

Required Report: Required - Public Distribution

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Prepared By: Waqas Farooq

Approved By: Christopher Rittgers

Report Highlights:

Due to a slight increase in cane area and production, sugar production in 2024/25 is forecast to reach 6.8 million tons, 3 percent higher than 2023/24. In line with population growth and demand from the food processing sector, continued moderate growth in sugar consumption is forecast. With expectations for the government to continue emphasizing domestic price and supply controls, exports are forecast to remain insignificant in 2024/25.

SUGARCANE

Production:

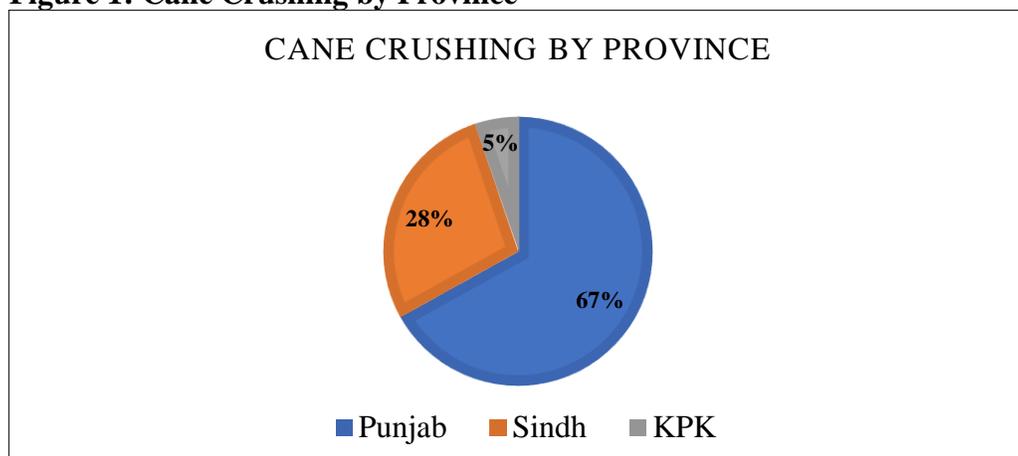
Sugarcane production in 2024/25 is projected to reach 83.5 million metric tons, three percent above the 2023/24 estimate. This growth in production is due to an increase in cane area. During the last two years, the government sharply increased sugarcane support prices, providing a strong incentive for growers to increase sugarcane planting. Punjab and Sindh provinces account for about 93 percent of production. Rahimyar Khan and Faisalabad are the top producing districts in Punjab, while Ghotki and Thatta are the main producing areas of Sindh. At 74 Metric tons/HA, Punjab has the highest average yield.

Sugarcane is primarily grown on large farms as small-holders prefer more diverse cropping patterns compared to sugarcane's monoculture mode of production. In addition, higher returns from other competing crops like rice and cotton hinder any significant change in cane area. Because millers buy sugarcane by bulk weight (not the sugar content), growers lack any incentive to improve the quality of their produce.

Table 1: Sugarcane Production Areas

Zones	Sugarcane Area	Province
Indus Delta	Thatta, Badin	Sindh
Southern irrigated plain	Rahim Yar Khan,	Punjab
	Sukhur, Larkana, Khairpur, Gotki	Sindh
Northern Irrigated Plains	Faisalabad, Jhang, Chiniot, Gujranwala, Sargodha.	Punjab,
	Peshawar and Mardan, Charsada	KPK
Sandy Deserts	Muzaffargarh, Minawali	Punjab
Sulaiman Piedmont	DI Khan, DG Khan	KPK, Punjab

Figure 1: Cane Crushing by Province



Source: Pakistan Sugar Mills Association (PSMA)

Production Policy:

The sharp increase in support prices (See figure 2) during the last two consecutive years demonstrates the government’s commitment to continued expansion in sugarcane area and production. Provincial governments set minimum sugarcane prices, sugar price controls, and exercise factory oversight. In 2023/24, the Punjab government set the minimum support price (MSP) at 400 rupees/40 kg (\$35.8/ton), which is 33 percent higher than 2022/23. The Sindh government announced 425 rupees (\$38/ton). The Sindh rate is traditionally higher because of higher sugar recovery in Sindh’s sugarcane. The 2023/24 crushing season was very smooth, without the traditional delays in purchases from millers.

