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Report Highlights:

China's MY 2024/25 sugar production is forecast at 10.4 MMT as the planted areas for both cane and beet are expected to rise. Given sugar prices are expected to trend down, China's MY 2024/25 sugar consumption estimate is also forecast to increase to 15.7 MMT. The estimate for China's MY 2023/24 sugar production is revised downward to 9.9 MMT due to low sugar content in cane grown in Guangxi.

Cane Sugar Production

Marketing year (MY) 2024/25 (October-September) cane sugar production in China is forecast to reach 9.25 million metric tons (MMT), up 450,000 metric tons (MT) from the revised MY 2023/24 estimate. The projected increase assumes planted acreage for cane will expand and sugar content levels will return to normal in Guangxi, China's largest sugar production area.

MY 2024/25 cane planting area is forecast at 1.21 million hectares, up 50,000 hectares from the revised MY 2023/34 cane planting area.

MY 2023/24 cane sugar production is estimated at 8.8 MMT, revised down 100,000 MT from the USDA official estimate. The reduction is attributed to low sugar content in cane, which was caused by below-average temperatures in Guangxi during December 2023 and February 2024.

Several minor revisions have been made to be in line with the latest estimate by China's Ministry of Agriculture and Rural Affairs (MARA). MY 2023/24 cane planting area and cane production are estimated at 1.16 million hectares and 77 MMT, revised down 50,000 hectares and 1 MMT respectively from the USDA official estimate. The MY 2022/23 cane planting area and cane production are also revised down to 1.1 million hectares and 66 MMT respectively from the USDA official estimate.

Guangxi

Guangxi farmers are expected to increase sugarcane planting as competing crops (i.e., citrus) become less profitable. Prices are expected to fall for competing crops because of weakening consumption, while government protections are expected to keep sugarcane purchase prices stable. For example, the Guangxi government has previously encouraged farmers to switch from Eucalyptus to sugar cane. In addition, China's President Xi visited a Guangxi sugarcane field in December 2023 and reiterated the need to stabilize cane acreage as an important step toward food security.

During MY 2023/24, there are 74 reported crushing mills in Guangxi. On November 20, 2023, MY 2023/24 milling season began when four of the sugar mills began crushing cane. However, sugar content was low at that time and most sugar mills postponed crushing until later in the milling season. By the end of March 2024, Guangxi had processed 50.51 MMT of cane to make 6.1 MMT of sugar. The sugar recovery rate was 12.09 percent, down 0.69 percent year-on-year. By the end of the milling season, Guangxi is expected to produce approximately 6.2 MMT of sugar.

Yunnan

In Yunnan, there are 52 reported sugar mills in operation for MY 2023/24 and the milling season began on October 30, 2023. As of March 31, 2024, Yunnan had processed 13.29 MMT of cane to produce 1.72 MMT of sugar. The sugar recovery rate was 12.96 percent, down 0.08 percent from that of MY 2022/23. By the end of the milling season, Yunnan is expected to produce approximately 2 MMT of sugar.

In recent years, Yunnan has increased the amount of cane it is milling from neighboring countries (i.e., Laos, Myanmar). In MY 2022/23, Yunnan imported a record high of 1.94 MMT of sugar cane. During the first five months of MY 2023/24, Yunnan had imported 1.71 MMT of cane, up 17 percent year-on-year, with 56 percent coming from Laos and 43 percent from Myanmar. In MY 2023/24, Yunnan is expected to import over 2.2 MMT of cane, which could be milled into nearly 290,000 MT of sugar, accounting for 14.5 percent of its total production.

Guangdong

The Guangdong milling season began on November 30, 2023. As of March 2024, 17 Guangdong sugar mills had processed 5.6 MMT of cane into 528,300 MT of sugar.

