

**Required Report:** Required - Public Distribution

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## **Report Name:** Sugar Annual

**Country:** Colombia

**Post:** Bogota

**Report Category:** Sugar

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### **Report Highlights:**

In marketing year (MY) 2024/2025, Colombia's sugar production is forecast to remain unchanged from the previous MY at 2.25 million metric tons (MMT) owing in part to the onset of the El Niño phenomenon and its dry weather conditions in the second half of 2023. The Southern Oscillation has had a positive impact on sugarcane yields. Yet, the expectation of a new La Niña phenomenon with heavy precipitation expected in the second half of 2024 will not greatly impact yields. Considered among the most productive sugarcane sectors, Colombia's sugar production has been underperforming in recent years because of La Niña, during which in MY 2023/2024, heavy rainfall lowered yields. Colombia's economy is projected to accelerate slightly in 2024 and 2025 with a projected fall in the inflation rate, which may support modest improvements in household sugar consumption in the outyear.

**Commodities:**  
Sugar centrifugal

**Production**

**Table 1. Colombia: Centrifugal Sugar (Raw Value Basis) (Thousand Metric Tons [TMT])**

<b>Sugar, Centrifugal</b>	<b>2022/2023</b>		<b>2023/2024</b>		<b>2024/2025</b>	
<b>Market Year Begins</b>	<b>Oct 2022</b>		<b>Oct 2023</b>		<b>Oct 2024</b>	
<b>Colombia</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Beginning Stocks</b> (1000 MT)	209	209	194	164	0	179
<b>Beet Sugar Production</b> (1000 MT)	0	0	0	0	0	0
<b>Cane Sugar Production</b> (1000 MT)	2300	2180	2350	2250	0	2250
<b>Total Sugar Production</b> (1000 MT)	2300	2180	2350	2250	0	2250
<b>Raw Imports</b> (1000 MT)	10	0	10	10	0	10
<b>Refined Imp. (Raw Val)</b> (1000 MT)	230	256	220	260	0	260
<b>Total Imports</b> (1000 MT)	240	256	230	270	0	270
<b>Total Supply</b> (1000 MT)	2749	2645	2774	2684	0	2699
<b>Raw Exports</b> (1000 MT)	180	173	180	180	0	180
<b>Refined Exp. (Raw Val)</b> (1000 MT)	490	503	500	500	0	500
<b>Total Exports</b> (1000 MT)	670	676	680	680	0	680
<b>Human Dom. Consumption</b> (1000 MT)	1880	1800	1890	1820	0	1830
<b>Other Disappearance</b> (1000 MT)	5	5	5	5	0	5
<b>Total Use</b> (1000 MT)	1885	1805	1895	1825	0	1835
<b>Ending Stocks</b> (1000 MT)	194	164	199	179	0	184
<b>Total Distribution</b> (1000 MT)	2749	2645	2774	2684	0	2699

**Note:** Virtually no centrifugal sugar is utilized for alcohol, feed, or other non-human consumption. All figures in raw value. To convert raw value to refined/crystal white sugar, divide by a factor of 1.07.

**Data Source:** Post historical data series. Forecast for MY 2024/2025; MYs 2022/2023 2023/2024 are estimates.

**Table 2. Colombia: Sugarcane, Centrifugal, Area in Thousand Hectares and Others, TMT**

<b>Sugar Cane for Centrifugal</b>	<b>2022/2023</b>		<b>2023/2024</b>		<b>2024/2025</b>	
<b>Market Year Begins</b>	<b>Sept 2022</b>		<b>Sept 2023</b>		<b>Sept 2024</b>	
<b>Colombia</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Planted</b> (1000 HA)	240	240	240	244	0	245
<b>Area Harvested</b> (1000 HA)	183	183	183	193	0	193
<b>Production</b> (1000 MT)	23000	23000	23500	22000	0	22200
<b>Total Supply</b> (1000 MT)	23000	23000	23500	22000	0	22200
<b>Utilization for Sugar</b> (1000 MT)	18700	18700	19000	17650	0	18000
<b>Utilization for Alcohol</b> (1000 MT)	4300	4300	4500	4350	0	4200
<b>Total Utilization</b> (1000 MT)	23000	23000	23500	22000	0	22200