Table 2: Sugar Cane Production, Supply and Distribution (1000 HA), (1000 MT)

Sugarcane	2022/2023		2023/2024		2024/2025	
	Market Year Begins		Market Year Begins		Market Year Begins	
	Oct 2022	Oct 2023	Oct 2023	Oct 2024	Oct 2024	Oct 2025
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1,280	1,300	1,250	1,175	0	1,210
Area Harvested	1,230	1,300	1,250	1,175	0	1,210
Production	81,000	87,900	83,500	81,500	0	83,500
Total Supply	81,000	87,900	83,500	81,500	0	83,500
Utilization for Sugar	81,000	87,900	83,500	81,500	0	83,500
Utilization for Alcohol	0	0	0	0	0	0
Total Utilization	81,000	87,900	83,500	81,500	0	83,500

Figure 2: Sugarcane Support Price

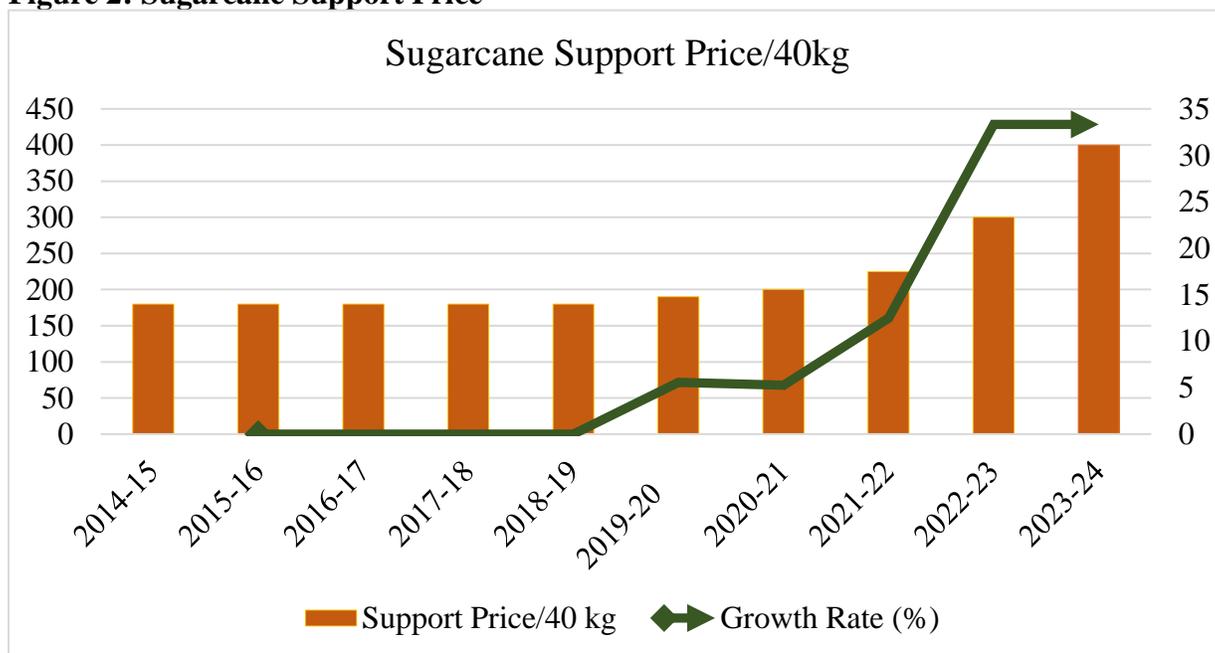


Table 3: Sugarcane Minimum Support Price (MSP) by Province (Rs/40kg)

Year	Punjab	Sindh	KPK
2013-14	170	172	170
2014-15	180	182	180
2015-16	180	172	180
2016-17	180	182	180
2017-18	180	182	180
2018-19	180	182	180
2019-20	190	192	190
2020-21	200	202	200
2021-22	225	227	225
2022-23	300	302	300
2023-24	400	425	

