

Sugar and Sweeteners Outlook

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U.S. Sugar June 2011

On May 19, 2011, the U.S. Department of Agriculture (USDA) released the World Production, Supply and Distribution (PSD) for centrifugal sugar. World exports are projected to increase 3.1 million metric tons raw value (MTRV) to 55.7 million MTRV in 2011/12. Significant export growth is expected in Brazil, Thailand, and India. At the same time, imports are projected to decline by 3.05 million MTRV in 2011/12. The USDA projects a 2011/12 world sugar surplus (world production less consumption) of 6.480 million MTRV. This surplus builds on the estimated 2010/11 world sugar surplus of 1.626 million MTRV in 2010/11.

On June 9, 2011, the USDA released its latest U.S. and Mexico supply and use estimates for fiscal year (FY) 2011 and projections for FY 2012 in the *World Agricultural Supply and Demand Estimates* (WASDE) report. In the United States, cane sugar production for FY 2011 was reduced slightly to incorporate the final production estimate from Texas. Projected imports from Mexico for FY 2012 were increased 175,000 short tons, raw value (STRV) to 1.155 million STRV. With no other changes to production, deliveries, or other imports, projected U.S. ending stocks for FY 2012 were increased to 1.056 million STRV, implying an ending stocks-to-use ratio of 9.2 percent.

Imports in Mexico for FY 2011 were increased by 159,000 MTRV, or 150,000 metric tons, tel quel, to reflect the May 25 announcement of the tariff-rate quota by the Secretariat of the Economy (Economia). Ending year stocks for FY 2011 and beginning stocks for FY 2012 were increased by the 159,000 MTRV additional sugar supply. Sugar exports for FY 2012 are in turn projected to increase by 159,000 MTRV to 1.06 million MTRV. Ending stocks are unchanged at 981,000 MTRV, implying a stocks-to-human consumption ratio of 22 percent.

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World Sugar

On May 19, 2011, the U.S. Department of Agriculture (USDA) released the World Production, Supply and Distribution (PSD) for centrifugal sugar. Included in the May 2011 sugar PSD were new supply and use estimates for the 2010/11 marketing year, first projections of supply and use for 2011/12, and some revisions to older data. The USDA bases most of its estimates and projections on information contained in various Sugar Annuals published through *Global Agricultural Information Network (GAIN)* of USDA's Foreign Agricultural Service (FAS).¹ These reports for major sugar producing and consuming countries were reviewed in last month's *Sugar and Sweetener Outlook*, and summaries are provided here in table 1 for major sugar exporters (Brazil, Thailand, Australia, Guatemala, and South Africa) and in table 2 for other major sugar producing and trading countries (India, China, European Union, and Russia).

Table 3 shows supply sources (beginning stocks, production, and imports) and use (exports, domestic consumption, and ending stocks) for major countries and aggregate regions. World exports are projected to increase 3.1 million metric tons raw value (MTRV) to 55.7 million MTRV in 2011/12. Exports from Brazil are expected to grow 1.65 million MTRV to 27.3 million MTRV. Although Brazil sugarcane production is expected to rise by only 2 percent, a greater proportion of the crop – 46.6 percent compared with 45.95 percent in 2010/11 – is forecast to be used for producing sugar instead of ethanol due to better returns from exporting sugar. Resulting sugar production is projected at 3.8 percent higher than last year, up to 39.6 million MTRV.

Sugar production in India for 2011/12 is projected at 28.3 million MTRV. India is in the second year of recovery from the low point of the latest sugar cycle, where production was only 15.95 million MTRV in 2008/09. India is forecast to change from a major importer in 2010/11 (1.2 million MTRV) to a significant exporter of 1.8 million MTRV in 2011/12.

Strong sugar production in Thailand is expected to continue into 2011/12, with production projected at 9.7 million MTRV, up from 9.16 million MTRV in 2010/11 and 6.93 million in 2009/10. Exports are projected at 7.3 million MTRV, up 400,000 MTRV from 2010/11 and 2.370 million from 2009/10.

Other major sugar exporters are not expected to contribute to overall export supply expansion in 2011/12. Although sugar production in Guatemala is forecast 215,000 MTRV higher than last year, lower beginning stocks keep overall supply at only 2.567 million MTRV -- 74,000 MTRV lower than last year. Sugar production in Colombia is forecast at only about 50,000 MTRV higher than last year, at 2.25 million MTRV, as more sugarcane is diverted for ethanol production. Production in both Australia and South Africa continue to be affected by the extreme weather conditions experienced in 2010/11 – excessive rainfall and cyclone damage in Australia and extreme dryness in South Africa.

Imports are projected to decline by 3.05 million MTRV in 2011/12. As mentioned, the largest decrease is expected in India – down by 1.1 million MTRV to only 100,000 MTRV in 2011/12. Both Russia and Ukraine are expecting large production gains in 2011/12 – 1.2 million MTRV for Russia and 415,000 MTRV in Ukraine. In aggregate, imports to these countries are expected to fall 1.31 million MTRV to 2.0 million MTRV. Although hard to predict because of the role of policy, imports to the United States are projected to fall 895,000 MTRV in 2011/12 to 2.358 million MTRV. In contrast, imports to the European Union (EU-27) are expected to increase 600,000 MTRV to 3.7 million in order to build up low beginning stock levels to more normal levels. In 2010/11, imports into the EU-27 from low-income developing countries and former colonies with preferential access were unexpectedly low. (High world prices diverted exports away from the EU-27.) Duty-free import access from other countries in 2010/11 has been increased by 500,000 metric tons, and 500,000 metric tons of out-of-quota production has been released for food use.

¹ <http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>.

Trends in World Sugar Supply and Use

Figure 1 shows world sugar production, consumption, and ending stocks since 1989/90. World sugar production and consumption have been increasing at about the same rate: 1.88 percent for production and 1.93 percent for consumption. Consumption growth has been fairly steady from year to year, whereas production growth has shown more variability. Since 1999/2000, world sugar production has increased on average 2.895 million MTRV per year. Corresponding growth in Brazil has been 1.638 million MTRV per year, or 57 percent of the total. Ending stocks have shown more cyclical activity – increases of 2 to 3 years' duration, followed by decreases of 1 to 3 years' duration. However, since 2008/09 ending stocks have been flat -- between 28.4 and 29.3 million MTRV.

