rehman

Report Highlights:

The soon-to-be-harvested sugarcane crop was largely unaffected by recent flooding. An estimated 20,000 hectares of cane were affected, but strong rains and good soil moisture are expected to boost yields heading into harvest. Sugar production is expected to drop as farmers feed damaged cane to livestock. Sugar exports are forecast at 300,000 metric tons (MT), the lowest level since 2010/11.

Flooding has Minimal Effect on Sugarcane Production

2014/15 (Oct/Sep) sugarcane production is forecast at 58.8 MMT, unchanged from the previous estimate. Recent floods damaged about 20,000 hectares of sugarcane, but that damage is likely to be offset by higher yields supported by good moisture conditions leading up to the onset of harvest. Farmers reduced planted area in 2013 (sugarcane is a long duration crop that is planted from November to March and harvested the following year) after late payments and delays by the mills in accepting sugarcane deliveries prompted some farmers to shift to other crops such as corn and cotton. For additional information, see Table 1.

2013/14 sugarcane production is estimated at a record 63 MMT based on final provincial estimates.

Table 1: Sugarcane Area and Production by Province

Province	Area ('000' Hectares)			Production ('000' Tons)		
	MY 2012/13	MY 2013/14	MY 2014/15	MY 2012/13	MY 2013/14	My 2014/15
Punjab	755	800	750	40,720	42,800	40,560
Sindh	250	267	248	14,200	15,554	14,000
NWFP	104	110	102	4,280	4,950	4,200
Baluchistan	1	1	1	40	50	40
Total	1,110	1,178	1,105	59,240	63,354	58,800

Sources: Provincial Agriculture Departments and FAS/Islamabad

Sugar Production Expected to Droop

2014/15 refined sugar production is forecast at 4.7 MMT, down slightly from our previous forecast. Heavy rains damaged sugarcane and some fodder crops prompting farmers to use damaged sugarcane as feed. Farmers will also use cane to replace their ratoon (older) crop cane. Based on this, 2014/15 crushing is expected to drop from 83 to 80 percent, lowering sugar production despite an unchanged cane production forecast. 2013/14 sugar production is estimated at a record 5.2 MMT based on an 83 percent crushing rate and a 9.9 percent sugar recovery rate.

Consumption:

Strong population growth and relatively stable pricing are expected to lead to a continued increase in sugar consumption.

Table 2: Monthly Average Retail Prices of Sugar (Rupees per kilogram)

YEAR/MONT H	2009	2010	2011	2012	2013	2014
----------------	------	------	------	------	------	------

JANUARY	39.38	66.44	72.57	52.39	52.47	51.39
FEBRUARY	42.63	68.55	67.02	50.31	52.58	51.25
MARCH	43.83	64.87	66.95	54.89	52.71	53.35
APRIL	44.96	62.14	67.14	55.56	53.11	52.40
MAY	45.45	61.28	65.77	54.39	53.27	52.27
JUNE	45.65	63.27	69.19	54.82	54.15	53.84
JULY	46.96	66.68	70.74	54.25	54.35	53.84
AUGUST	52.16	72.26	74.65	53.93	54.28	55.92
SEPTEMBER	48.97	80.43	76.03	52.76	53.84	57.83
OCTOBER	45.75	81.91	72.01	53.28	55.68	
NOVEMBER	45.75	87.98	67.25	54.07	58.86	
DECEMBER	58.50	73.78	55.52	53.04	54.12	
AVERAGE	46.66 \$0.57 USD1=Rs.8 2	70.80 \$0.82 USD1=Rs.8 6	68.74 \$0.78 USD1=Rs.8 8	53.64 \$0.55 USD1=Rs.9 8	54.12 \$0.54 USD1=Rs.9 9	53.57 \$0.53 USD1=Rs.10 0

Source: Federal Bureau of Statistics (FBS), Government of Pakistan

Trade:

2013/14 sugar exports are estimated at 700,000 MT based on the pace of exports to date which reached 660,000 tons at the end of August. 2014/15 exports are forecast at 300,000 MT due to lower production and lower than previously forecast ending stocks.

Production, Supply and Demand Data Statistics:

(Figures in '000' MT)

Sugar, Centrifugal Pakistan	2012/2013	2013/2014	2014/2015
--------------------------------	-----------	-----------	-----------

	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	1,350	1,350	859	859	1,134	936
Beet Sugar Production	20	20	40	40	40	40
Cane Sugar Production	4,980	4,980	5,175	5,175	4,820	4,660
Total Sugar Production	5,000	5,000	5,215	5,215	4,860	4,700
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	9	9	10	12	10	10
Total Imports	9	9	10	12	10	10
Total Supply	6,359	6,359	6,084	6,086	6,004	5,646
Raw Exports	0	0	0	0	0	0
Refined Exp.(Raw Val)	1,100	1,100	500	700	300	300
Total Exports	1,100	1,100	500	700	300	300
Human Dom. Consumption	4,400	4,400	4,450	4,450	4,500	4,500
Other Disappearance	0	0	0	0	0	0
Total Use	4,400	4,400	4,450	4,450	4,500	4,500
Ending Stocks	859	859	1,134	936	1,204	846
Total Distribution	6,359	6,359	6,084	6,086	6,004	5,666
TS=TD	0	0	0	0	0	0