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Report Highlights:

Sugar production in Venezuela is forecast to increase by 13 percent to 300,000 MT in marketing year (MY) 2023/24 due to improved access to quality inputs, a reduction in diesel shortages, and higher prices to producers. While millers in Venezuela continue to recover and prioritize imports of raw sugar for processing to supply the market, delays in payments to producers, high raw sugar prices, and a change in Maduro regime policy that is favoring imports of refined sugar is preventing a major decline in imports of refined sugar. For MY 2023/24, Post forecasts raw sugar imports at 250,000 MT and refined sugar imports at 130,000 MT. Brazil remains the top supplier of sugar exports to Venezuela.

Production

In MY 2023/24, Venezuelan sugar production is projected upwards to 300,000 MT, a 13 percent increase compared to USDA's official estimate for MY 2022/23. Area planted is forecast at 60,000 hectares.

Sugar production in Venezuela has consistently grown over the past several years. Improved access to quality inputs, reduced shortages in diesel supply, and higher sugar prices are encouraging larger investments in the industry and improving yields. Cane tonnage per hectare cultivated is forecast at 60 MT/ha in MY 2023/24. This is an improvement from the average yield in MY 2021/22, which was 51 MT/ha. Venezuela only produces centrifugal sugar.

Sugar production for MY 2022/23 is estimated to reach 270,000 MT, a 2 percent increase from USDA's official estimate of 265,000 MT. Area planted is forecast at 55,000 hectares. Cane tonnage per hectare cultivated is estimated at 60 MT/ha. The primary constraint to expanding sugar production is the lack of access to credit in Venezuela.

The four private mills currently operating in Venezuela have a potential combined capacity to process 4.5 million MT of sugarcane per year. Portuguesa remains the largest producer in the country. The average industrial yield of sugarcane converted to refined sugar is estimated at 8.28 percent among all private sugar mills in MY 2022/23, a slight decrease from the MY 2021/22 milling rate of 8.31 percent. When including Santa Elena, an active public mill, the yield drops to 8.17 percent.

There are 10 publicly owned sugar mills in Venezuela. According to industry contacts, only one, Santa Elena, is currently operating. Table 2 below shows the operational status of public sugar mills. The Santa Elena plant has an estimated potential to process 270,000 MT of sugarcane and process, with a yield of 7 percent, this into 18,900 MT of sugar.

Table 1: Estimated Production of Venezuelan Private Sugar Mills, MY 2022/23

Private Mills	Sugar Cane (MT)	Yield %	Refined Sugar Produced (MT)	Harvest months
Portuguesa	1,350,000	8.50	114,750	Dec-April
Molipasa	800,000	8.20	65,600	Dec-April
El Palmar	310,000	8.00	24,800	Dec-April
La Pastora	570,000	8.00	45,600	Jan-Aug

Source: Venezuelan industry

Table 2: Current State of Operations of Venezuelan Public Sugar Mills

Batalla Araure (CABA)	Closed this harvest
Sucre Power Plant	Closed this harvest
Venezuela	Closed this harvest
Industrial Santa Elena	<i>Operational this harvest</i>
Central Cariaco	Closed this harvest
Santa Clara	Closed this harvest
CAAEZ (Central Ezequiel Zamora)	Closed this harvest
CAZTA (Central Táchira in Urueña)	Closed this harvest
Puerto Tamayo Central Turbio	Closed this harvest
Central Trujillo	Closed this harvest

Source: Venezuelan industry

Consumption

In MY 2023/24, Post forecasts a 26 percent increase in domestic consumption to 680,000 MT compared to the official USDA estimate of 540,000 MT. This represents 25 kg per capita per year or 2 kg per capita per month. Sugar consumption in Venezuela is currently distributed as 80 percent for human consumption and 20 percent for industrial use. Demand for the use of artificial sweeteners in soft drinks is growing in Venezuela. At least 20 percent of Venezuela's total domestic supply of refined sugar goes to the regime's food subsidy program, commonly known as the Local Committee for Supply and Production (CLAP). The CLAP boxes provide monthly distributions of basic food commodities and typically include at least one kilogram of refined sugar per box to approximately 1.6 million families. The CLAP program is supplemented by refined sugar imported from Brazil in large quantities.

In MY 2022/23, Post estimates domestic sugar consumption at 660,000 MT. Sugar consumption in Venezuela is very stable due to its relatively low cost. An expected rebound in the economy and consumer purchasing power in the second half of 2023 is expected to increase demand for sugar, particularly sugar-based beverages.