Figure 2 shows the world sugar surplus/deficit, calculated as the difference between world sugar production and consumption, and the ending-year stocks-to-use ratio. In the 23 years since 1989/90, world sugar has been in surplus (that is, production exceeds consumption) 17 times. The largest deficit of 10.14 million MTRV occurred in 2008/09, when Indian production decreased 12.68 million MTRV from the previous year, or 44 percent. The USDA estimates 2010/11 world sugar in surplus at 1.626 million MTRV and projects a 2011/12 surplus of 6.480 million MTRV.²

In the record world sugar deficit year of 2008/09, the world ending stocks-to-use ratio fell to 19.0 percent, which at the time was the lowest level since 1989/90. In spite of the growth of sugar world surplus, the projected ratio for 2011/12 is even lower, at 17.8 percent. This discordance is a sign of the difficulties in making forecasts. In the sugar PSD, projected exports exceed projected imports by 6.927 million MTRV. This is recorded as an "Unrecorded" total supply adjustment and is not reflected in ending stocks.³

Figure 3 uses two measures of sugar trade -- exports and imports -- in showing trade as a proportion of world sugar consumption. Both measures (each shown as a proportion of consumption) indicate the growing importance of trade in sugar since 1995/96: the two trend lines in the figure have a positive slope of about equal value, a growth of about 0.2 percent per year. However, recorded imports are usually less than recorded exports. Of the 17 years, the export share and the import share are simultaneously above or below respective trends in only 6 years. In only 5 years are the directions of year-to-year changes in the shares the same (that is, ratio changes both positive or both negative in both series at the same time going from 1 year to the next).⁴

Importance of Brazil in the World Sugar Market

Figure 4 shows that Brazil continues to gain world export market share. Brazil's share of total world sugar exports is estimated at 48.8 percent in 2010/11 and projected at 49.0 percent in 2011/12. Brazil's share of the raw sugar exports is estimated at 62.7 percent in 2010/11 and projected at 63.7 percent in 2011/12. Because it is the dominant sugar exporter, events affecting sugar production in Brazil would be expected to be transmitted to the world market.

An article published in the March *Sugar and Sweetener Outlook* examined the relationship between costs of production in Brazil's main producing region -- Center/South -- and world sugar prices. Technically speaking,

² As an example of how much can happen in world sugar between a first projection and later estimates, the 2010/11 surplus was originally projected at 6.162 million MTRV in May 2010. After difficult weather conditions in many large sugar producing countries, the surplus estimate dropped 4.536 million MTRV to the current estimate of 1.626 million MTRV.

³ One possible partial explanation of the difference between export and import estimates involves the marketing year in which the exports and imports are recorded. Some of the largest sugar exporters are in the Southern Hemisphere and have marketing years that begin earlier in the calendar year than the most significant importers. The marketing year in Brazil is May/April; in South Africa, April/March; in Argentina and Mauritius, June/May; and in Australia, July/June. Most other countries have marketing years that begin in either September or October. The implication is that exports to these countries from the Southern Hemisphere enter in the overlapping portions of 2 marketing years.

⁴ As discussed in the next section, Brazil is accounting for more of the share of the world sugar exports. World exports have averaged annual increases of 1.451 million MTRV since 1995/96, and exports from Brazil since 1995/96 have averaged 1.353 million MTRV. With overlapping marketing years (footnote 3), countries importing from Brazil on average would be showing lower import levels from Brazil than those shown as exports in Brazil, because a fraction of the importers' receipts are from Brazil's previous marketing year.

Brazilian production costs measured in dollars and world sugar prices (the nearby no. 11 raw sugar futures price from the Intercontinental Exchange) were shown to be cointegrated. This means that there is a medium- to long-run equilibrium relationship between Brazilian production costs and world prices. Changes in either series affect the other in the same direction over time.

The article also examined Brazilian Center/South production costs in Brazil's domestic currency – the *real* – and in U.S. dollars. Figure 5 shows that since 2004/05 to 2010/11, production costs in *reals* have increased 8.3 percent, but due to the appreciation of the *real* since then, costs in terms of U.S. dollars have increased 80.1 percent. The corresponding April/March price of raw sugar in 2004/05 averaged 8.11 cents per pound, and in 2010/11 it averaged 23.97 cents per pound. Although Brazil still has the lowest production costs among major producing countries, the effect of the rise in production costs has been to reduce Brazil's competitiveness with other exporters. The rise in Brazil's share of raw sugar exports, although still increasing, has leveled off since 2009/10. High world prices have also resulted in incentives for large importing producers such as Russia, China, and Ukraine to expand domestic production and reduce imports.

Some observers have noted that increased costs and lack of credit availability have affected expansion of sugarcane in Brazil's Center/South region. As noted in the FAS 2011 Brazil Sugar Annual, only five new sugarcane mills are expected to start producing in 2011 and lower plantings of new sugarcane have increased the average age of the crop from 3.7 years to 4.0 years. Areas where new sugarcane can be grown are typically farther inland where it is more costly to ship to ports for export. The observers suggest that world prices will have to remain at least in the mid-20 cents per pound range and above to justify additional investment in expanding sugarcane area.

