

Required Report: Required - Public Distribution

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Report Name: Sugar Annual

Country: Peru

Post: Lima

Report Category: Sugar

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Report Highlights:

Sugar cane production in marketing year (MY) 2025 is forecast at 10.2 million metric tons (MMT). Cane sugar production in MY 2025 is forecast to reach 1.3 MMT, increasing 14 percent compared to the previous year. This recovery is due to better weather conditions. Peru was severely affected by El Nino in MY 2024, which resulted in heavy rains in the northern regions. Peruvian sugar exports for MY 2025 are forecast at 120,000 metric tons (MT) while imports are forecast at 280,000 MT.

Table 1: Sugar Cane Production Supply and Distribution

Sugar Cane for Centrifugal Market Year Begins	2022/2023		2023/2024		2024/2025	
	Jan 2022		Jan 2023		Jan 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Peru						
Area Planted (1000 HA)	105	105	110	108	0	109
Area Harvested (1000 HA)	90	90	95	95	0	100
Production (1000 MT)	9584	9584	9900	10088	0	10200
Total Supply (1000 MT)	9584	9584	9900	10088	0	10200
Utilization for Sugar (1000 MT)	8584	8584	8800	8988	0	9100
Utilization for Alcohol (1000 MT)	1000	1000	1100	1100	0	1100
Total Utilization (1000 MT)	9584	9584	9900	10088	0	10200
(1000 HA) ,(1000 MT)						

Table 2: Centrifugal Sugar Production Supply and Distribution

Sugar, Centrifugal Market Year Begins	2022/2023		2023/2024		2024/2025	
	May 2022		May 2023		May 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Peru						
Beginning Stocks (1000 MT)	12	12	18	12	0	8
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	1320	1230	1300	1140	0	1300
Total Sugar Production (1000 MT)	1320	1230	1300	1140	0	1300
Raw Imports (1000 MT)	60	166	50	175	0	100
Refined Imp.(Raw Val) (1000 MT)	200	200	180	250	0	180
Total Imports (1000 MT)	260	366	230	425	0	280
Total Supply (1000 MT)	1592	1608	1548	1577	0	1588
Raw Exports (1000 MT)	20	16	20	14	0	20
Refined Exp.(Raw Val) (1000 MT)	80	146	80	120	0	100
Total Exports (1000 MT)	100	162	100	134	0	120
Human Dom. Consumption (1000 MT)	1474	1434	1440	1435	0	1450
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	1474	1434	1440	1435	0	1450
Ending Stocks (1000 MT)	18	12	8	8	0	18
Total Distribution (1000 MT)	1592	1608	1548	1577	0	1588
(1000 MT)						

Production:

Sugar cane production in MY 2025 (January-December 2024) is forecast at 10.2 million metric tons (MMT), increasing nearly one percent from the MY 2024 estimate. Cane sugar production in MY 2025 (May 2024-April 2025) is forecast to reach 1.3 MMT, increasing 14 percent compared to the previous year. This significant increase will be driven by better weather conditions, particularly less rains that would allow a higher concentration of sugar in the plant. Peru was hit hard by El Niño in MY 2024, which caused heavy rains, particularly in the northern regions of the country.

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 metric tons (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 2025 is estimated at 94 MT per hectare. Total harvested area in MY 2025 is forecast at 100,000 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.

Figure 1: Seaside Sugar Cane Field in La Libertad Region.



Source: Gaspar Nolte, FAS Lima

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.

Consumption:

Cane sugar consumption is forecast at 1.45 MMT in MY 2025, 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. Peru's economy is forecast to grow 2.5 percent in calendar year (CY) 2024, following a slight 0.5 percent contraction in CY 2023. Average wholesale prices in CY 2023 were \$1.04/kilogram (kg) for refined sugar and \$1.01/kg for brown sugar.

Trade:

Peruvian sugar exports for MY 2025 are forecast at 120,000 MT. Ecuador was the lead market for Peruvian sugar in CY 2023, accounting for 55 percent of total sugar exports. The United States was the second export market for Peruvian sugar in CY 2023, accounting for 33 percent of total 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 2023 was \$854/MT compared to an average export price of \$674/MT. 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 2025 are forecast at 280,000 MT. In CY 2023, the top sugar suppliers to Peru included Colombia, Guatemala, and Brazil, accounting for 23, 20, and 15 percent of total sugar imports, respectively. The average price for imported sugar in Peru in CY 2023 was \$791/MT, an increase of 15 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