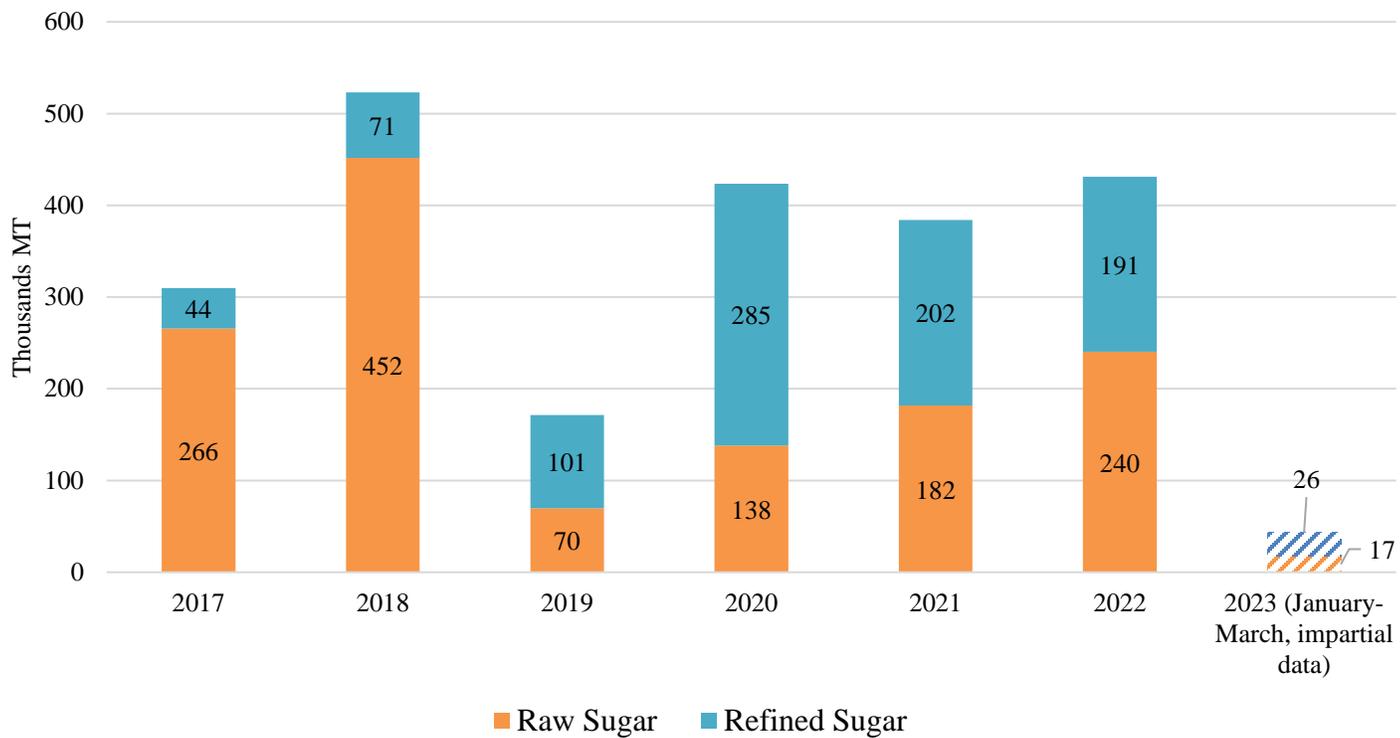
Trade

Raw Sugar

Post forecasts raw sugar imports at 250,000 MT for MY 2023/24, an increase of 4 percent compared to the official USDA estimate in MY 2022/23. The private sector has prioritized increasing imports of raw sugar to reduce its dependence on refined imported sugar. However, major increases in raw sugar exports as a percentage of total imports are constrained by delays in payments to sugarcane producers, growing prices for imported and domestic raw sugar, and a change in Maduro regime policy that is favoring imports of refined sugar. In 2023, millers are paying \$630/MT to producers for raw sugar while imported raw sugar costs \$680/MT.