Table 1--Summary of sugar outlook in major producing and trading countries for 2011/12 - Exporters

Brazil

- * Sugarcane production up 2%
- * Reduced investment in producing facilities - only 5 new units in 2011
- * Dry weather in 2010 affected stock development for 2011/12
- * Lower plantings of new cane: average age of crop increased to 4 yrs. from 3.7 yrs.
- * Total Reducing Sugar (TRS): 46.6% sugar (up 0.65%) and 53.4% ethanol
- * Exports - 27.3 million MTRV, up 6.4%

Thailand

- * Sugarcane in 2011/12 projected at 94.0 million tons (89.0 million in 2010/11, 69.0 million in 2009/10)
- * Production forecast at 9.7 million MTRV, 7.3 million MTRV for exports (6.9 million MTRV in 2010/11 and 4.93 million MTRV in 2009/10 - 48% rise).
- * Govt. policy - higher support prices starting in 2010/11; Govt. approval of increase in sugarcane mills: 47 -> 59 over 5-year period; Subsidized govt. loans for grower machinery purchases

Australia

- * 2010/11 season - worst production since 1991/92: excessive rainfall, plus large cyclone
- * 2011/12 season - 7.6% harvested area expansion; sugar at 4.0 million MTRV, up from 3.8 million MTRV but 720,000 MTRV below 10-year average
- * Exports forecast at 2.85 million MTRV, up 100,000 MTRV over 2010/11, down 750,000 MTRV from 2009/10

Guatemala

- * Area planted up 2%, yields forecast at levels not seen since 2006/07: 93 tonnes/hectare
- * Production forecast up 9.5% to 2.474 million MTRV
- * Low beginning stocks limit total supply, so exports forecast at same level as last year - 1.808 million MTRV

Colombia

- * Expansion of ethanol production affects sugar export potential - forecast at 800,000 MTRV
- * Sugarcane area contained within Cauca River Valley -- 208,000 hectares. Production expansion dependent on yield increases

South Africa

- * Still suffering from 2010 drought in Kwa Zulu - Natal province, where 75% of cane is grown
- * Significant sugarcane production only expected in second half of harvest season
- * Sugar production projected at 1.84 million MTRV (down 7%) and exports at 450,000 MTRV (down 10%)

MTRV = metric tons, raw value.

Source: USDA, Foreign Agricultural Service, Global Agricultural Information Network, Sugar Annuals.

Table 2--Summary of sugar outlook in major producing and trading countries for 2011/12 - Other countries

India

- * Production is in second year of recovery from low-point of the sugar cycle in 2008/09 and 2009/10
- * Area is forecast at 5.1 million hectares, sugarcane at 350 million tonnes, and sugar at 28.3 million MTRV, up 1.65 million MTRV from 2010/11
- * 2011/12 exports projected at 1.8 million MTRV and imports at 100,000 MTRV, down from 1.2 million MTRV in 2010/11 and 4.247 million MTRV in 2009/10
- * 60% sugar import duties, along with required levy sugar and market quota requirements, reimposed as of 4/1/2011
- * Expected lower sugar wholesale prices should limit consumer shift to gur

China

- * Strong prices have led to 5% area expansion for sugarcane (to 1.87 million hectares) and 10% for sugarbeets (to 285,000 hectares)
- * Cane sugar production forecast at 11.0 million MTRV and beet sugar at 1.0 million MTRV - total gain of 700,000 MTRV
- * Consumption lower by 300,000 MTRV due to user shift to lower priced corn sweeteners
- * Imports projected at 1.6 million MTRV, about the same as 2010/11

European Union

- * Low supply of sugar in 2009/10 and 2010/11 due to low level of imports from low-income developing countries and former colonies with preferential access to the EU market
- * In March 2011, duty-free imports were increased by 300,000 tonnes and 500,000 tonnes of out-of-quota production were released for food use. Additional 200,000 tonnes of duty-free imports approved in May 2011
- * EU sugar production forecast at 15.0 million MTRV beet sugar, plus 300,000 MTRV cane sugar
- * Imports projected at 3.7 million MTRV in 2011/12 and exports at 1.010 million MTRV

Russia

- * Area forecast to expand 9.6% to 981,000 hectares. With return of normal weather (drought last year), sugarbeet production forecast to grow 35% to 30.0 million tonnes, and sugar to 4.175 million MTRV
- * Imports expected to fall 950,000 MTRV to 2.0 million MTRV

MTRV = metric tons, raw value.

Source: USDA, Foreign Agricultural Service, Global Agricultural Information Network, Sugar Annuals.

Table 3--World production, supply, and distribution, centrifugal sugar

Country	Beginning stocks	Production	Imports	Total supply	Exports	Domestic consumption	Ending stocks
1,000 metric tons, raw value							
SUG - North America:							
Canada							
2009/10	92	70	1,336	1,498	78	1,375	45
2010/11	45	97	1,391	1,533	67	1,380	86
2011/12	86	95	1,400	1,581	60	1,385	136
Mexico							
2009/10	624	5,115	861	6,600	773	4,854	973
2010/11	973	5,550	313	6,836	1,382	4,652	802
2011/12	802	5,650	190	6,642	901	4,760	981
United States							
2009/10	1,392	7,234	3,010	11,636	191	10,075	1,370
2010/11	1,370	7,213	3,253	11,836	227	10,148	1,461
2011/12	1,461	7,430	2,358	11,249	181	10,265	803
Total SUG - North America							
2009/10	2,108	12,419	5,207	19,734	1,042	16,304	2,388
2010/11	2,388	12,860	4,957	20,205	1,676	16,180	2,349
2011/12	2,349	13,175	3,948	19,472	1,142	16,410	1,920
SUG - Caribbean:							
Cuba							
2009/10	45	1,250	20	1,315	565	675	75
2010/11	75	1,100	75	1,250	500	675	75
2011/12	75	1,050	125	1,250	500	675	75
Dominican Republic							
2009/10	10	520	70	600	244	332	24
2010/11	24	500	30	554	202	335	17
2011/12	17	515	30	562	187	332	43
Other SUG - Caribbean							
2009/10	136	166	433	735	144	469	122
2010/11	122	197	443	762	173	467	122
2011/12	122	205	433	760	170	470	120
Total SUG - Caribbean							
2009/10	191	1,936	523	2,650	953	1,476	221
2010/11	221	1,797	548	2,566	875	1,477	214
2011/12	214	1,770	588	2,572	857	1,477	238

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Table 3--World production, supply, and distribution, centrifugal sugar (continued)