Hainan

During MY 2023/24, five Hainan mills participated in the 3-month long sugar milling season (December 21, 2023, to March 11, 2024). After processing 609,500 MT of cane into 74,400 MT of sugar, the sugar recovery rate was 12.21 percent, a 0.08 percent increase from the previous marketing year. Hainan's MY 2023/24 sugar production estimate dropped 21 percent year-on-year, and its MY 2024/25 production is expected to remain low. In recent years, Hainan has been focused on developing its tourism sector and will officially become a duty-free island in 2025.

Table 1: Purchase Price of Sugar Cane in Major Producing Provinces (in RMB, \$1=RMB7.3)

	Guangxi	Yunnan	Guangdong	Hainan
MY 2020/21	490-520	450	420	500
MY 2021/22	490-520	450	420	500
MY 2022/23	490-520	450	510	500
MY 2023/24	490-540	450	510	530
MY 2024/25 (est.)	490-540	450	510	530

Source: industry news reports

Background

Cane sugar accounts for over 85 percent of China's total sugar production. As demonstrated in Chart 1, sugar cane grows in the south and southwest provinces (i.e., Guangxi, Yunnan, Guangdong, Hainan). Alone, Guangxi accounts for 60-65 percent of China's total cane sugar production. The average yield of cane per hectare is approximately 65 metric tons and the sugar recovery rate is usually 12-13 percent.

Cane sugar producers face a variety of challenges including scarce labor, limited mechanization, and competition from other crops. The available labor pool is limited because growing numbers of the younger generation are relocating to urban centers for work. The limited availability of labor pushes labor prices higher. For example, farm labor costs in Guangxi are about RMB170 (US\$25) per metric ton, approximately one-third the cane sales price the farmer receives. Innovation and mechanized development are constrained by hilly terrain and small-scale farms. In addition, competing crops can appear increasingly attractive.

Nevertheless, China's sugar cane planted area is expected to remain relatively stable. Like rice, wheat and corn, sugar cane is considered a staple crop. These staple crops are seen as the foundation of China's food security and receive constant attention by China's central government, with a clear intent to stabilize production. To ensure central government goals are met, some provincial leaders (i.e., Guangxi, Yunnan) provide financial incentives for planting and modernization of seed and harvesting practices.

Chart 1: China's Major Sugar Cane Production Areas by Province



Source: Map by dmap.com, Edited by ATO Guangzhou

Beet Sugar Production

MY 2024/25 beet sugar production is forecast at 1.15 MMT, up 50,000 MT from the MY 2023/24 estimate. This projected increase assumes favorable weather conditions (i.e., Inner Mongolia, Xinjiang) and increased beet planting area. MY 2024/25 beet planting area is forecast at 188,000 hectares, up 8,000 hectares from that of MY 2023/24. Farmers are expected to increase beet planting as competing crops become less profitable, including corn and potatoes.

MY 2023/24 beet sugar production is estimated at 1.1 MMT, no change from the USDA official estimate. The beet planting area, however, declined in Inner Mongolia as farmers chose to plant competing crops such as corn and potato. On the contrary, Xinjiang's beet planting area climbed as beet purchase prices increased.

Inner Mongolia

During the MY2023/24 milling season (September 16 - December 31, 2023), 12 Inner Mongolian mills processed 4 MMT of beets to create 533,000 MT of sugar. The sugar recovery rate is 13.325 percent, up 0.11 percent.

Xinjiang

There are 15 reported beet sugar mills in Xinjiang. During the MY 2023/24 milling season (September 26, 2023 – February 8, 2024) Xinjiang processed 4.67 MMT of beet to make 558,600 MT sugar. The sugar recovery rate is 11.97 percent, up 0.14 percent.

