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Report Highlights:

MY 2024/25 sugar production is expected to recover from a 20 percent slump in MY 2023/24. Sugar consumption growth will likely decelerate in MY 2023/24 and MY 2024/25, following Thailand's slow economic recovery and shrinking sugar demand by non-alcoholic beverage manufacturers due to the progressive sugar tax. Post projects MY 2023/24 and MY 2024/25 sugar exports to increase significantly from the MY 2022/23 levels.

Executive Summary

FAS/Bangkok (Post) forecasts MY 2024/25 sugarcane production to recover from a 12 percent reduction in MY 2023/24. Sugar production in MY 2024/25 is expected to increase to 10.2 MMT, up 16 percent from MY 2023/24, following the recovery in sugarcane production and increased sucrose yield. Meanwhile, sugar production in MY 2023/24 is estimated to decline to 8.8 MMT, down 20 percent from MY 2022/23 due to reduced sugarcane production and low sugar extraction rate. However, molasses production in MY 2023/24 is likely to increase to 3.57 MMT, up 6 percent from MY 2022/23.

Sugar consumption growth is expected to increase around 4 percent annually in MY 2023/24 and MY 2024/25, following the slow economic recovery in 2024. MY 2022/23 sugar consumption growth decelerated to 12 percent from 17 percent in MY 2021/22 due to the slowdown in the economic recovery in 2023. In addition, non-alcoholic beverage manufacturers continue to reformulate their products to reducing the sugar content and avoid the progressive sugar tax during the third phase of sugar tax transition between April 1, 2023, and March 31, 2025, by substituting sugar with artificial sweeteners.

Sugar exports are expected to increase significantly in MY 2023/24, as India continued to restrict its sugar exports as India's MY 2023/24 sugarcane production was adversely affected by drought. Meanwhile, MY 2022/23 sugar exports totaled 6.9 MMT, down 2 percent from MY 2021/22, following the slowdown in economic recovery of trading partners in 2023 and the surge in world sugar prices.

The government set the minimum prices for sugarcane at a record 1,420 baht/MT (\$38.90/MT) for MY 2023/24 which is 19 percent higher than the previous year's farm-gate price levels of 1,198 baht/MT (\$32.82/MT). Meanwhile, sugar was listed back in the government's list of controlled goods and services in October 2023 to curb domestic sugar prices. However, the ceiling prices are currently higher than the sugar export prices.

1. Production

1.1 Sugarcane

Post forecasts MY 2024/25 sugarcane production to recover to around 96 MMT, up 13 percent from MY2023/24 (Figure 1.1.1). Farmers continue to grow sugarcane due to attractive farm-gate prices. The Office of Agricultural Economics reported that farm-gate price of sugarcane in the first quarter of 2024 was 1,438 baht/MT (\$39/MT), a 28 percent increase from the same period last year.

The average precipitation during the MY 2024/25 tillering growth stage of sugarcane in major growing areas was well above normal (Figure 1.1.2). The Thai Meteorological Department (TMD) reported that the average precipitation between January 1 – April 8, 2024, was 25 percent above the same period last year in the northern region and nearly double in the northeastern region, which respectively accounted for 24 percent and 44 percent of the total sugarcane planting area.

Post estimates MY 2023/24 sugarcane production to decline 12 percent from MY 2022/23 due to adverse weather conditions during the tillering and elongation growth stages of sugarcane. The TMD reported that the average precipitation in 2023 was 6 percent below the 30-year average precipitation and 24 percent lower than in 2022, particularly in the central plains and the eastern region, which respectively accounted for 27 percent and 6 percent of total sugarcane planted areas where the average precipitation was 21 percent and 17 percent below a 30-year average. MY 2023/24 average sugarcane yield is projected to fall by around 6 percent from MY 2022/23.