Country	Beginning stocks	Production	Imports	Total supply	Exports	Domestic consumption	Ending stocks
1,000 metric tons, raw value							
Guatemala							
2009/10	592	2,340	0	2,932	1,815	735	382
2010/11	382	2,259	0	2,641	1,808	740	93
2011/12	93	2,474	0	2,567	1,808	740	19
Other SUG - Central America							
2009/10	404	2,185	140	2,729	1,026	1,148	555
2010/11	555	2,132	143	2,830	985	1,188	657
2011/12	657	2,259	147	3,063	1,038	1,215	810
Total SUG - Central America							
2009/10	996	4,525	140	5,661	2,841	1,883	937
2010/11	937	4,391	143	5,471	2,793	1,928	750
2011/12	750	4,733	147	5,630	2,846	1,955	829
SUG - South America:							
Brazil							
2009/10	-1,135	36,400	0	35,265	24,300	11,800	-835
2010/11	-835	38,150	0	37,315	25,650	12,000	-335
2011/12	-335	39,600	0	39,265	27,300	12,550	-585
Colombia							
2009/10	416	2,294	185	2,895	870	1,620	405
2010/11	405	2,200	160	2,765	790	1,625	350
2011/12	350	2,250	170	2,770	800	1,625	345
Argentina							
2009/10	226	2,230	23	2,479	751	1,740	-12
2010/11	-12	2,010	52	2,050	205	1,800	45
2011/12	45	2,200	0	2,245	280	1,830	135
Other SUG - South America							
2009/10	1,539	3,119	1,641	6,299	460	4,340	1,499
2010/11	1,499	3,178	1,704	6,381	464	4,354	1,563
2011/12	1,563	3,267	1,545	6,375	515	4,430	1,430
Total SUG - South America							
2009/10	1,046	44,043	1,849	46,938	26,381	19,500	1,057
2010/11	1,057	45,538	1,916	48,511	27,109	19,779	1,623
2011/12	1,623	47,317	1,715	50,655	28,895	20,435	1,325
SUG - Western Europe:							
EU-27							
2009/10	2,232	16,687	2,575	21,494	2,647	17,400	1,447
2010/11	1,447	15,091	3,100	19,638	1,010	17,500	1,128
2011/12	1,128	15,300	3,700	20,128	1,010	17,500	1,618
Other SUG - Western Europe							
2009/10	309	305	395	1,009	4	651	354
2010/11	354	240	382	976	45	641	290
2011/12	290	250	382	922	50	641	231
Total SUG - Western Europe							
2009/10	2,541	16,992	2,970	22,503	2,651	18,051	1,801
2010/11	1,801	15,331	3,482	20,614	1,055	18,141	1,418
2011/12	1,418	15,550	4,082	21,050	1,060	18,141	1,849

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Table 3--World production, supply, and distribution, centrifugal sugar (continued)

Country	Beginning stocks	Production	Imports	Total supply	Exports	Domestic consumption	Ending stocks
1,000 metric tons, raw value							
SUG - Eastern Europe:							
Russia							
2009/10	481	3,444	2,223	6,148	34	5,715	399
2010/11	399	2,980	2,950	6,329	50	5,905	374
2011/12	374	4,175	2,000	6,549	100	6,025	424
Ukraine							
2009/10	231	1,382	346	1,959	1	1,878	80
2010/11	80	1,685	360	2,125	109	1,900	116
2011/12	116	2,100	0	2,216	217	1,900	99
Other SUG - Eastern Europe							
2009/10	601	1,441	1,127	3,169	750	1,786	633
2010/11	633	1,515	1,124	3,272	821	1,804	647
2011/12	647	1,435	1,146	3,228	768	1,809	651
Total SUG - Eastern Europe							
2009/10	1,313	6,267	3,696	11,276	785	9,379	1,112
2010/11	1,112	6,180	4,434	11,726	980	9,609	1,137
2011/12	1,137	7,710	3,146	11,993	1,085	9,734	1,174
SUG - Africa:							
South Africa							
2009/10	30	2,265	200	2,495	830	1,595	70
2010/11	70	1,975	220	2,265	500	1,625	140
2011/12	140	1,840	270	2,250	450	1,650	150
Other SUG - Africa							
2009/10	2,484	5,893	7,278	15,655	2,522	10,851	2,282
2010/11	2,282	6,327	7,780	16,389	2,744	11,189	2,456
2011/12	2,456	6,411	7,615	16,482	2,626	11,365	2,491
Total SUG - Africa							
2009/10	2,514	8,158	7,478	18,150	3,352	12,446	2,352
2010/11	2,352	8,302	8,000	18,654	3,244	12,814	2,596
2011/12	2,596	8,251	7,885	18,732	3,076	13,015	2,641
SUG - MiddleEast:							
Turkey							
2009/10	505	2,531	5	3,041	54	2,400	587
2010/11	587	2,275	5	2,867	45	2,400	422
2011/12	422	2,280	5	2,707	40	2,400	267
Egypt							
2009/10	690	1,820	978	3,488	330	2,629	529
2010/11	529	1,830	1,120	3,479	550	2,800	129
2011/12	129	2,025	1,430	3,584	400	2,850	334
Other SUG - MiddleEast							
2009/10	2,805	1,297	8,685	12,787	2,713	7,108	2,966
2010/11	2,966	1,081	9,590	13,637	3,217	7,331	3,089
2011/12	3,089	1,081	9,144	13,314	3,005	7,372	2,937
Total SUG - MiddleEast							
2009/10	4,000	5,648	9,668	19,316	3,097	12,137	4,082
2010/11	4,082	5,186	10,715	19,983	3,812	12,531	3,640
2011/12	3,640	5,386	10,579	19,605	3,445	12,622	3,538