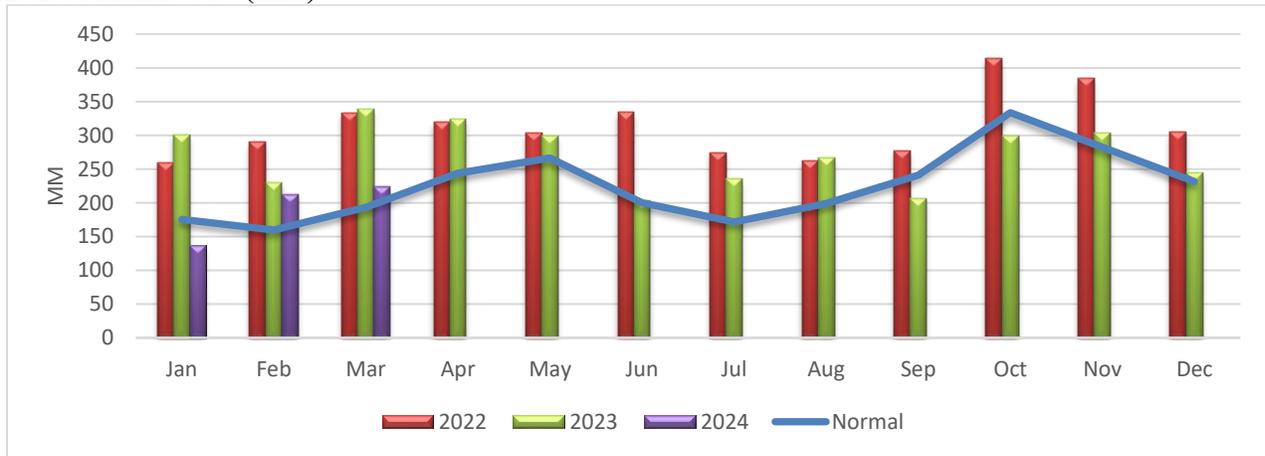
**Note:** Virtually no cane is utilized directly for alcohol production. “Utilization for alcohol” in the table includes cane used for seed, feed, and waste. “Utilization for sugar” data includes cane used to produce mill sugar. Forecast for MY 2024/2025; MYs 2022/2023 and 2023/2024 are estimates.

**Data source:** Post historical data series.

## Production

In MY (October-September) 2024/2025, FAS Bogota (Post) forecasts Colombia sugar production to remain flat at 2.25 MMT raw value basis (RV) on 193,000 ha due to the expectation of a new *La Niña* phenomena which is forecast to start by the second half of calendar year 2024<sup>1</sup> with heavier than normal precipitation that will limit any yield increases (Tables 1-2).<sup>2</sup> Being praised as one of the most productive sugarcane industries in the world, Colombia's sugar sector has experienced recent yield declines owing to *La Niña*, which in 2023, included heavy rainfall that impacted production. In Valle del Cauca, Colombia's largest sugar producing department, irregular, heavy rainfall patterns that first began in early 2022 have remained above historical norms (Figure 1). Additionally, persistent elevated temperatures and extreme heat, continued social conflict, and the lack of widespread irrigation systems continue to impact growth (Figure 2). The Southern Oscillation's extreme variations during MY 2024/2025 will have a negative impact in Colombia's forecast production, which will moderate the effect of higher international demand for sugar and high international prices.<sup>3</sup>