Source: Provincial Agriculture Departments and PSMA

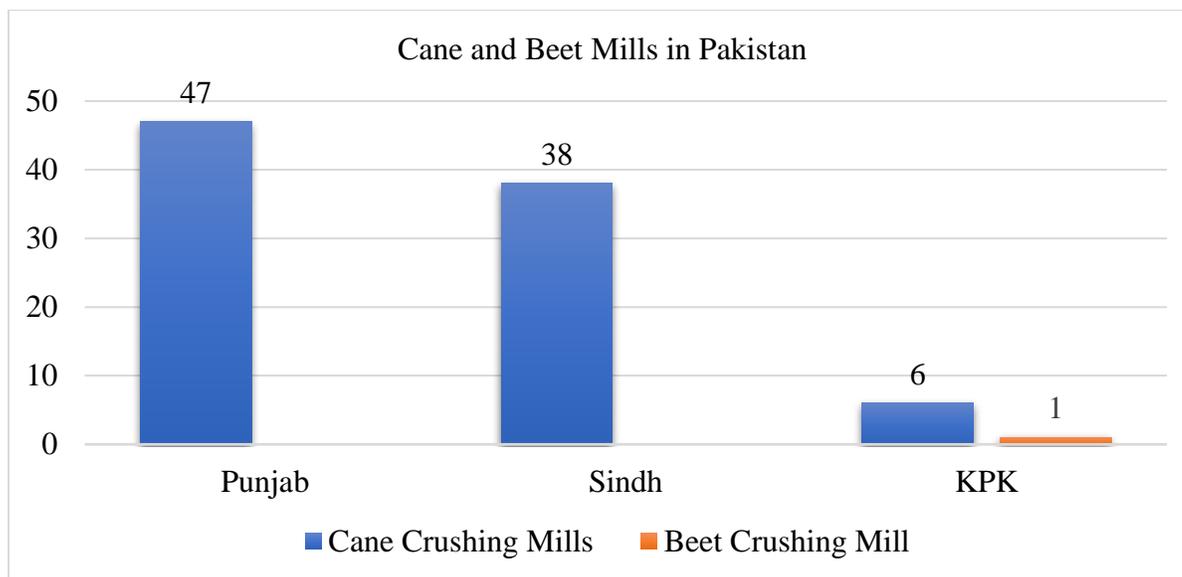
SUGAR, CENTRIFUGAL

Production:

Due to expectations for the minor increases in cane area and production, sugar production is forecast to grow to 6.8 million tons during 2024/25, three percent above the 2023/24 estimate. To keep pace with production costs, the government is expected to again increase the MSP in 2024/25, underpinning the forecast for output expansion.

The 2023/24 output estimate is increased to reflect better sucrose recovery from sugarcane. In addition, the timely onset of crushing season resulted in more cane going to mills rather than diverted for making jaggery. In recent seasons, the longer the mills delayed in deciding when to begin procuring cane and at what price, the more farmers sold cane into local markets to make unrefined products.

Figure 3: Sugar Mills in Pakistan



Source: Pakistan Sugar Mills Association (PSMA)

Consumption:

Sugar consumption is forecast to increase slightly to 6.6 million tons in 2024/25. Sugar consumption is continuously growing due to population growth and demand from the food processing sector. At-home use dominates consumption but use in the bakery and confectionary manufacturing is also growing. Beverage manufacturing accounts for about 7 percent of total domestic production. Considered as an essential staple, low incoming consumers receive targeted subsidies on sugar purchases, valued at about \$5.7 million annually. The subsidized sugar is sold at about \$.39/kg, whereas unsubsidized market prices are about \$0.54/kg.

Trade:

Despite expectations for sufficient supplies and stocks, 2024/25 exports are forecast to remain minimal. To ensure domestic price stability, the government will likely continue to limit exports.

The reduction in the 2023/24 export estimate is based on exports to date, and the government’s curbs on exports. As of early April, the government had yet to approve any exports for 2023/24. Prior to the 2023/24 harvest, the local market was rife with rumors about an impending domestic sugar shortage leading to higher prices. This led the government to provisionally approve up to 1 million tons of sugar imports. However, as the domestic production hit the market, these supply concerns were eased, and prices stabilized. Since early in the 2023/24 season, prices have been stable, indicating sufficient domestic supplies.

With expectations for sufficient sugar supplies in the domestic market, no imports are forecast for 2024/25.

Stocks:

Given the forecast for a production in 2024/25, stocks are forecast to reach 3.65 million tons, slightly higher than 2023/24 estimates.

Policy

Starting April,1 2024, the Federal Board of Revenue (FBR) introduced a new system to improve tax collection at the retail level. All traders, wholesalers, and retailers must be registered, and FBR will assess tax based on shops’ rental value. This new tax policy may result in higher retail prices for confectionary products, potentially curbing future demand.