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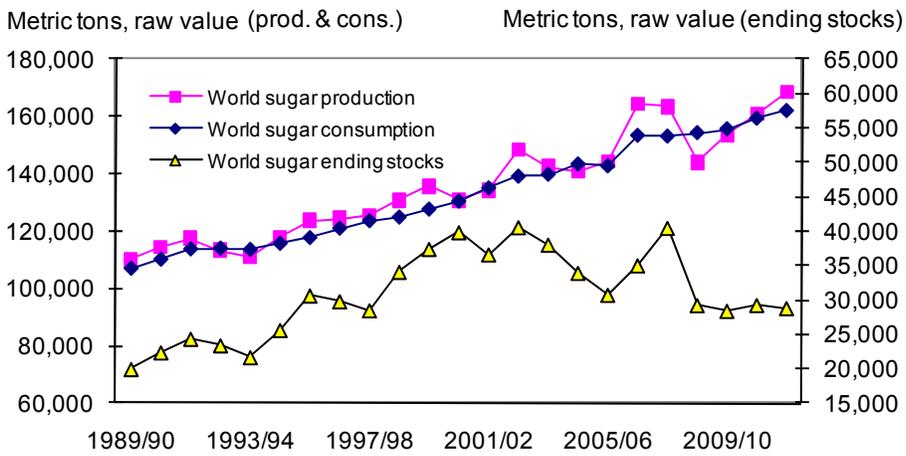
Table 3—World production, supply, and distribution, centrifugal sugar (continued)

Country	Beginning stocks	Production	Imports	Total supply	Exports	Domestic consumption	Ending stocks
1,000 metric tons, raw value							
SUG - Asia - Oceania:							
Japan							
2009/10	291	901	1,322	2,514	2	2,230	282
2010/11	282	703	1,559	2,544	2	2,242	300
2011/12	300	700	1,642	2,642	2	2,240	400
India							
2009/10	3,510	20,637	4,247	28,394	230	23,500	4,664
2010/11	4,664	26,650	1,200	32,514	20	25,500	6,994
2011/12	6,994	28,300	100	35,394	1,800	26,500	7,094
China							
2009/10	3,784	11,429	1,535	16,748	93	14,300	2,355
2010/11	2,355	11,303	1,820	15,478	64	13,900	1,514
2011/12	1,514	12,000	1,850	15,364	64	13,600	1,700
Thailand							
2009/10	2,556	6,930	7	9,493	4,930	2,220	2,343
2010/11	2,343	9,160	0	11,503	6,900	2,500	2,103
2011/12	2,103	9,700	0	11,803	7,300	2,800	1,703
Australia							
2009/10	487	4,700	76	5,263	3,600	1,250	413
2010/11	413	3,800	80	4,293	2,750	1,250	293
2011/12	293	4,000	80	4,373	2,850	1,250	273
Pakistan							
2009/10	550	3,420	1,030	5,000	70	4,100	830
2010/11	830	3,920	250	5,000	70	4,250	680
2011/12	680	3,820	600	5,100	70	4,300	730
Indonesia							
2009/10	340	1,910	3,200	5,450	0	4,700	750
2010/11	750	1,770	2,995	5,515	0	5,000	515
2011/12	515	2,088	3,010	5,613	0	5,200	413
Philippines							
2009/10	322	2,000	250	2,572	178	2,000	394
2010/11	394	2,200	0	2,594	202	2,000	392
2011/12	392	2,100	0	2,492	142	2,000	350
Other SUG - Asia - Oceania							
2009/10	2,691	1,763	9,167	13,621	1,023	10,166	2,432
2010/11	2,432	1,857	9,729	14,018	1,051	10,221	2,746
2011/12	2,746	1,882	9,405	14,033	1,070	10,323	2,640
Total SUG - Asia - Oceania							
2009/10	14,531	53,690	20,834	89,055	10,126	64,466	14,463
2010/11	14,463	61,363	17,633	93,459	11,059	66,863	15,537
2011/12	15,537	64,590	16,687	96,814	13,298	68,213	15,303
World:							
World							
2009/10	29,240	153,678	52,365	235,283	51,228	155,642	28,413
2010/11	28,413	160,948	51,828	241,189	52,603	159,322	29,264
2011/12	29,264	168,482	48,777	246,523	55,704	162,002	28,817
Unrecorded							
2009/10	**	**	**	-1,137	**	**	**
2010/11	**	**	**	775	**	**	**
2011/12	**	**	**	6,927	**	**	**

Source: USDA, Foreign Agricultural Service, PSD database (<http://www.fas.usda.gov/psdonline/psdQuery.aspx>).

Figure 1

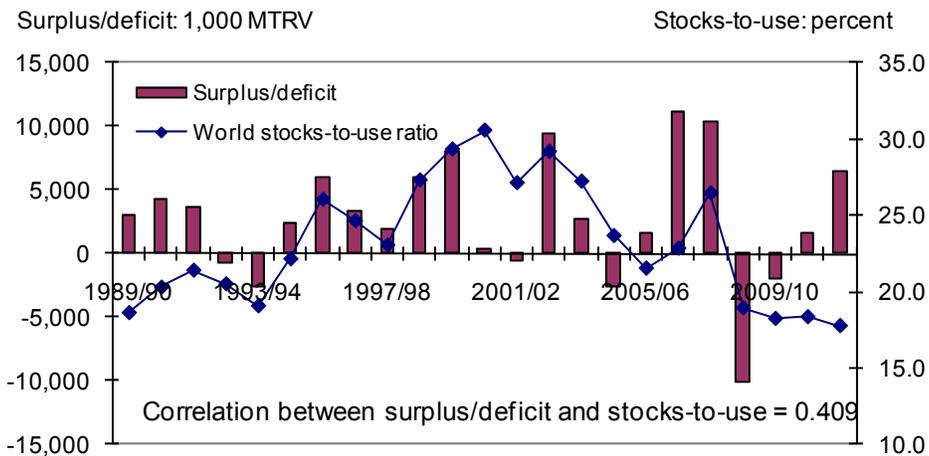
World sugar production, consumption, and ending stocks, 1989/90-2011/12



Source: USDA, Foreign Agricultural Service, PSD database.