Figure 1.1.1: Thailand’s Sugarcane Area and Production

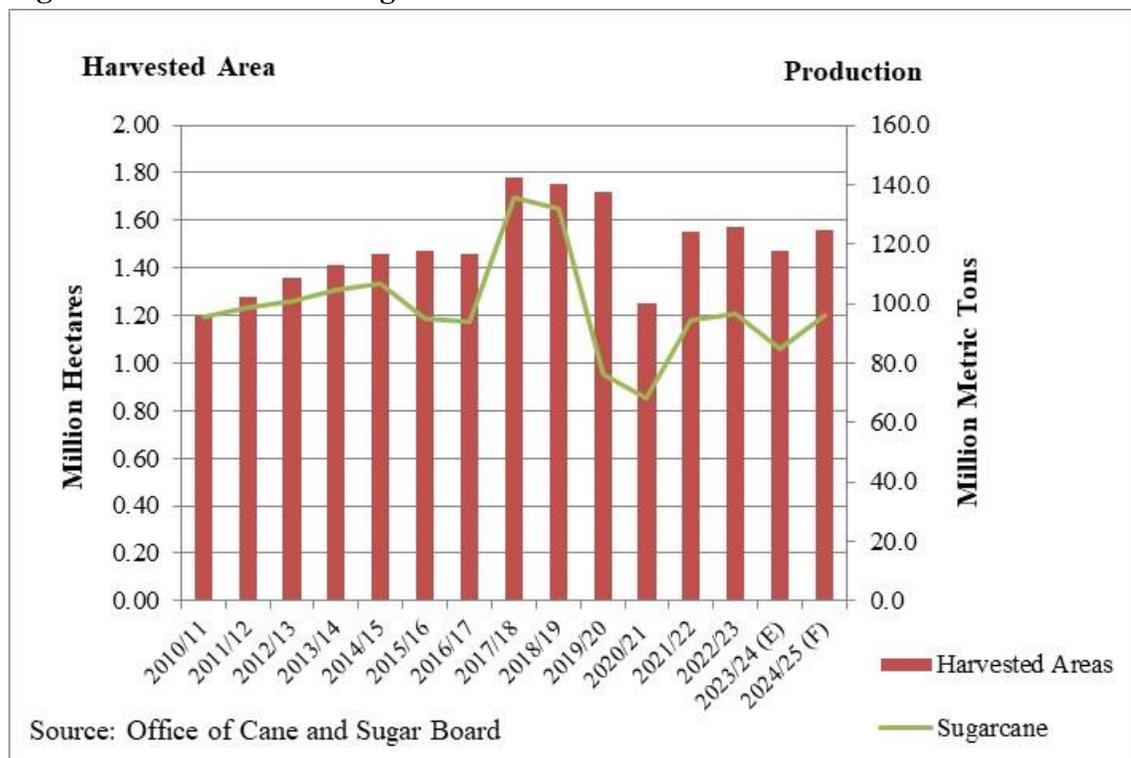
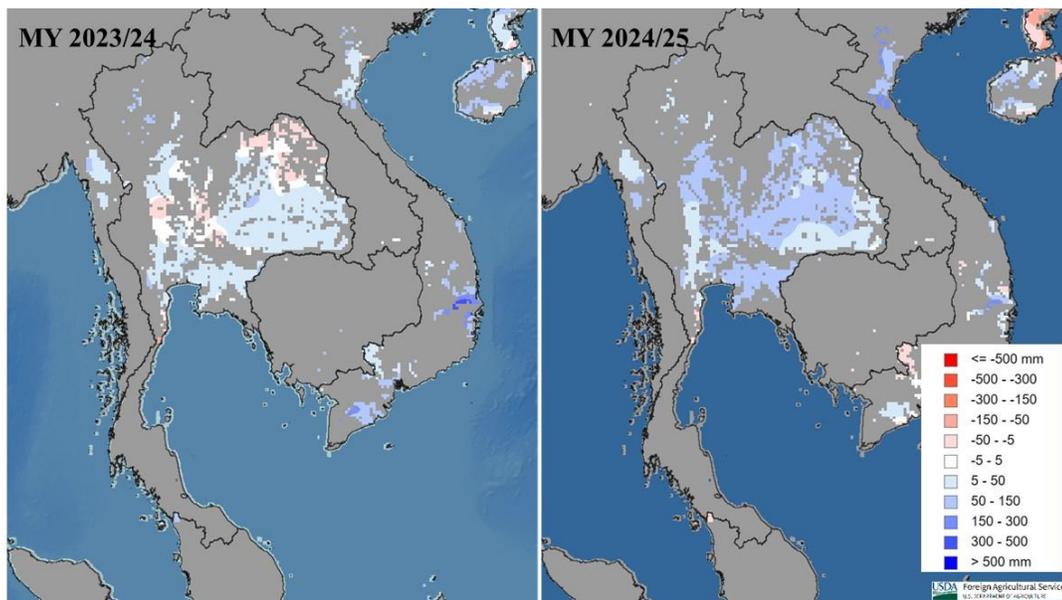