Figure 4: Sugar Price (Rs/kg)

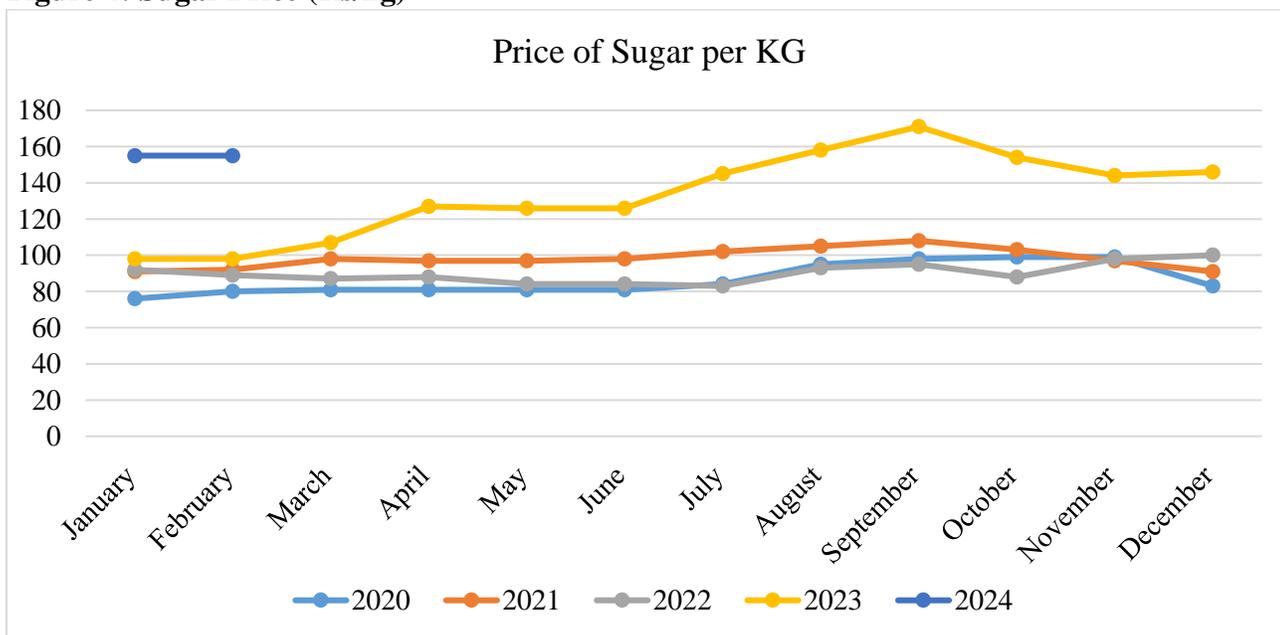


Table 4: Sugar Production, Supply and Distribution (1000 MT)

	2022/2023		2023/2024		2024/2025	
Market Year Begins	Oct 2022		Oct 2023		Oct 2024	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	3,812	3,812	3,472	3,472	0	3,542
Beet Sugar Production	60	60	60	60	0	60
Cane Sugar Production	6,800	6,800	6,200	6,600	0	6,800
Total Sugar Production	6,860	6,860	6,260	6,660	0	6,860
Raw Imports	0	0	0	0	0	0
Refined Imp. (Raw Val)	0	0	500	10	0	0
Total Imports	0	0	500	10	0	0
Total Supply	10,672	10,672	10,232	10,142	0	10,402
Raw Exports	0	0	0	0	0	0
Refined Exp. (Raw Val)	1,000	1,000	250	200	0	150
Total Exports	1,000	1,000	250	200	0	150
Human Dom. Consumption	6,200	6,200	6,400	6,400	0	6,600
Other Disappearance	0	0	0	0	0	0
Total Use	6,200	6,200	6,400	6,400	0	6,600
Ending Stocks	3,472	3,472	3,582	3,542	0	3,652
Total Distribution	10,672	10,672	10,232	10,142	0	10,402

Table 5: Retail Sugar Prices (Rs./Kg)

Months	2020	2021	2022	2023	2024
January	76	91	92	98	155
February	80	92	89	98	155
March	81	98	87	107	
April	81	97	88	127	
May	81	97	84	126	
June	81	98	84	126	
July	84	102	83	145	
August	95	105	93	158	
September	98	108	95	171	
October	99	103	88	154	
November	99	97	98	144	
December	83	91	100	146	
Average	87	98	90	133	155
Dollar	\$=Rs.160	\$=Rs.176	\$= Rs 226	\$= Rs 283	\$=279

Source: Pakistan Bureau of statistics and Agriculture Market Information System (AMIS)

Attachments:

No Attachments