**Figure 1. Colombia: Precipitation in Valle del Cauca Department, Calendar Years 2022-2024 Millimeters (mm)**



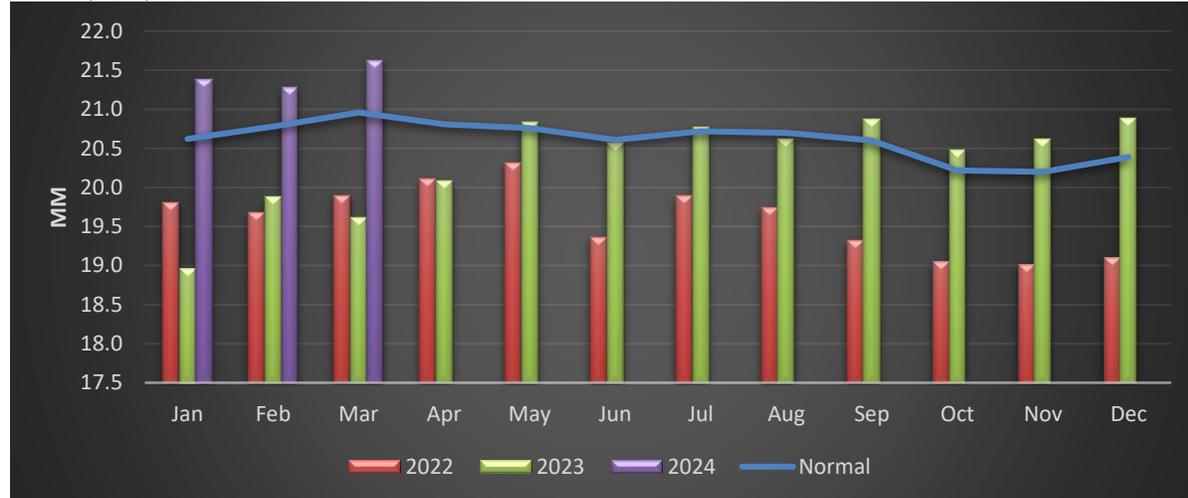
**Data source:** USAF 557<sup>th</sup> Weather Wing, USDA Global Agricultural & Disaster Assessment System (GADAS).  
**Note:** Monthly Rainfall Precipitation measures precipitation records against the 30-year year normal for the indicated period.

<sup>1</sup> Unless otherwise stated (e.g., MY) all years are in calendar basis (January-December).

<sup>2</sup> See: NOAA, National Weather Service Climate Prediction Center, [El Niño/Southern Oscillation \(ENSO\) Diagnostic Discussion](#), April 11, 2024.

<sup>3</sup> Source: Economist Intelligence Unit; [Sugar](#). April 1, 2024.

**Figure 2. Colombia: Average Monthly Temperatures in Valle del Cauca Department 2022-2024 (mm)**



**Data source:** USAF 557<sup>th</sup> Weather Wing, GADAS.

For MY 2024/2025, harvested area is forecast to remain unchanged at 193,000 hectares (ha) against MY 2023/2024. Warmer weather conditions and high international sugar prices are expected to continue stabilizing cane sugar production. As current production will not compensate the increase in domestic ethanol demand, Colombia’s sugar industry in the outyear is projected to decrease sugarcane utilization for alcohol to keep pace with refined sugar manufacturing and exports. With insufficient sugarcane production, Colombia will likely continue its heavy reliance on ethanol imports to comply with mandatory blend mandates, despite the 2020 countervailing duty against U.S. ethanol.<sup>4</sup>

Post has increased planted and harvested area estimates for MY 2023/2024 at 244,000 and 193,000 ha, respectively. Nevertheless, MY 2023/2024 cane sugar production is estimated 6 percent lower to 2.25 MMT, owing to decreased sugar recovery rates (lower sucrose) and a limited harvest window due to heavy *La Niña* rainfall between October 2022 and March 2023. This figure is approximately 3 percent higher than the previous MY, which cane production is revised lower to 2.18 MMT, as Valle del Cauca’s precipitation levels peaked during *La Niña*.

Increased planting area in the current MY is driven by rising sugar prices, owing to Colombia’s peso devaluation, and high international sugar prices. Ongoing from 2014, certain sugarcane producing areas located in northern Cauca department and south of Valle del Cauca remain impacted by social unrest due to land ownership issues. The Colombian Association of Sugar Producers (Asocaña) estimates 6,000-7,000 ha of sugarcane are impacted by land disputes. However, the expected fertilizer shortages from supply chain disruptions caused by the Russian invasion of Ukraine did not fully materialize in the sugar sector, as some of the larger sugar mills developed lower cost alternatives, including bio-fertilizers produced sugarcane waste products.

<sup>4</sup> See: USDA GAIN [CO2023-0008](#): “Colombia continues to impose duty on U.S. ethanol after CVD Expiry Review.” Published April 10, 2023. In 2023, the United States was the largest ethanol supplier to Colombia.

Colombia's 14 sugar mills and most of its ethanol facilities (6 of 7 plants) are in the Cauca River Valley, which spans six Colombian departments. In MY 2023/2024, sugarcane planted area in the Cauca River Valley increased 2.4 percent to 244,000 ha, a figure close to the total available arable land in the region, while harvested area increased 5.6 percent to 193,000 hectares. On average, (under normal weather conditions), the Cauca River Valley harvests about 80 percent of its sugarcane cultivated area, and the rest remains idle as part of a land management strategy based on sugarcane industry decisions. Approximately 70 percent of the sugarcane is machine harvested with the remaining crop harvested by hand. According to local industry, Colombia's sugarcane sector generates 286,000 jobs, distributed as 116,000 direct employment and 170,000 indirect jobs.