Figure 1.1.2 Comparison of Precipitation Levels during the Tillering Growth Stage in MY 2023/24 and MY 2024/25



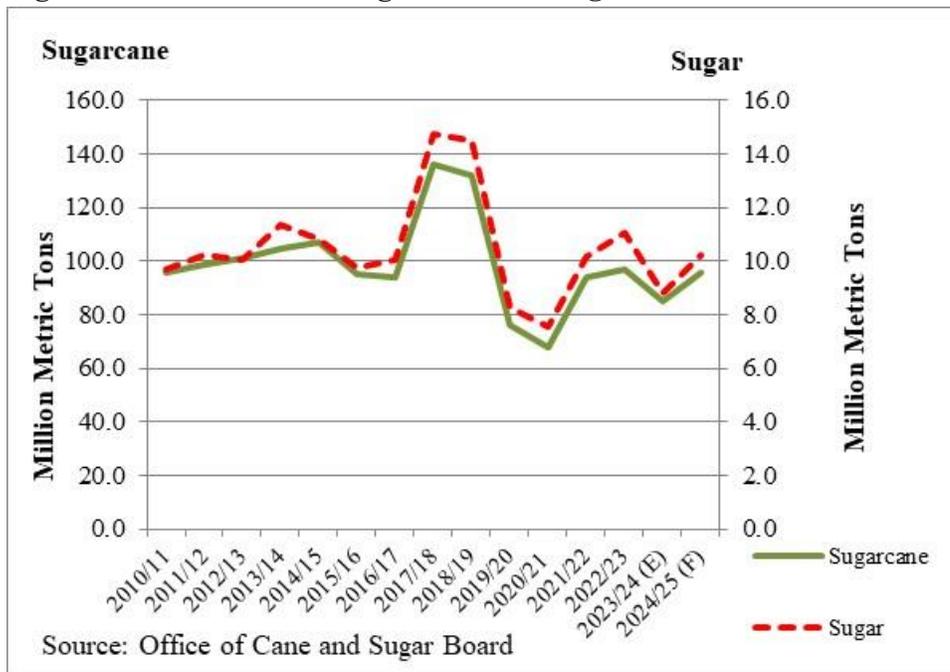
Source: USDA/FAS, Global Agricultural & Disaster Assessment System

1.2 Sugar

Sugarcane is primarily used for sugar production, accounting for 97 percent of total sugarcane utilization in MY 2022/23. Meanwhile, around 2.6 MMT and 2.8 MMT of sugarcane in MY 2023/24 and MY 2024/25, respectively, will be used as feedstock for ethanol production as there are two sugar-juice based ethanol plants in Thailand, accounting for around 3 percent of total sugarcane production. One plant, utilizing around 1 MMT of sugarcane, focuses on fuel ethanol production. The second ethanol plant, using around 1.8 MMT of sugarcane, produces ethanol for industrial uses, particularly for bioplastics and biochemicals.

