

Required Report: Required - Public Distribution

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Report Name: Sugar Annual

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Post: Lima

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Prepared By: Gaspar Nolte

Approved By: Zeke Bryant

Report Highlights:

Sugar cane production in MY 2024 (January-December 2023) is forecast at 9.9 MMT, increasing nearly three percent from the MY 2023 estimate. Cane sugar production in MY 2024 (May 2023-April 2024) is forecast to reach 1.3 MMT, increasing two percent compared to the previous year; while exports are forecast at 100,000 MT.

Table 1. Sugar Cane for Centrifugal

Sugar Cane for Centrifugal Market Year Begins Peru	2021/2022		2022/2023		2023/2024	
	Jan 2021		Jan 2022		Jan 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	100	100	105	105	0	110
Area Harvested (1000 HA)	87	87	90	90	0	95
Production (1000 MT)	10500	9831	11000	9584	0	9900
Total Supply (1000 MT)	10500	9831	11000	9584	0	9900
Utilization for Sugar (1000 MT)	9300	8723	9500	8584	0	8800
Utilizatn for Alcohol (1000 MT)	1200	1108	1500	1000	0	1100
Total Utilization (1000 MT)	10500	9831	11000	9584	0	9900

(1000 HA) ,(1000 MT)

Table 2. Centrifugal Cane Sugar

Sugar, Centrifugal Market Year Begins Peru	2021/2022		2022/2023		2023/2024	
	May 2021		May 2022		May 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	23	23	12	12	0	18
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	1260	1260	1320	1280	0	1300
Total Sugar Production (1000 MT)	1260	1260	1320	1280	0	1300
Raw Imports (1000 MT)	50	50	60	60	0	50
Refined Imp.(Raw Val) (1000 MT)	180	180	200	200	0	180
Total Imports (1000 MT)	230	230	260	260	0	230
Total Supply (1000 MT)	1513	1513	1592	1552	0	1548
Raw Exports (1000 MT)	16	16	20	20	0	20
Refined Exp.(Raw Val) (1000 MT)	85	85	80	80	0	80
Total Exports (1000 MT)	101	101	100	100	0	100
Human Dom. Consumption (1000 MT)	1400	1400	1474	1434	0	1440
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	1400	1400	1474	1434	0	1440
Ending Stocks (1000 MT)	12	12	18	18	0	8
Total Distribution (1000 MT)	1513	1513	1592	1552	0	1548

(1000 MT)

Summary

Cane sugar production in MY 2024 (May 2023-April 2024) is forecast to reach 1.3 MMT, increasing two percent compared to the previous year; while consumption is forecast at 1.4 MMT in MY 2024, a slight increase over the previous year. The United States was the lead export market for Peruvian sugar in CY 2022, accounting for 43 percent of total exports.

Production:

Sugar cane production in MY 2024 (January-December 2023) is forecast at 9.9 MMT, increasing nearly three percent from the MY 2023 estimate. Cane sugar production in MY 2024 (May 2023-April 2024) is forecast to reach 1.3 MMT, increasing two percent compared to the previous year.

Sugar production in Peru is concentrated primarily in its northern coastal valleys. The region of La Libertad produces 50 percent of Peru's sugar, followed by Lambayeque with 23 percent and Lima with 15 percent of production, respectively. Peru's milling capacity is 37,000 MT of cane per day. Due to favorable weather conditions, Peru can produce and mill sugar cane year-round. Consequently, mills do not have to be very large. Yields and cane age vary greatly from one producer to the next. Yields range from 65 to 200 MT of cane per hectare and age varies from 13 to 18 months between cuts. Average yield in MY 2024 is estimated at 104 MT per hectare. Total harvested area in MY 2024 is forecast at 95,000 hectares.

Peruvian sugar production is divided into 75 percent raw and 25 percent refined. The local industry continues to renew plantations, increase harvested area, and upgrade mills to improve efficiency. For these reasons, FAS Lima believes Peru's sugar production will continue increasing in the coming years. This could lead to the country eventually being a net exporter.

Production costs vary considerably in Peru, with fuel being one of the most important factors. Fuel utilization ranges from five to 90 gallons per metric ton of sugar produced. Peru's northern coast has excellent conditions for growing sugar cane due to high temperatures and a lack of rain. Peru's sugar cane is entirely surface irrigated, allowing producers to cut the supply of water at any time to obtain higher sucrose yields.

The Government of Peru still owns shares in two sugar mills, Pomalca and Tuman. These mills have not found investment partners to finance improvements in efficiency. In an effort to encourage investment in these companies, the government is auctioning its shares to interested private sector companies. In recent years, problems in these two companies have generated social unrest and accusations of corruption.

Consumption:

Cane sugar consumption is forecast at 1.4 MMT in MY 2024, a slight increase over the previous year. About 70 percent of cane sugar consumption in Peru is for direct human consumption. The remaining 30 percent is destined for industrial use. As the Peruvian economy improves, sugar demand will increase, particularly for sugar-based beverages and confectionary products. Average wholesale prices in CY 2022 were \$1.11 per kilogram for refined sugar and \$0.95 per kilogram for brown sugar, increasing 7 and 3 percent, respectively.

Trade:

Peruvian sugar exports for MY 2024 are forecast at 100,000 MT. The United States was the lead export market for Peruvian sugar in CY 2022, accounting for 43 percent of total exports. Colombia was the second largest market with 35 percent of total sugar exports. Peruvian sugar exports to the United States benefit from the U.S. sugar tariff-rate quota and a significant price premium, which is an important incentive for exporters. The average export price paid by the United States in CY 2022 was \$702/MT compared to \$665/MT paid by Colombia. The Ministry of Agriculture, in coordination with the Peruvian sugar industry, is responsible for distributing the United States' tariff rate quota.

Sugar imports for MY 2024 are forecast at 230,000 MT. In CY 2022, the top sugar suppliers to Peru included Guatemala, Bolivia, and Colombia, accounting for 30, 21, and 17 percent of total sugar imports, respectively. The average price for imported sugar in Peru in CY 2022 was \$530/MT, an increase of 23 percent compared to the previous year.

Policy:

Sugar is included in the Peruvian Price Band System (PPBS), with a current floor price of \$518, and the ceiling price recently lowered to \$644. Under the PPBS, if the international price falls under the floor price the imported good is assessed an import surcharge. If the international price is above the ceiling price, then there is a reduction in the import duty. If the international price falls within the "band" then the imported good is only assessed the normal import duty. Under the United States - Peru Trade Promotion Agreement, glucose and fructose are imported duty free.

Attachments:

No Attachments