Table 2: Purchase Price of Sugar Beets in Major Producing Provinces (in RMB, \$1=RMB7.3)

	Inner Mongolia	Xinjiang	Heilongjiang
MY 2020/21	540	460-510	520
MY 2021/22	550	510-560	520
MY 2022/23	580	520-580	N/A
MY 2023/24	600	590	N/A
MY 2024/25 (est.)	600	590	N/A

Source: industry news reports

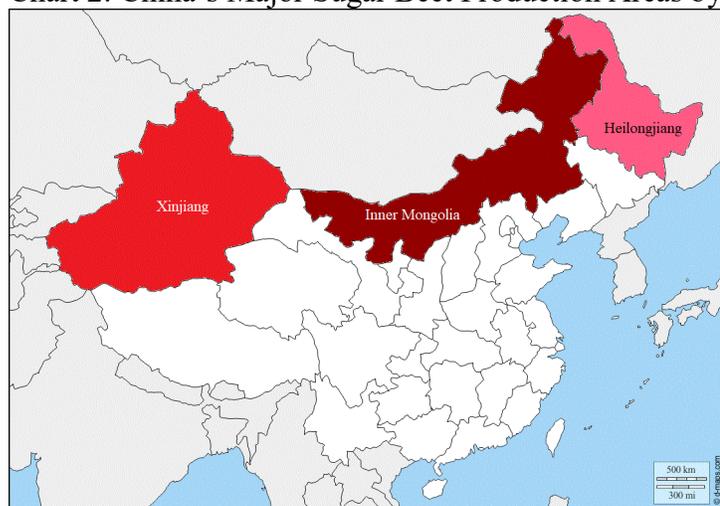
Background

Sugar beets account for 10-15 percent of China’s total sugar production. As demonstrated in Chart 2, sugar beets are produced in north and northwestern China, mainly Inner Mongolia, Xinjiang, and Heilongjiang provinces. Inner Mongolia is the leading sugar beet producer, accounting for over 50 percent of the overall sugar beet production. Xinjiang is the second largest producer with 40-45 percent of production. The average sugar beet yield is about 52-54 metric tons per hectare, with a sugar recovery rate of 11-12 percent.

Unlike the sugar cane growing areas in the south, the sugar beet growing areas in northern China are suitable for large-scale farming with a high level of mechanization, which results in lower costs for labor and makes the sugar beet industry more profitable than its cane sugar counterpart.

Sugar beet growers and producers face a variety of challenges including increased competition from other crops, climbing production costs (i.e., land rental rates), and market risks such as price volatility.