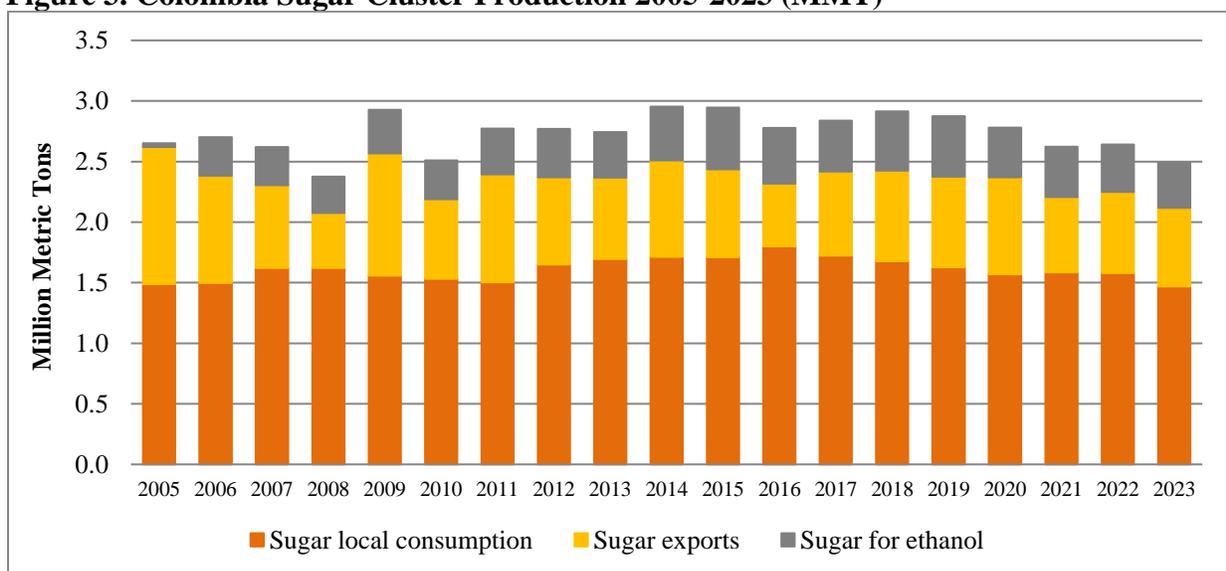
The Cauca River Valley is historically considered as the most efficient sugarcane producing region in South America, with average sugarcane yields totaling 130 metric tons (MT) per hectare. However, due to extreme weather conditions in the last three years, including heavier rains from *La Niña*, sugarcane yields in the current MY have fallen to 100-105 MT/ha hectare. However, by the end of MY 2024/2025, sugarcane yields should improve to 110 MT/ha assuming stable weather conditions. As area available for sugarcane is replete, productivity gains are dependent on favorable weather conditions and producer application of improved practices developed by the Colombian Sugarcane Research Center (Cenicaña). To address the lack of suitable land, Colombia's sugarcane industry has relied heavily on Cenicaña's innovative practices and improved sugarcane varieties to keep up with productivity. Still, the lack of sufficient, arable land for broad sugarcane expansion will continue to be a recurrent problem in the coming years.

Most sugar mills are in close proximity to ethanol distilleries (or co-located, if owned by the same entity), which logistically allows for easy sugarcane diversion. Since 2005, when Colombia first began mass ethanol production, domestic ethanol demand has offset sugar exports by 30-40 percent annually (Figure 3). With lower cane yields, 2023 sugarcane crush decreased 9 percent compared to 2022. According to Asocaña, in 2023, local sugar consumption and production fell 4.3 percent and 6.6 percent, respectively, while ethanol production dropped to 328,400 kiloliters (kl), 5.4 percent lower year-on-year. Sugar mills typically favor cane sugar production over ethanol during periods of high sugarcane production or adverse weather conditions. As a result, and along with Colombia's ethanol blending mandate that oscillated between E4 and E7 in 2023,<sup>5</sup> ethanol imports grew by more than 500 percent in 2023, and fully covered the 40 percent increase in domestic demand in the same period.