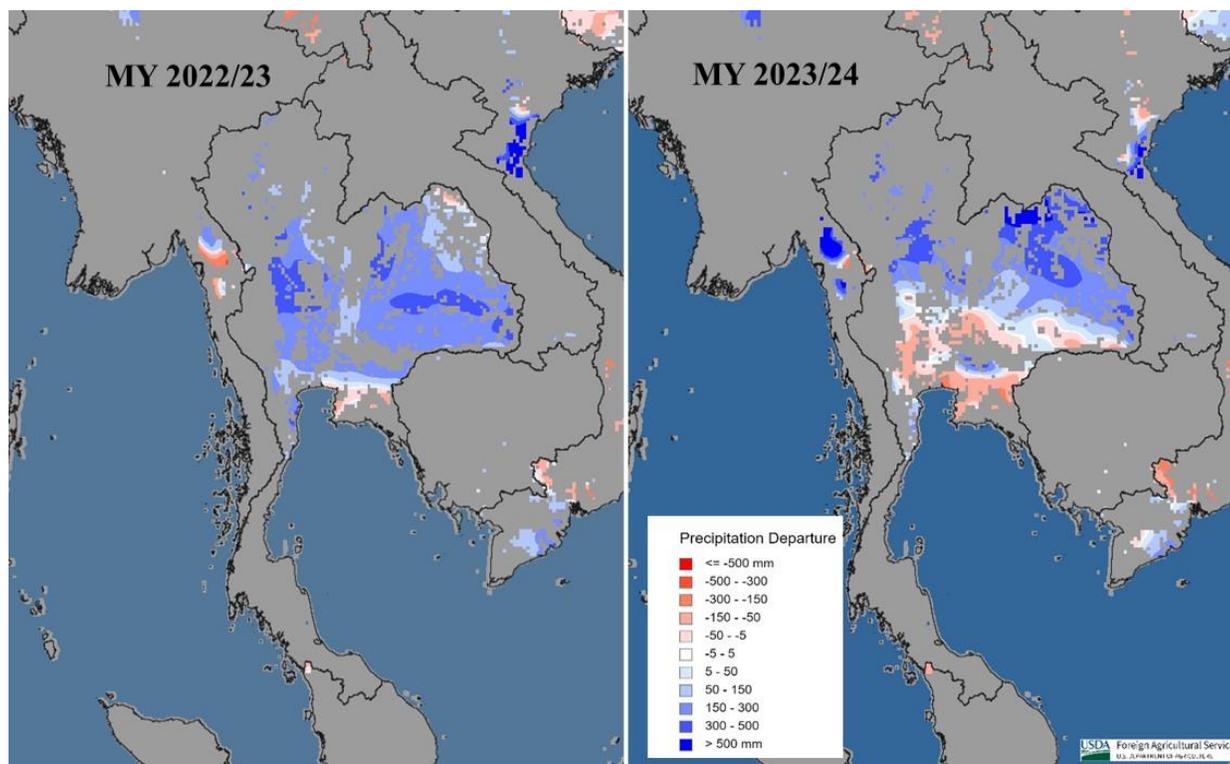
Post forecasts MY 2024/25 sugar production to increase to 10.2 MMT, up 16 percent from MY 2023/24, mainly due to the recovery in sugarcane production and increased sucrose yield (Figure 1.2.1). The average sucrose yield obtained from commercial cane sugar (CCS) in MY 2024/25 is expected to increase 3 percent from MY2023/24 to the levels of 12.7% CCS which is close to the five-year average CCS levels of around 12.7% between MY 2017/18 and MY 2021/22. Meanwhile, molasses production in MY 2024/25 is forecast to increase to 3.63 MMT, up around 2 percent from MY 2023/24, due mainly to the recovery in sugarcane production.

Figure 1.2.1: Thailand's Sugarcane and Sugar Production



Post expects sugar production in MY 2023/24 to decline to 8.8 MMT, down 20 percent from MY 2022/23, which is a larger degree than reduced sugarcane production due to a low sugar extraction rate. According to the Office of Cane and Sugar Board's (OCSB) crushing report on April 5, 2024 the average sugar extraction rate in MY 2023/24 was around 107 kilograms (kg) of sugar per ton of sugarcane, down 9 percent from the average sugar extraction rate of 117.79 kg of sugar per ton of sugarcane in MY 2022/23 due to severe weather conditions during the maturity growth stage in major growing areas in the central plains (Table 3). Drought (Figure 1.2.2) during the maturity growth stage of sugarcane adversely affected the sucrose yield of sugarcane. The OCSB reported that average sucrose yield obtained from CCS in MY 2023/24 declined to a seven-year record low at 12.35%, down 7 percent from the average CCS levels of 13.32% in MY 2022/23. However, molasses production, which is a by-product of sugar production, is expected to increase to 3.57 MMT in MY 2023/24. This is a 6 percent increase from MY 2022/23, as average sucrose yield is substantially lower than the previous year's levels.

Figure 1.2.2: Precipitation Levels in MY 2022/23 and MY 2023/24 during the Maturity Growth Stage of Sugarcane