Chart 2: China’s Major Sugar Beet Production Areas by Province



Source: Map by dmap.com, Edited by ATO Guangzhou

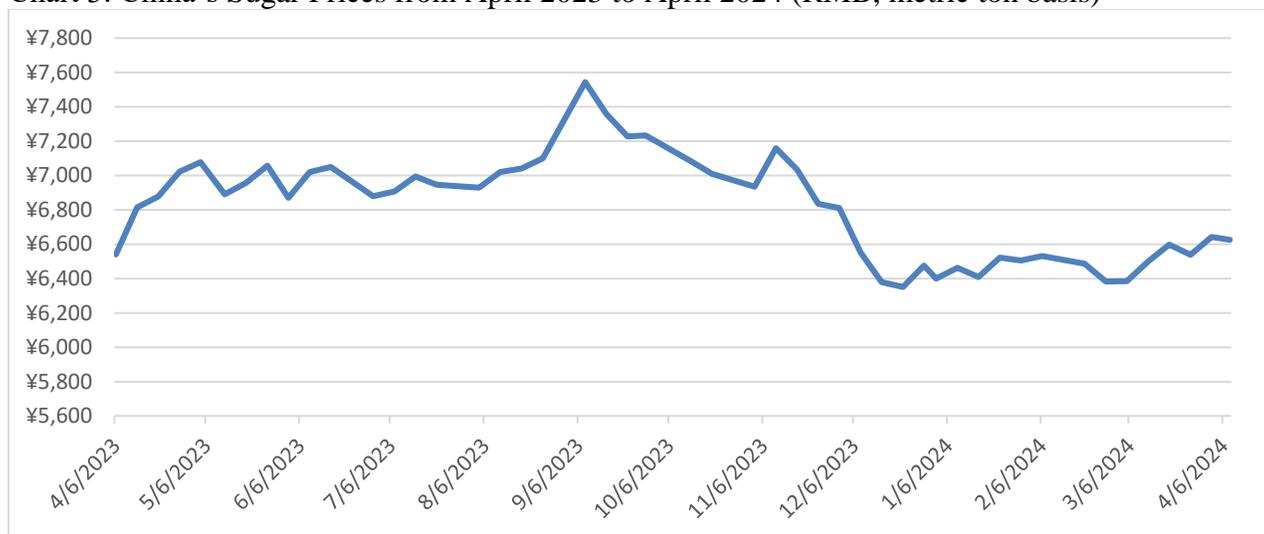
Centrifugal Sugar Production

MY 2024/25 total sugar production is forecast at 10.4 MMT, up 500,000 MT from the revised MY 2023/24 estimate. The projected increase assumes expanded planting areas for both cane and sugar beet as competing crops suffer weakened demand and lower profits. Furthermore, sugar content is expected to return to normal in Guangxi.

MY 2023/24 total sugar production is estimated at 9.9 MMT, revised down 100,000 MT from the official USDA estimate. The decline is largely due to lower-than-normal sugar content in cane caused by abnormal weather conditions in Guangxi.

Industry insiders are bearish on MY 2024/25 sugar prices, forecasting that both world and Chinese sugar prices will decline.

Chart 3: China's Sugar Prices from April 2023 to April 2024 (RMB, metric ton basis)



Source: data by www.hisugar.com

Background

Generally, industry experts expect China's sugar production to remain stable at approximately 10 MMT annually. The stability in production is largely driven by policies to incentivize cane production in Guangxi and Yunnan, accounting for over 80 percent of China's total sugar production. The gap between production and consumption is expected to be filled by imports. As Chinese consumption grows, and imports increase, China's domestic sugar price will likely synchronize with the world price.

Consumption

China's MY 2024/25 sugar consumption is forecast at 15.7 MMT, up 100,000 MT from the MY 2023/24 estimate as consumer spending is expected to slowly increase. Furthermore, if sugar prices should further decline, market demand would likely increase.

MY 2023/24 sugar consumption is estimated at 15.6 MMT, up 100,000 MT from the official USDA estimate. The expected increase is a result of the post-COVID rebounding industrial demand for sugar, particularly in the beverage industry.

Background

Industrial consumption of sugar typically accounts for approximately 60 percent of the total, while the remaining 40 percent goes to household use. Industrial use includes beverages (i.e., soda, juice), ice cream, canned fruit, candy, bakery, pharmaceuticals, and other products. Another growing industrial use of sugar is to support the trendy Chinese milk tea and coffee shops, which are expanding fast.

China's per capita sugar consumption is estimated between 11-12 kilograms, which is far behind the world average of more than 20 kilograms. Per capita consumption is expected to increase in the future as China's economy continues to grow and consumers diversify their diets. A significant part of the anticipated increase in consumption will come from consumers living in second tier, third tier and developing cities.

Trade

Imports

MY 2024/25 sugar imports are forecast at 5 MMT, up 400,000 MT from the MY 2022/23 estimate. Although domestic production is forecast to increase to support recovering consumption, China will still require imports to fill the gap between supply and demand. Should the world's sugar prices decline as forecasted, China is expected to increase imports.

MY 2023/24 sugar imports are estimated at 4.6 MMT, the same as the official estimate. From October 2023 to February 2024, China imported 2.81 MMT of raw sugar and 240,689 MT of refined sugar, equivalent to total imports of 3.07 MMT on a raw sugar basis, up about 20 percent year-on-year.

Background

China applies a tariff-rate quota (TRQ) on imported sugar. The within-quota tariff rate is 15 percent with a limit 1.945 million metric tons. Approximately 70 percent of the quota is allocated to state-owned enterprises (SOEs). The out-of-quota tariff rate is 50 percent. Since July 2020, all out-of-quota sugar imports are subject to an automatic import licensing system which the government also uses to monitor imports of other bulk commodities (i.e., palm oil, soybeans, meat). This system requires importers to apply and receive advance approval prior to import. The timeline for granting licenses can be inconsistent. Brazil is the largest sugar supplier, accounting for about 80 percent of Chinese sugar imports, followed by India and Thailand.