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<sup>5</sup> See: USDA GAIN [CO2023-00](#), Biofuels Annual. Published June 10, 2023.

**Figure 3. Colombia Sugar Cluster Production 2005-2023 (MMT)**



**Data source:** Post historical data series, Asocaña.

Since January 2001, local sugar prices have been subject to the Sugar Price Stabilization Fund (FEPA) (See Policy section). The Colombian government designed FEPA as a tool to protect local producers from fluctuations in international sugar prices.

### *Non-Centrifugal Sugar*

In 2023, non-centrifugal sugar (or *panela*) production increased 1.4 percent from 2022 to 1.07 MMT on an estimated 168,400 hectares. Sugarcane for *panela* production was highly affected by higher on-farm costs, primarily in labor, and heavy rainfall that affected both productivity and the ability to harvest. Sugarcane for *panela* is cultivated mostly by smallholder producers in Colombia’s highlands throughout 29 Colombian departments, with 80 percent of production concentrated in eight departments. According to the *Panela Producers Association (Fedepanela)*, there are an estimated 18,500 crushing/milling facilities, most of them small and informal.

After a downward trend in 2022, *panela* prices in MY 2023/2024 increased to an average of 3,208 Colombian Pesos (COP) per kilogram (kg).<sup>6</sup> As of March 2024, *panela* prices are 4 percent higher at COP 3,290 (USD \$0.85) compared to 2022, due to changes in consumption patterns.

### **Consumption**

For MY 2024/2025, sugar human domestic consumption is forecast to marginally increase 0.5 percent, with a trend to stagnate. Increased use of both sugar and artificial sweeteners in soft drinks and decreased food price inflation will have a modest impact in increasing consumer sugar consumption. According to Colombia’s Central Bank, sustained economic activity, albeit small, is further anticipated and reach 1.5 percent in 2024, and above 2 percent for 2025. Inflation is also projected to fall to 5.5 and 3.8 percent in 2024 and 2025, respectively.<sup>7</sup>

<sup>6</sup> For purposes of this report, 1 dollar equals COP 3871 as of April 15, 2024.

<sup>7</sup> Source: [Colombia’s Central Bank Estimates](#), January, 2024. (Banco de la República).

While household sugar consumption is typically unchanged year to year, a decline in local industry utilization in the current MY has negatively impacted overall consumption. The Colombian government's November 2023 implementation of "healthy taxes" includes an increasing tax rate from 10 percent in 2023, 15 percent during 2024, and 20 percent by 2025. With this, industrial sugar usage will likely drop in both 2024 and 2025.<sup>8</sup> Colombia's beverage industry, the largest consumers of sugar in Colombia, will increase its substitution of sugar for alternative sweeteners, as healthy taxes do not apply such alternative products.

In MY 2023/2024, Post revises Colombian sugar consumption to 1.82 MMT, a 3.7 percent decrease from the previous estimate, driven by the increasing use of sugar substitutes in the food sector, especially artificial sweeteners. According to Asocaña, average per capita sugar consumption is estimated at 34 kg (75 pounds) with panela consumption estimated at 22 kg (48 pounds).

### **Trade**

In MY 2024/2025, sugar exports are forecast at 680,000 MT, unchanged from MY 2023/2024, driven by low yields of sugar plantations due to agroclimatic conditions that will likely impact production, but which would also be offset by greater sugar demand and continued high international prices. Post's export estimate in the current MY is 1.5 percent higher from the MY 2022/2023 revised figure (676,000 MT), reflecting market realities and the continued production recovery owing to *La Niña* in the first half of 2024.

Colombia exports sugar to the United States through the World Trade Organization (WTO) and the U.S. Colombia Trade Promotion Agreement (CTPA) quotas. In fiscal year (FY) (October-September) 2023, the WTO quota was 25,819 MT RV with a fully subscribed 7,078 MT reallocation. In 2023,<sup>9</sup> the CTPA quota was 58,250 MT, and also fully subscribed. This year 2024, Colombia will likely fill both its 59,000 MT CTPA quota and the 25,819 MT WTO quota for FY 2024, including a 13,201 MT reallocation.