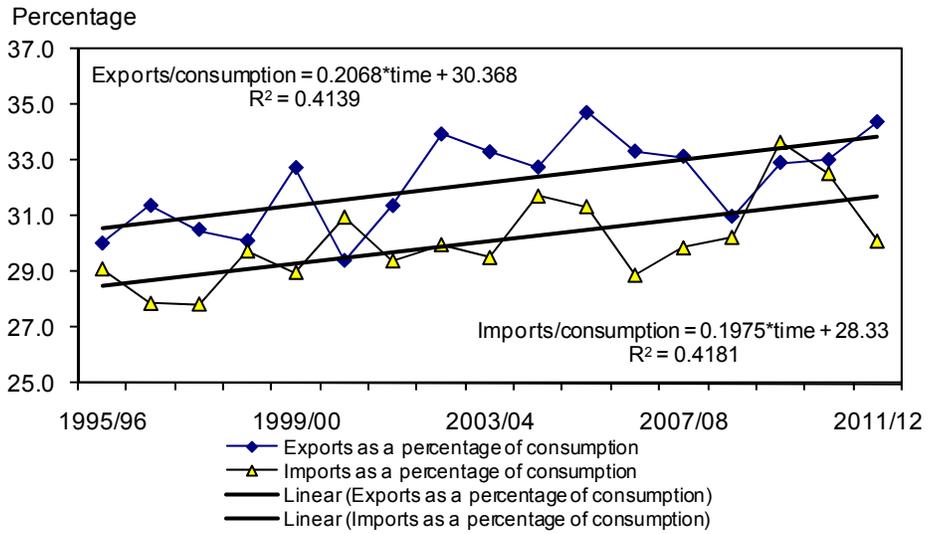
Figure 2

World sugar surplus/deficit and ending year stocks-to-use ratio



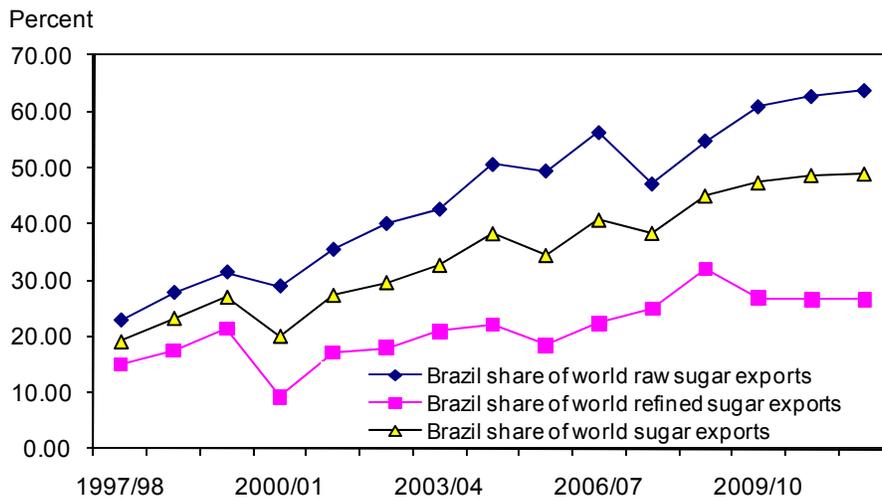
Source: USDA, Foreign Agricultural Service, PSD database.

Figure 3
Sugar trade as a proportion of world sugar consumption



Source: USDA, ForeignAgricultural Service, PSD database.

Figure 4
Brazil share of world sugar exports, 1997/98-2011/12

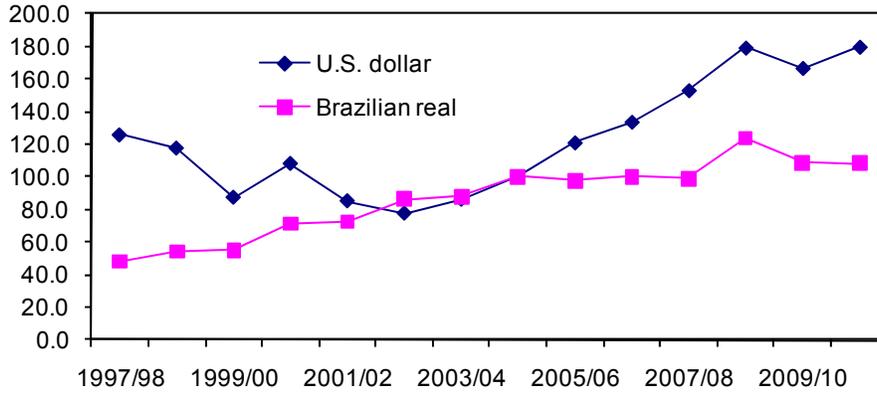


Source: USDA, ForeignAgricultural Service, PSD database.

Figure 5

Cost of production in Center/South Brazil, in dollars and Brazilian reals, 1997/98-2010/11

Index: 2004/05=100



Source: LMC International.

Sugar in the NAFTA Area

On June 9, 2011, the U.S. Department of Agriculture (USDA) released its latest U.S. and Mexico supply and use estimates for fiscal year (FY) 2011 and projections for FY 2012 in the *World Agricultural Supply and Demand Estimates* (WASDE) report. The FY 2011 production estimate for Texas was decreased to 143,405 short tons, raw value (STRV) to correspond to the estimate published in the latest version of the *Sweetener Market Data* of the Farm Service Agency. With the exception of residually calculated ending stocks, no other changes were made for FY 2011 for U.S. supply and use. The ending year stocks-to-use ratio rounds to 14.1 percent, the same as last month.

A preliminary 8-month USDA estimate of Mexican sugar exports to the United States is about 1.068 million metric tons, raw value (MTRV) (through the end of May). Although this is a strong pace-to-date (about 77 percent of projected exports), the total FY 2011 export estimate was kept the same (1.382 million MTRV) because the pace is expected to slow during the summer months.

Imports in Mexico for FY 2011 were increased by 159,000 MTRV, or 150,000 metric tons, *tel quel*, to reflect the May 25 announcement of the tariff-rate quota by the Secretariat of the Economy (*Economia*). The action was made in response to recent increases in Mexican sugar prices and will help bridge the gap for domestic consumption until the start of next year's harvest. Ending-year stocks were increased by the 159,000 MTRV addition to supply. Ending stocks are estimated at 961,000 MTRV, as are beginning stocks for FY 2012.