Source: USDA/FAS Global Agricultural & Disaster Assessment System

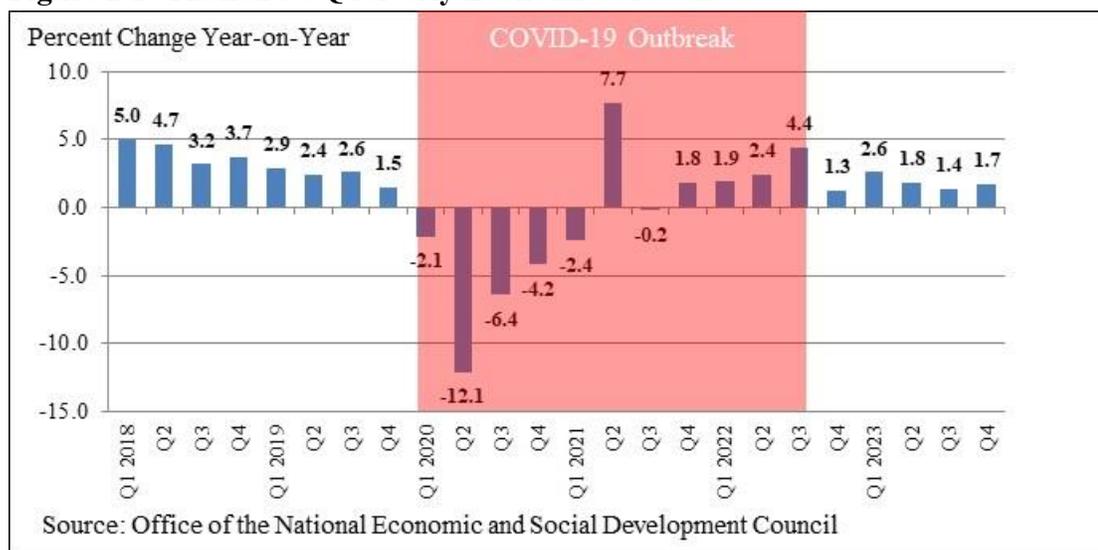
2. Consumption

Post forecasts sugar consumption growth in MY 2023/24 and MY 2024/25 to further decelerate to 4 percent annually, especially for households, following government's projection of a slow economic recovery in 2024 and 2025. The government expects the Thai economy to grow 2.7 percent in 2024 which is impacting the disposable income of Thai consumers. According to the International Monetary Fund's (IMF) [report](#), Thailand's household debt increased to 91.6 percent of the GDP in the last quarter of 2023, which was the highest household debt ratio among Southeast Asian countries. Also, foreign tourist expenditure is expected to be below pre-COVID levels, even as the numbers of foreign tourists will likely reach 35 million in 2024, compared to 40 million in 2019.

Sugar consumption growth decelerated from 17 percent in MY 2021/22 to 12 percent in MY 2022/23 due to a slowdown in the economic recovery in 2023. The government reported that the Thai economy slowed down from 2.5 percent in 2022 to 1.9 percent in 2023 (Figure 2.1). The OCSB reported that household sugar consumption in MY 2022/23 totaled 1.5 MMT, up 7 percent compared to household consumption growth of 9 percent in MY 2021/22. In its Quarterly Sugar Consumption Report, the OCSB also noted that sugar demand for industrial uses in MY 2022/23 increased 18 percent, compared to 23 percent in MY 2021/22 due to a slowdown in sugar demand for domestic food and beverage industry, which respectively grew 2 percent and 6 percent, compared to 6 percent and 12 percent in MY

2021/22. Sugar demand by food and beverage industry respectively accounted for 30 percent and 42 percent of domestic sugar demand for industrial uses. Also, sugar demand by export-oriented food and beverage industry decelerated from 91 percent in MY 2021/22 to 47 percent in MY 2022/23. The slowdown in exports of food and beverage products offset the continued increase in exports of sugar syrup in MY 2022/23. Sugar syrup exports to China in MY 2022/23, which accounted for 98 percent of total sugar syrup exports, further increased to 1.6 million metric tons, up 81 percent from MY 2021/22, as Thai sugar syrup has duty free access to China under a free trade agreement (FTA), compared to 30% tariff rate for non-FTA trading partners.