In MY 2022/2023, the United States remained the top destination for Colombian sugar with 22 percent market share, followed by Chile (21 percent) and the European Union (15 percent) (Table 3). Last MY, Colombia's exports to the United States dropped 2 percent compared to MY 2021/2022, while exports to Chile increased 2 percent in the same period. Sugar exports to Ecuador continued its recovery in MY 2022/2023 following the implementation of safeguards against Andean Community of Nations (CAN) countries, which included Colombia. Seventy-four percent of Colombian sugar exports are refined sugar, with the remaining 26 percent consisting of unprocessed, raw sugar.

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<sup>8</sup> See: CNN Español, November 2, 2023. "[This is how the healthy tax works in Colombia, and these are the products it affects](#)" (in Spanish).

<sup>9</sup> Calendar year basis.

**Table 3. Colombia Sugar Exports MYs 2020/2021, MY 2021/2022, 2022/2023 (RV, MT)**

Country	Total Exports			% Share		
	2020/2021	2021/2022	2022/2023	2020/2021	2021/2022	2022/2023
World Total	668,131	661,960	676,321	-	-	-
United States	130,759	157,528	149,293	20	24	22
Chile	138,724	113,830	147,393	21	17	22
EU 27 Brexit	74,230	78,262	99,008	11	12	15
Ecuador	24,165	41,928	77,836	4	6	12
Haiti	74,524	78,320	58,100	11	12	9
Peru	136,745	60,101	50,598	20	9	7
Others	88,984	131,991	94,093	13	20	14

**Data source:** Colombia Customs National Office (DIAN), Trade Data Monitor.

**Note:** Data includes all sugar (refined and raw, RV converted).

Marketing year 2024/2025, sugar imports are forecast at 270,000 MT, unchanged from the previous MY estimate, based on lower national offers and the next *La Niña* iteration. Post has revised the MY 2023/2024 import estimate 17 percent higher to 270,000 MT, owing to the modest, but expected drop in local sugar production. More than 96 percent of Colombia's sugar imports are refined.<sup>10</sup>

In MY 2022/2023, Brazil and Peru displaced Bolivia and Guatemala as the first and second largest suppliers of sugar centrifugal to Colombia, respectively. In this period, Brazil, Peru, and Guatemala comprised 79 percent of Colombian imports. Sugar imports from Peru enters Colombia duty-free under CAN trade preferences. In MY 2022/2023, Colombia's imports of Indian-origin sugar reached 10 percent market share, ranking as the fourth largest supplier (Table 4). Once the largest sugar supplier to Colombia in MY 2021/2022, Bolivia ranked fifth with 4 percent market share in MY 2022/2023.

**Table 4. Colombia Sugar Imports MYs 2020/2021, MY 2021/2022, 2022/2023 (RV, MT)**

Country	Total Imports			% Share		
	2020/2021	2021/2022	2022/2023	2020/2021	2021/2022	2022/2023
World Total	264,961	222,560	256,136	-	-	-
Brazil	61,196	9,416	134,388	23	4	52
Peru	53,624	22,748	37,212	20	10	15
Guatemala	7,000	46,090	29,801	3	21	12
India	0	0	25,119	0	0	10
Bolivia	110,780	87,342	11,270	42	39	4
Others	32,361	56,964	18,346	12	26	7

**Data source:** Colombia Customs National Office (DIAN), Trade Data Monitor.

<sup>10</sup> Colombia does not typically import raw sugar due to profit margins and domestic industry consumption patterns.

## **Stocks**

Marketing year 2023/2024 ending stocks are estimated at 179,000 MT, 10 percent lower compared to the official estimate. This quantity would satisfy approximately one month of domestic consumption. Post's ending stocks estimate for MY 2022/2023 is lowered to 164,000, accounting for the drop in domestic consumption. For the outyear, forecast ending stocks are slightly increased 3 percent to 184,000 metric tons. This figure owes to the lasting effects of higher MY 2023/2025 stocks, due to domestic consumption patterns that exports will not be able to compensate in the short term. As Colombia can produce sugar year-round, there are limited stock number variations over time. There are no Colombian government programs or incentives for sugar mills to manage inventories.

## **Policy**

### *Sugar Price Stabilization Fund*

Colombia's Price Stabilization Fund was established in 1993 through Law 101, General Law of Agricultural Development, and its specific sugar program (FEPA)<sup>11</sup> was enacted through Decree 569 of 2000. The Colombian government created FEPA to avoid oversupply incidents and low prices in the domestic sugar market by maintaining a price equilibrium. Currently, Asocaña administers this fund. The Colombian Minister of Agriculture chairs FEPA's board, and its members include the Colombian Minister of Trade and 11 sugarcane growers and mills.