Projections in Mexico of FY 2012 production (5.65 million MTRV) and total deliveries (4.76 million MTRV) are unchanged from last month. Because FY 2012 ending stocks are projected at 22 percent of deliveries for human consumption, they did not change from last month's 981,000 MTRV. Therefore, the increase in FY 2012 beginning stocks implies an additional 159,000 MTRV available for export – the new projected export total is 1.060 million MTRV.

With the exception of imports from Mexico and the small increase to beginning stocks mentioned above, all other elements of U.S. supply and use are the same as last month. Imports from Mexico increase by 175,000 STRV (the equivalent of 159,000 MTRV) to 1.155 million STRV. Ending stocks for FY 2012 increase to 1.056 million STRV, implying an ending stocks-to-use ratio of 9.2 percent.

Table 4--U.S. sugar: supply and use, by fiscal year 1/, 6/14/11

Items	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	<i>1,000 short tons, raw value</i>											
Beginning stocks 2/	2,216	2,180	1,528	1,670	1,897	1,332	1,698	1,799	1,664	1,534	1,510	1,607
Total production 3/ 4/	8,769	7,900	8,426	8,649	7,876	7,399	8,445	8,152	7,531	7,975	7,946	8,190
Beet sugar	4,680	3,915	4,462	4,692	4,611	4,444	5,008	4,721	4,214	4,575	4,800	4,800
Cane sugar	4,089	3,985	3,964	3,957	3,265	2,955	3,438	3,431	3,317	3,400	3,146	3,390
Florida	2,057	1,980	2,129	2,154	1,693	1,367	1,719	1,645	1,577	1,646	1,433	1,630
Louisiana	1,585	1,580	1,367	1,377	1,157	1,190	1,320	1,446	1,397	1,481	1,400	1,440
Texas	206	174	191	175	158	175	177	158	152	112	143	150
Hawaii	241	251	276	251	258	223	222	182	192	161	170	170
Puerto Rico	0	0	0	0	0	0	0	0	0	0		
Total imports	1,590	1,535	1,730	1,750	2,100	3,443	2,080	2,620	3,082	3,319	3,586	2,774
Tariff-rate quota imports 5/	1,277	1,158	1,210	1,226	1,408	2,588	1,624	1,354	1,370	1,854	1,752	1,259
Other program imports	238	296	488	464	500	349	390	565	308	450	300	350
Non-program imports	76	81	32	60	192	506	66	701	1,404	1,014	1,534	1,165
Mexico 6/							60	694	1,402	807	1,514	1,155
Total Supply	12,575	11,615	11,684	12,070	11,873	12,174	12,223	12,571	12,277	12,828	13,042	12,571
Total exports 3/	141	137	142	288	259	203	422	203	136	211	250	200
Quota-exempt for reexport	141	137	142	288	259	203	422	203	136	211	250	200
Other exports	0	0	0	0	0	0	0	0	0	0	0	0
CCC disposal, for export	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous	123	-24	161	23	94	-67	-132	0	0	-45	0	0
CCC disposal, for domestic non-food use	10	0	0	0	0	0	0	0	0	0	0	0
Refining loss adjustment	0	0	0	0	0	0	0	0	0	-45	0	0
Statistical adjustment 7/	113	-24	161	23	94	-67	-132	0	0	0	0	0
Deliveries for domestic use	10,132	9,974	9,711	9,862	10,188	10,340	10,135	10,704	10,607	11,152	11,185	11,315
Transfer to sugar-cont. products for exports under reexport program	98	156	183	142	121	106	169	141	120	201	145	150
Transfer to polyhydric alcohol, feed	33	33	24	41	48	51	53	61	46	35	40	40
Deliveries for domestic food and beverage use 8/	10,000	9,785	9,504	9,678	10,019	10,184	9,913	10,501	10,441	10,917	11,000	11,125
Total Use	10,396	10,087	10,014	10,172	10,542	10,476	10,424	10,907	10,743	11,318	11,435	11,515
Ending stocks 2/	2,180	1,528	1,670	1,897	1,332	1,698	1,799	1,664	1,534	1,510	1,607	1,056
Privately owned	1,395	1,316										
CCC	784	212										
	<i>Percent</i>											
Stocks-to-use ratio	20.97	15.15	16.68	18.65	12.63	16.21	17.25	15.26	14.28	13.35	14.06	9.17

NOTE: Numbers may not add due to rounding.

1/ Fiscal year beginning October 1. 2/ Stocks in hands of primary distributors and CCC. 3/ Historical data are from FSA (formerly ASCS), *Sweetener Market Data* (SMD), and NASS, Sugar Market Statistics prior to 1992. 4/ Production reflects processors' projections compiled by the Farm Service Agency. 5/ Actual arrivals under the tariff-rate quota (TRQ) with late entries, early entries, and (TRQ) overfills assigned to the fiscal year in which they actually arrived. The 2010/11 available TRQ assumes shortfall of 50,256 tons. 6/ Starting in 2007/08, total includes imports under Mexico's WTO TRQ allocation for raw and refined sugar. 7/ Calculated as a residual. Largely consists of invisible stocks change.

8/ For FY 2008-09, combines SMD deliveries for domestic human use, SMD miscellaneous uses, and the difference between SMD imports and *World Supply and Demand Estimates* imports.

Source: USDA, Foreign Agricultural Service, *World Supply and Demand Estimates* (WASDE).