Figure 2.1: Thailand’s Quarterly Economic Growth



In addition, in 2023, non-alcoholic beverage manufacturers continued to reformulate their products by reducing the sugar content to avoid the progressive sugar tax and increasingly substitute sugar with artificial sweeteners. According to the government’s measure to curb household sugar consumption through the sugar tax, low-sugar beverages that had sugar content of 6-8 grams/100 milliliters were subject to the lowest sugar tax rate of 0.30 baht/liters (1 cent/liter) between April 1, 2023, and March 31, 2025 (Table 2.1). The Excise Tax Department (ETD) reported that most non-alcoholic beverage products had 10-18 grams of sugar per 100 milliliters before the sugar tax was implemented in 2017 (please see [TH2023-0024, Sugar Annual 2023, April 17, 2023](#)). The ETD reported that soft drink manufacturers gradually reduced the sugar content in their non-alcohol beverage products to 7.3 – 7.5 grams of sugar per 100 milliliters from more than 10 grams of sugar per 100 milliliters. By April 1, 2025, low-sugar beverages that have a sugar content of 6-8 milligrams will be subject to the lowest sugar tax rate of 1 baht/liter (3 cents/liters). The reduction in sugar demand for non-alcoholic beverages was also driven by the surge in wholesale sugar prices to 21 baht/kilogram (26 cents/lb) in November 2023 which increased 11 percent from the previous levels of 19 baht/kilogram (24 cents/lb) since the beginning of MY 2022/23. The reduced sugar demand by soft drink manufacturers led to increased import demand for artificial sweeteners by 25 percent in 2023. China accounted for 83 percent of Thailand’s sweetener imports, followed by 8 percent from France.

Table 2.1: Sugar Tax on Non-Alcoholic Beverages

Sugar Content (Grams/ 100 Milliliters)	Excise Tax on Sugar Content (Baht/liter)			
	Sep 2017 -Sep 2019	Oct 1, 2019 – Sep 30, 2021	April 1, 2023 – Mar 31, 2025	After Apr 1, 2025
Less than 6	Exempt	Exempt	Exempt	Exempt
6-8	0.10	0.10	0.30	1.00
8-10	0.30	0.30	1.00	3.00
10-14	0.50	1.00	3.00	5.00
14-18	1.00	3.00	5.00	5.00
More than 18	1.00	5.00	5.00	5.00

Source: The Excise Department

3. Trade

Post forecasts MY 2024/25 sugar exports to level off to 9 MMT, down 10 percent from MY 2023/24 as India, the world’s second largest sugar exporter, is likely to resume sugar exports in MY 2024/25. Meanwhile, Post expects MY 2023/24 sugar exports to increase significantly from 6.8 million metric tons in MY 2022/23. Foreign buyers will likely source Thai sugar as they are concerned about limited exportable supplies of Indian sugar after the government extended its sugar export restriction beyond October 2023 (please see, [IN2023-0083, India Restricts Sugar Exports Beyond October 31 for Indefinite Period, November 16, 2023](#)). The Indian sugar export restrictions included raw sugar, and white and refined sugar due to reduced MY 2023/24 sugarcane production, caused by drought. In the first three months of MY 2023/24, Thailand’s sugar exports totaled 1.4 MMT, down 33 percent from the same period last year. Foreign buyers remained cautious in their new purchases, as average export prices of Thai sugar in the first three months of MY 2023/24 were still high at 24 cent/lb for raw sugar and 31 cents/lb for white and refined sugar, which respectively increased 11 percent and 19 percent from the same period in MY 2022/23, following the surge in world sugar prices to 11-year record high after India extended its sugar exports restriction in October 2023. Exports of raw sugar, and white and refined sugar in the first three months of MY 2023/24 respectively declined 46 percent and 17 percent from the same period in MY 2022/23.

Thailand is expected to fill its allocated U.S. quota of 22,762 MT (raw value) during the Fiscal Year 2024 (October 1, 2023 – September 30, 2024). The allocation consisted of the original allocation under the U.S. tariff-quota (TRQ) of 15,061 MT, the reallocation of 5,077 MT, and the increased allocation of 2,624 MT.

MY 2022/23 sugar exports declined 2 percent due to reduced exports of raw sugar and white sugar, following the slowdown in economic recovery of trading partners in 2023 and the surge in world sugar prices to an 11-year record in 2023, caused by the Indian sugar export restriction. The average export prices of Thai sugar in MY 2022/23 increased 6 percent for raw sugar (21 cents/lb), and 16 percent for refined sugar (27 cents/lb). Raw sugar exports which accounted for 54 percent of total sugar exports in MY 2022/23 totaled 3.7 MMT, down 3 percent from MY 2021/22 due mainly to reduced raw sugar exports to Indonesia, which accounted for around 58 percent of total raw sugar exports. Exports of white sugar which accounted for 7 percent of Thailand’s total sugar exports declined to 0.5 MMT, down 15

percent from MY 2021/22. Meanwhile, exports of refined sugar in MY 2022/23 which accounted for 39 percent of total sugar exports increased to 2.7 MMT, up 3 percent from the previous year due mainly to the surge in refined sugar exports to Bangladesh, Saudi Arabia, and China which were affected by the Indian sugar export restriction measures imposed since June 2022.