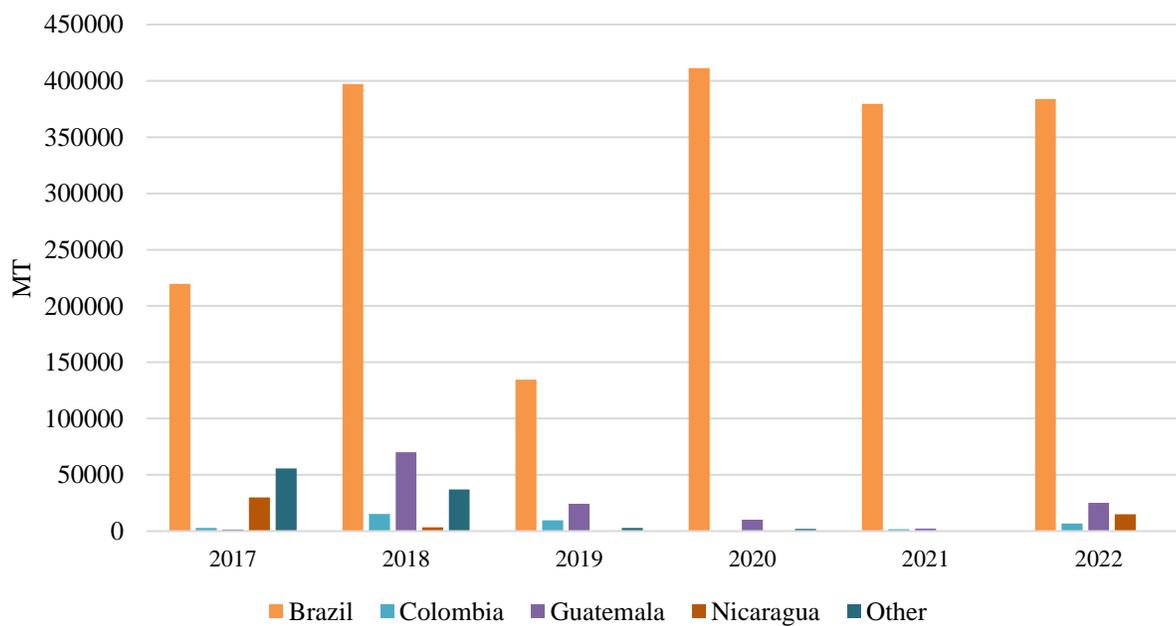
Post estimates raw sugar imports for MY 2022/23 at 215,000 MT. In 2022, imports of raw sugar constituted 56 percent of total imports compared with 47 percent in 2021. The main exporter of raw sugar to Venezuela is Brazil, with 94 percent of the total raw sugar exports to Venezuela in 2022, followed by Nicaragua with 6 percent. The United States is not a major exporter of raw sugar to Venezuela. In the first half of MY 2022/23 (October 2022 to March 2023), Venezuela imported 81,000 MT of raw sugar with 81 percent from Brazil and 19 percent from Nicaragua.

Figure 1: Venezuelan Imports of Raw Sugar versus Refined Sugar, 2017-2022 (thousands MT)



Source: Trade Data Monitor

Figure 2: Total Sugar Exports to Venezuela by Country, 2017-2022 (MT)



Source: Trade Data Monitor

Refined Sugar

Post forecasts an increase in refined sugar imports in MY 2023/24 to 130,000 MT compared to USDA's official estimate of 35,000 MT for MY 2022/23. While the share of imported refined sugar as a total of imports is expected to decrease, high prices for raw sugar and late payments to producers are constraining local industry's ability to compete with refined sugar imports. While refined sugar imports prices have increased, Venezuela has the flexibility to import lower quality refined sugar at more competitive prices.

For MY 2022/23, Post estimates imports of refined sugar at 175,000 MT. Starting in late 2022, the Maduro regime began issuing more import permits to companies that import refined sugar and exempting these imports from VAT and tariffs. According to industry contacts, importing refined sugar was also done to favor regime-aligned companies and to supply local CLAP boxes. In the first half of MY 2022/23 (October 2022 to March 2023), Venezuela imported 109,000 MT of refined sugar with 89 percent from Brazil, 9 percent from Guatemala, and 2 percent from Colombia. The United States is not a major exporter of refined sugar to Venezuela.

Stocks

Venezuelan stock levels tend to fluctuate widely and are omitted from post estimates. According to industry contacts, there is about 125,000 MT of sugar in inventory.

Policy

Raw sugar imports continue to be exempt from tariffs. Since December 2020, refined sugar pays a tariff of 20 percent ad-valorem plus 16 percent VAT and 1 percent custom services. An import license is also required. However, the Maduro regime in 2022 began granting import licenses and exempting, on a case-by-case basis, refined sugar imports from VAT and tariffs. There are no direct or indirect subsidies for the sector or any kind of government aid to the producers or industry.

Table 3: Sugar: Production, Supply, and Demand Estimates

Sugar, Centrifugal Market Year Begins Venezuela	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	230	0	265	270	0	300
Total Sugar Production (1000 MT)	230	0	265	270	0	300
Raw Imports (1000 MT)	220	0	240	215	0	250
Refined Imp.(Raw Val) (1000 MT)	60	0	35	175	0	130
Total Imports (1000 MT)	280	0	275	390	0	380
Total Supply (1000 MT)	510	0	540	660	0	680
Raw Exports (1000 MT)	0	0	0	0	0	0
Refined Exp.(Raw Val) (1000 MT)	0	0	0	0	0	0
Total Exports (1000 MT)	0	0	0	0	0	0
Human Dom. Consumption (1000 MT)	510	0	540	660	0	680
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	510	0	540	660	0	680
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	510	0	540	660	0	680
(1000 MT)						

Attachments:

No Attachments