The FEPA provides incentives for sugar exports by hedging against domestic and international market price differentials, and setting a market weighted average price (MWAP). Historically, domestic sugar prices are higher than export prices (except for U.S. export prices under quota). Milling operations that sell sugar at prices above the MWAP, or typically above the domestic market, will contribute to the difference in price to the Price Stabilization Fund. Conversely, mills which sell sugar at prices below the MWAP will receive the difference in compensation via the FEPA fund. Asocaña conducts a monthly calculation to determine contribution and/or compensation values for each sugar mill.

### *Price Band System*

Sugar imports from CAN countries (i.e., Peru, Ecuador, and Bolivia) are allowed duty-free entry into Colombia (Table 5). Imports from outside the CAN are subject to a variable duty under the price band system. The basic customs duty rate on imports of both raw and refined sugar from non-CAN countries is 15 percent.

The CAN revises the price band, both ceiling and floor, every April. The duty adjustment is made based on whether a reference price is above, below, or within the ceiling and floor prices. The reference price is adjusted every two weeks.<sup>12</sup>

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<sup>11</sup> In Spanish: Fondo de Estabilización de Precios del Azúcar, or FEPA.

<sup>12</sup> If the reference price falls within the floor and ceiling price band, the sugar import duty is set at 15 percent of the invoice value. When the reference price falls below the floor price, a variable surcharge based upon the difference between the floor price, and the reference price is assessed. However, when the reference price exceeds the ceiling price, a reduction is made to the applied duty rate based on the difference between the reference and the ceiling prices.

**Table 5: CAN Sugar Floor and Ceiling Prices April 2024-March 2025 (USD/MT)**

	<b>Floor Price CIF</b>	<b>Ceiling Price CIF</b>
<b>Refined Sugar</b>	\$542	\$639
<b>Raw Sugar</b>	\$437	\$518

**Data source:** Resolution 2367/2023, CAN.

In the first half of April 2024, reference prices for raw (\$500/MT) and refined sugar (\$636/MT) remained within the band prices. Thus, Colombia’s current variable effective duty on sugar imports is 0 percent.

*U.S.-Colombia Trade Promotion Agreement*

On May 15, 2012, the U.S.-Colombia Trade Promotion Agreement (CTPA) went into force. The CTPA eliminated the price band duty for all imports from the United States, including sugar. Beginning in 2021, the import tariff-rate-quota for glucose, which includes high-fructose corn syrup, is unlimited. For 2024, the Colombia sugar export quota under the CTPA is 59,000 MT, which is usually fully subscribed. The import quota typically increases by 750 MT annually.

*Andean Community of Nations and Southern Common Market (MERCOSUR)*

Ecuador, Peru, and Bolivia as CAN members have duty free access to Colombia’s sugar market. Conversely, under the CAN Agreement, in 2018 Ecuador and Peru imposed safeguards and tariffs on sugar and sugar-containing products, as a retaliatory measure to Colombia for not allowing rice imports from these origins. In 2018, these restrictions were removed after Colombia agreed to grant market access for Ecuadorian and Peruvian rice. However, as Colombia had not imported rice as committed, in early 2022, [Ecuador](#) and [Peru](#) were authorized by the Andean Community Court of Justice to apply a 10 percent tariff on ten goods categories from Colombia in retaliation. Colombia lifted its restrictions on Ecuadorian rice in 2023, as it did with Peruvian rice in the second semester 2022. During the second semester of 2023, CAN determined that Colombia had complied with its Andean obligations for rice trade. Consequently, in 2024, neither Ecuador nor Peru is applying any safeguards against Colombian sugar and sugar containing products.

Colombia maintains a price band system; there is no agreement on the timing of tariff reductions under the Colombia MERCOSUR free trade agreement. However, Colombia continues to grant trade preferences under previous bilateral agreements, where MERCOSUR members pay only a percentage of the basic duty rate. Colombia’s effective duties on Brazilian raw and refined sugar are updated every 15 days, whose variation depends on the behavior of international prices. From April 16-30, 2024, effective duties for raw and refined sugar coming from Brazil to Colombia are 13.2 percent and 8.8 percent, respectively.

**Attachments:**

No Attachments