Exports

MY 2024/25 sugar exports are forecast at 210,000 MT, same as the revised MY 2022/23 estimate.

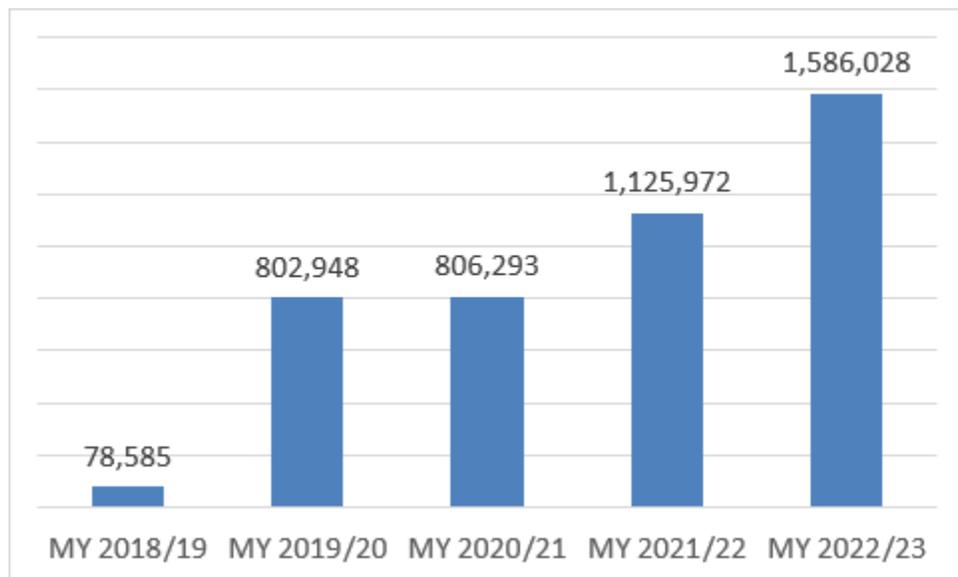
MY 2023/24 exports are estimated at 210,000 MT, revised up 27,000 MT from the previous estimate to reflect increased trade with neighboring countries, such as Mongolia and North Korea.

Imports of Sugar Syrup and Powdered Sugar

(NOTE: Imports of sugar syrup are not included in the PSD figures but do add supply to the China market and are therefore explained here.)

In MY 2022/23, China's imports of sugar syrup and powdered sugar (HS: 1702.90) reached a record high of 1.59 MMT (roughly equivalent to 1.11 MMT on a raw sugar basis). MY 2023/24 is on track to break additional records, as imports for the first 5 months of the marketing year (October 2023 - February 2024), were 583,642 MT, up 75.79 percent year on year. At the current rate, China's MY2023/24 imports of sugar syrup and powdered sugar could reach 2.8 MMT (equivalent to about 2 MMT of raw sugar).

Chart 4: China's Imports of Sugar Syrup and Powdered Sugar (HS: 1702.90), MY 2018/19 – MY 2022/23 (Unit: Metric Tons)



Source: China's Customs data

Background

Thailand accounts for over 85 percent of China's sugar syrup and powdered sugar imports, followed by Vietnam and Malaysia. Thailand, Vietnam and Malaysia are parties to the Regional Comprehensive Economic Partnership (RCEP) and the China-ASEAN (Association of Southeast Asian Nations) trade agreements, therefore their sugar syrup and powdered sugar exports to China are duty free.

Imported sugar syrup and powdered sugar are mainly used in sugar refineries and the food processing industry as ingredients. To date, there have been no signs that China will intervene to curb imports of these competing products.

Stocks

MY 2024/25 sugar stocks are forecast at 271,000 MT. MY 2023/24 sugar stocks are estimated at 781,000 MT, revised down 227,000MT from the USDA official estimate.