4. Stocks

Post expects sugar inventories to decline in MY 2023/24 and MY 2024/25 in anticipation of strong export demand for raw and refined sugar, especially in MY 2023/24 as India continued to restrict its sugar exports. Presently, sugar mills are reportedly holding large carry-over stocks from MY 2022/23 due to shrinking sugar exports and the slowdown in domestic economic recovery in MY 2022/23. These carry-over stocks are far above the safety stocks the OCSB requires the sugar mills to maintain for one month of domestic consumption or around 200,000 metric tons.

5. Policy

On October 30, 2023 the Cabinet decided to list sugar back in the government's List of Controlled Goods and Services to curb domestic sugar prices (please see [TH2023-0024, Sugar Annual 2023, April 17, 2023](#)). In addition, the Ministry of Commerce (MOC) set on November 14, 2023, the ceiling prices of the domestic wholesale ex-factory prices at 21 baht/kg (26 cents/lb) for white sugar, and 22 baht/kg (27 cents/lb) for refined sugar which respectively increased 11 percent and 10 percent from the sugar prices set by the OCSB at 19 baht/kg (24 cents/lb) and 20 baht/kg (25 cents/lb) on January 20, 2023. However, these ceiling domestic sugar prices are presently well above the sugar export prices which leveled off since the beginning of MY 2023/24. In addition, the MOC imposed a sugar export restriction on November 2, 2023, to help curb domestic sugar prices. However, the sugar export restriction measure was removed on November 14, 2023, after the OCSB reported that sugar mills held large sugar inventories, which were well above the safety stock requirements. The sugar mills have to report to the OCSB sugar exports and inventories on the monthly basis (on the 10th of each month).

On February 20, 2024, the cabinet approved the minimum sugarcane price set at a record 1,420 baht/MT (\$38.90/MT) for MY 2023/24, up 19 percent from the previous year's farm-gate price levels of 1,198 baht/MT (\$32.82/MT). At the same time, the government may forgo providing the financial assistance package of 120 baht/MT (\$3.29/MT) for the MY 2023/24 sugarcane harvest that farmers used to receive over the past four years (MY 2019/20 – MY 2022/23). This financial assistance aimed to encourage farmers to reduce the burning practices during the sugarcane harvesting and reduce air pollution with small particulate matter (PM 2.5). The proportion of burnt sugarcane in MY 2023/24 further declined to 30 percent of the total sugarcane harvest, from 33 percent in MY 2022/23. However, the proportion of burnt cane was still high, compared to the target of zero percent of total sugarcane harvest in MY 2023/24.

Table 3: Thailand's Yield and Prices for Sugar and Molasses

	MY2022/2023	MY2023/2024 (Preliminary)	MY2024/2025 (FAS Forecast)
Yield per metric ton of cane			
Sugar (kg.)	117.79	107.00	110.00
Molasses (kg.)	35.81	43.47	39.00
Farm price (ex-factory): Baht/Ton	1,198	1,420	1,400
Wholesale prices			
Sugar (Baht/100 kg.)	1,900	2,100	2,100
Molasses (Baht/Ton)	5,900	6,720	6,000

Source: Office of Cane and Sugar Board

Table 4: Thailand's Total Sugar Exports

Unit: Metric Tons Raw Value

Destination	2019	2020	2021	2022	2023	% Change
Indonesia	3,380,023	2,328,787	1,155,493	2,617,307	2,233,718	-14.7
South Korea	805,896	321,666	278,836	770,848	735,132	-4.6
Cambodia	788,091	453,511	555,825	630,564	631,828	0.2
Malaysia	23,557	163,899	154,930	441,678	521,991	18.2
China	917,158	288,318	146,582	355,086	302,793	-14.7
Taiwan	547,877	269,794	251,037	228,418	265,718	16.3
Singapore	168,313	121,130	104,180	54	149,355	276483.3
Japan	218,315	120,078	201,801	105,525	98,943	-6.2
U.S.	16,715	22,512	15,782	18,671	23,599	26.4
Other	3,499,917	2,125,232	987,156	1,888,498	1,801,430	-4.6
Total	10,365,862	6,214,927	3,851,622	7,056,649	6,764,507	-4.1