Table 5--U.S. sugar: supply and use (including Puerto Rico), fiscal years, metric tonnes 1/ 6/14/11

Items	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	<i>1,000 metric tons, raw value</i>											
Beginning stocks 2/	2,010	1,977	1,386	1,515	1,721	1,208	1,540	1,632	1,510	1,392	1,370	1,458
Total production 3/ 4/	7,955	7,167	7,644	7,846	7,145	6,712	7,662	7,396	6,832	7,235	7,209	7,430
Beet sugar	4,245	3,552	4,048	4,257	4,183	4,032	4,543	4,283	3,822	4,151	4,354	4,354
Cane sugar	3,710	3,615	3,596	3,590	2,962	2,681	3,119	3,113	3,009	3,084	2,854	3,075
Florida	1,866	1,796	1,932	1,954	1,536	1,240	1,559	1,492	1,431	1,493	1,300	1,479
Louisiana	1,438	1,433	1,240	1,249	1,049	1,079	1,198	1,312	1,267	1,344	1,270	1,306
Texas	187	158	173	159	143	159	161	143	138	101	130	136
Hawaii	219	227	251	228	234	202	201	165	174	146	154	154
uerto Rico	0	0	0	0	0	0	0	0	0	0	0	0
Total imports	1,443	1,393	1,570	1,588	1,905	3,124	1,887	2,377	2,796	3,011	3,253	2,516
Tariff-rate quota imports 5/	1,158	1,051	1,098	1,113	1,277	2,348	1,473	1,229	1,243	1,682	1,589	1,142
Other Program Imports	216	269	443	421	454	317	354	513	279	408	272	318
Non-program imports	69	73	29	54	174	459	60	636	1,274	920	1,392	1,057
Mexico 6/												
Total Supply	11,408	10,537	10,599	10,949	10,771	11,044	11,088	11,404	11,138	11,637	11,832	11,404
Total exports 3/	128	125	129	261	235	184	383	184	123	191	227	181
Quota-exempt for reexport	128	125	129	261	235	184	383	184	123	191	227	181
Other exports	0	0	0	0	0	0	0	0	0	0	0	0
CCC disposal, for export	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous	112	-22	146	20	85	-61	-120	0	0	-41	0	0
CCC disposal, for domestic non-food use	9	0	0	0	0	0	0	0	0	0	0	0
Refining loss adjustment	0	0	0	0	0	0	0	0	0	-41	0	0
Statistical adjustment 7/	103	-22	146	20	85	-61	-120	0	0	0	0	0
Deliveries for domestic use	9,191	9,048	8,810	8,946	9,243	9,381	9,194	9,710	9,623	10,117	10,147	10,265
Transfer to sugar-cont. products												
for exports under reexport program	89	141	166	129	110	96	153	128	109	183	132	136
Transfer to polyhydric alcohol, feed	30	30	22	38	44	46	48	56	42	31	36	36
Deliveries for domestic food and beverage use 8/	9,072	8,877	8,622	8,780	9,089	9,239	8,993	9,527	9,472	9,903	9,979	10,092
Total Use	9,431	9,151	9,084	9,228	9,563	9,504	9,457	9,895	9,746	10,267	10,374	10,446
Ending stocks 2/	1,977	1,386	1,515	1,721	1,208	1,540	1,632	1,510	1,392	1,370	1,458	958
Privately owned	1,266	1,194										
CCC	711	192										
	<i>Percent</i>											
Stocks-to-use ratio	20.97	15.15	16.68	18.65	12.63	16.21	17.25	15.26	14.28	13.35	14.06	9.17

NOTE: Numbers may not add due to rounding.

1/ Fiscal year beginning October 1. 2/ Stocks in hands of primary distributors and CCC. 3/ Historical data are from FSA (Farm Service Agency), *Sweetener Market Data* (SMD), and NASS, Sugar Market Statistics prior to 1992. 4/ Production reflects processors' projections compiled by the Farm Service Agency. 5/ Actual arrivals under the tariff-rate quota (TRQ) with late entries, early entries, and (TRQ) overfills assigned to the fiscal year in which they actually arrived. The 2010/11 available TRQ assumes shortfall of 45,592 tonnes. 6/ Starting in 2007/08, total includes imports under Mexico's WTO (World Trade Organization) TRQ allocation for raw and refined sugar. 7/ Calculated as a residual. Largely consists of invisible stocks change. 8/ For FY 2008-09, combines SMD deliveries for domestic human use, SMD miscellaneous uses, and the difference between SMD imports and *World Agricultural Supply and Demand Estimates* imports.

Source: USDA, Foreign Agricultural Service, World Supply and Demand Estimates (WASDE).

Table 6--Mexico: sugar production and supply, and sugar and HFCS utilization, 6/14/2011

Fiscal Year (Oct/Sept)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11 1/	2011/12 1/
	1,000 Metric tons											
Beginning Stocks	1,063	1,548	1,172	1,194	1,237	1,965	1,294	1,718	1,975	624	973	961
Production	5,220	5,169	5,229	5,330	6,149	5,604	5,633	5,852	5,260	5,115	5,550	5,650
Imports	43	52	63	327	268	240	474	226	160	861	472	190
Supply	6,326	6,769	6,464	6,851	7,654	7,809	7,401	7,796	7,395	6,600	6,995	6,801
Disappearance												
Human consumption	4,481	5,004	5,097	5,380	5,279	5,326	5,133	5,090	5,065	4,615	4,329	4,460
Other Cons.	142	180	135	220	282	323	390	414	475	302	323	300
Miscellaneous								-360	-136	-27		
Total	4,623	5,184	5,232	5,600	5,561	5,649	5,523	5,144	5,404	4,890	4,652	4,760
Exports	155	413	38	14	128	866	160	677	1,367	737	1,382	1,060
Total Use	4,778	5,597	5,270	5,614	5,689	6,515	5,683	5,821	6,771	5,627	6,034	5,820
Ending Stocks	1,548	1,172	1,194	1,237	1,965	1,294	1,718	1,975	624	973	961	981
Stocks-to-Human Cons.	34.5	23.4	23.4	23.0	37.2	24.3	33.5	38.8	12.3	21.1	22.2	22.0
Stocks-to-Use	32.4	20.9	22.7	22.0	34.6	19.9	30.2	33.9	9.2	17.3	15.9	16.9
HFCS Cons. (dry weight)	600	263	130	135	355	667	698	782	653	1,418	1,750	1,750

1/ Forecast.

Source: USDA, FAS, PSD database (historical data); USDA, WASDE (forecast data).

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