As noted earlier, imports of sugar syrup and powdered sugar are not officially included in the PSD figures but do add supply to the Chinese sugar market. For example, if MY 2023/24 imports of sugar syrup and powdered sugar were incorporated, it would result in a 2 MMT increase on a raw sugar basis on the supply side of the PSD table. Therefore, the actual stocks should be higher than the estimate, as well as the forecast.

Other Sweeteners

Starch Sugar

Based on reports, China’s starch-based sugar production in calendar year (CY) 2024 is estimated at 17 MMT. This category includes, but is not limited to, crystalline glucose, fructose syrup, maltose syrup and maltodextrin. Top producers are Shandong, Guangdong, Hebei, and Jilin provinces. In CY 2025, starch sugar production is expected to remain approximately the same as sugar prices decline.

Saccharine

China’s government restricts the development of the saccharine industry to protect the domestic sugar market and to “address environmental, food safety and consumer health concerns”. Only three plants are licensed for saccharine production in China. These plants are monitored and inspected by the China Sugar Association (CSA) to ensure compliance with guidelines and limits on production, domestic sales, and exports. The annual saccharine production quota is 19,000 metric tons, with 3,200 metric tons designated for domestic sale and 15,800 metric tons for export. CSA has not published the saccharine production numbers for CY 2023.

Table 3: Sugar, Centrifugal: Production, Supply and Distribution

Sugar, Centrifugal Market Year Begins China	2022/2023		2023/2024		2024/2025	
	Oct 2022		Oct 2023		Oct 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	5014	5014	2091	2091	0	781
Beet Sugar Production (1000 MT)	1080	1080	1100	1100	0	1150
Cane Sugar Production (1000 MT)	7880	7880	8900	8800	0	9250
Total Sugar Production (1000 MT)	8960	8960	10000	9900	0	10400
Raw Imports (1000 MT)	3200	3200	4000	4000	0	4400
Refined Imp.(Raw Val) (1000 MT)	600	600	600	600	0	600
Total Imports (1000 MT)	3800	3800	4600	4600	0	5000
Total Supply (1000 MT)	17774	17774	16691	16591	0	16181
Raw Exports (1000 MT)	3	3	3	3	0	3
Refined Exp.(Raw Val) (1000 MT)	180	180	180	207	0	207
Total Exports (1000 MT)	183	183	183	210	0	210
Human Dom. Consumption (1000 MT)	15500	15500	15500	15600	0	15700
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	15500	15500	15500	15600	0	15700
Ending Stocks (1000 MT)	2091	2091	1008	781	0	271
Total Distribution (1000 MT)	17774	17774	16691	16591	0	16181

(1000 MT)

Table 4: Sugar Cane: Production, Supply and Distribution

Sugar Cane for Centrifugal Market Year Begins China	2022/2023		2023/2024		2024/2025	
	Oct 2022		Oct 2023		Oct 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	1210	1100	1210	1160	0	1210
Area Harvested (1000 HA)	1210	1100	1210	1160	0	1210
Production (1000 MT)	70000	66000	78000	77000	0	81000
Total Supply (1000 MT)	70000	66000	78000	77000	0	81000
Utilization for Sugar (1000 MT)	70000	66000	78000	77000	0	81000
Utilizatn for Alcohol (1000 MT)	0	0	0	0	0	0
Total Utilization (1000 MT)	70000	66000	78000	77000	0	81000

(1000 HA) ,(1000 MT)

Table 5: Sugar Beets: Production, Supply and Distribution

Sugar Beets Market Year Begins China	2022/2023		2023/2024		2024/2025	
	Oct 2022		Oct 2023		Oct 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	180	180	180	180	0	188
Area Harvested (1000 HA)	180	180	180	180	0	188
Production (1000 MT)	9700	9700	9700	9700	0	10100
Total Supply (1000 MT)	9700	9700	9700	9700	0	10100
Utilization for Sugar (1000 MT)	9700	9700	9700	9700	0	10100
Utilizatn for Alcohol (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	9700	9700	9700	9700	0	10100

(1000 HA) ,(1000 MT)

Attachments:

No Attachments