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

Table 5: Thailand's Exports of Raw Sugar

Unit: Metric Tons Raw Value

Destination	2019	2020	2021	2022	2023	% change
Indonesia	3,247,174	2,264,395	1,030,382	2,420,367	2,092,803	-13.5
South Korea	588,907	214,122	180,034	677,561	642,254	-5.2
Malaysia	13,521	71,254	48,603	368,996	443,707	20.2
Vietnam	242,833	542,466	161,324	46,170	107,576	133.0
Japan	209,485	109,825	131,962	102,801	97,162	-5.5
Taiwan	167,342	86,394	100,731	93,082	86,079	-7.5
United States	16,501	21,801	15,679	18,106	21,961	21.3
Philippines	-	4,168	-	-	10,406	-
Tanzania	68,117	16,543	-	2,565	2,563	-0.1
Singapore	443	1,259	844	-	1,728	-
China	534,878	19,190	6,000	108,591	770	-99.3
UAE	328	177	91	79	168	113.0
Others	665,952	19,109	22,351	12,626	72,454	473.9
Total	5,755,481	3,370,703	1,698,001	3,850,944	3,579,630	-7.0

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

Table 6: Thailand's Exports of White and Refined Sugar

Unit: Metric Tons Raw Value

Destination	2019	2020	2021	2022	2023	% change
Bangladesh	6,793	153,946	171,815	401,816	642,689	59.9
Brunei	787,578	453,096	549,136	627,614	631,397	0.6
Burma	278,583	114,554	140,918	460,281	417,152	-9.4
Cambodia	382,279	269,127	140,582	246,495	302,023	22.5
China	-	119,871	103,336	105,256	147,627	40.3
Indonesia	132,849	64,392	123,111	196,940	140,915	-28.4
South Korea	219,989	107,544	98,802	93,287	92,878	-0.4
Kenya	241,548	123,447	109,772	116,063	84,583	-27.1
Laos	23,557	92,646	106,327	72,682	78,284	7.7
Malaysia	103,138	809,392	238,108	73,212	67,876	-7.3
Maldives	100,182	7,386	26,750	113,270	52,131	-54.0
Pakistan	67,743	691	-	96,926	43,323	-55.3
Philippines	7,223	-	27,037	15,110	14,106	-6.6
Russia	22,598	19,738	5,161	3,100	7,917	155.4
Saudi Arabia	27,052	910	910	8	5,060	63150.3
Singapore	6,368	5,899	6,006	4,626	3,340	-27.8
Sri Lanka	-	-	1,202	1,498	1,043	-30.4
Tanzania	168,313	-	-	24	498	1973.1
UAE	-	-	54	2,113	428	-79.7
Vietnam	-	-	-	54	-	-
Others	2,034,587	501,584	304,594	575,331	451,606	-21.5
Total	4,610,380	2,844,223	2,153,621	3,205,706	3,184,877	-0.6

Source: Office Cane and Sugar Board, Ministry of Industry

Table 7: Thailand's Sugar Utilization by Industries

Unit: Metric Tons

Type of Industry	2019	2020	2021	2022	2023
Beverages (Excluding Alcoholic Drink)					
Refined Sugar	336,604	235,031	223,168	234,899	196,451
White Sugar	178,027	174,025	179,357	192,236	238,922
Sub - Total	514,631	409,056	402,525	427,135	435,373
Cake & Bread and Alcoholic Drink					
Refined Sugar	9,842	9,548	1,158	16,150	17,982
White Sugar	23,730	38,552	46,140	42,454	36,152
Sub - Total	33,572	48,100	47,298	58,604	54,134
Fruit & Food Products					
Refined Sugar	84,499	80,965	80,444	77,454	75,209
White Sugar	155,375	162,039	192,725	221,601	240,857
Sub - Total	239,874	243,004	273,169	299,055	316,066
Dairy Products					
Refined Sugar	49,438	37,567	18,451	18,588	18,693
White Sugar	158,396	157,883	163,997	171,653	155,588
Sub - Total	207,834	195,450	182,448	190,241	174,281
Confectionary Products					
Refined Sugar	2,782	1,873	1,364	887	1,171
White Sugar	16,041	12,667	12,791	14,170	14,306
Sub - Total	18,823	14,540	14,155	15,057	15,477
Pharmaceutical Products & Miscellaneous					
Refined Sugar	31,624	20,093	12,791	21,547	25,307
White Sugar	23,425	20,574	12,110	23,327	26,855
Sub - Total	55,049	40,667	24,901	44,874	52,162

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

End of report.

Attachments:

No Attachments