Required Report: Required - Public Distribution

Date: April 19, 2023

Report Number: RP2023-0035

Report Name: Sugar Annual

Country: Philippines

Post: Manila

Report Category: Sugar

Prepared By: Florence Mojica-Sevilla

Approved By: Mark Hanzel

Report Highlights:

FAS Manila forecasts marketing year (MY) 2024 raw sugar production at 1.9 million metric tons (MT). Higher prices encouraged more farmers to plant sugarcane and better fertilization is expected to result in higher production. Post expects limited exports to resume in 2024 given high production and high carryover stocks. Post sees no raw sugar importation as the Philippines government seeks to protect local producers, but forecasts refined sugar imports of 250,000 MT to stabilize consumer prices and provide two months of buffer stocks. Sugar consumption in MY 2024 is expected to rebound by 200,000 MT from the previous year with prices lowering and with ample sugar available in the market.

Production:

Centrifugal Sugar (Raw Sugar). For MY 2024 (September 2023 to August 2024), Post forecasts sugar production to go up. With the high prices in MY 2023, farmers planted more sugarcane and provided better fertilization by leveraging profits from the previous MY. Moreover, the Sugarcane Roadmap through the Sugarcane Industry Development Act (SIDA) seeks improvement in farm productivity via high yielding varieties, continuous genetic improvement, and technology adoption for better farm management practices.

Post adjusted MY 2023 raw sugar production to 1.83 million MT, 20,000 MT lower than previous projection. This aligns with the Sugar Regulatory Administration's (SRA) adjustment at 1.831 million MT from the forecast of 1.876 million MT as noted in Sugar Order No. 1 (SO1) released on September 13, 2022. The effects of weather disturbances and low fertilization drastically affected sugarcane production. Raw sugar recovery was lower during the early milling in September, which caused the processing of immature cane. The milling schedule started early in August 2022 to take advantage of high prices.

Table 1: Production, Supply, and Distribution Data in (1000 MT)

Sugar, Centrifugal	2022		2023		2024	
Market Year Begins	Sep 2021		Sep 2022		Sep 2023	
Philippines	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	1,196	1,196	931	931		1,461
Beet Sugar Production (1000 MT)	0	0	0	0		0
Cane Sugar Production (1000 MT)		1,800	1,850	1,830		1,900
Total Sugar Production (1000 MT)	1,800	1,800	1,850	1,830		1,900
Raw Imports (1000 MT)	0	0	75	0		0
Refined Imp. (Raw Val) (1000 MT)	235	235	275	700		257
Total Imports (1000 MT)	235	235	350	700		257
Total Supply (1000 MT)	3,231	3,231	3,131	3,461		3,618
Raw Exports (1000 MT)	0	0	0	0		60
Refined Exp. (Raw Val) (1000 MT)	0	0	0	0		0
Total Exports (1000 MT)	0	0	0	0		60
Human Dom. Consumption (1000 MT)	2,300	2,300	2,200	2,000		2,200
Other Disappearance (1000 MT)	0	0	0	0		0
Total Use (1000 MT)	2,300	2,300	2,200	2,000		2,200
Ending Stocks (1000 MT)	931	931	931	1,461		1,358
Total Distribution (1000 MT)	3,231	3,231	3,131	3,461		3,618
(1000 MT)						

Post estimates MY 2024 sugarcane area up slightly. The prevailing high prices encouraged farmers to plant sugarcane instead of shifting to other crops like, corn, cassava, and bananas. Sugarcane planting starts in October and ends in May. Post revised sugarcane area planted in MY 2023 to 388,00 ha based on the updated data released by the SRA.

Table 2: Production, Supply, and Distribution Data in (1000 HA), (1000 MT)

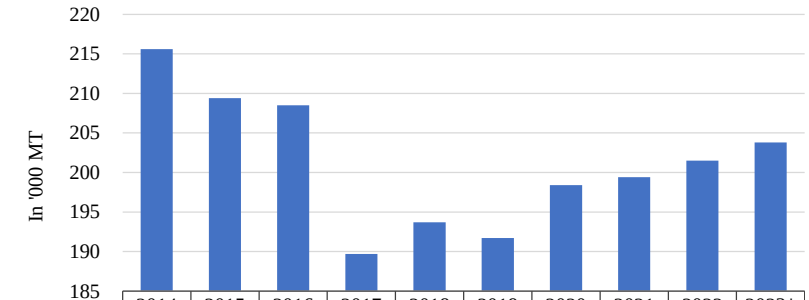
Sugar Cane for Centrifugal	2022		2023		2024	
Market Year Begins	Sep 2021		Sep 2022		Sep 2023	
Philippines	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	397	397	397	388	0	390
Area Harvested (1000 HA)	397	397	397	388	0	390
Production (1000 MT)	21,000	21,000	21,000	21,100	0	21,800
Total Supply (1000 MT)	21,000	21,000	21,000	21,100	0	21,800
Utilization for Sugar (1000 MT)	21,000	21,000	21,000	20,345	0	21,000
Utilization for Alcohol (1000 MT)	0	0	0	755	0	800
Total Utilization (1000 MT)	21,000	21,000	21,000	21,100	0	21,800
(1000 HA), (1000 MT)						

Table 3: U.S. Dollar to Philippine Peso Exchange Rate				
	2020	2021	2022	2023*
US$ - PHP	50.61	48.57	52.14	56.31

Note: *average of September 2022 to March 2023 only
Source: Bangko Sentral ng Pilipinas (Central Bank of the Philippines)

Non-centrifugal Sugar (Muscovado). Production is slowly recovering since MY 2020. Muscovado serves as an important ingredient in local delicacies, jams, beverages, and in making chocolates. Muscovado powder has a minimum polarization of 77-86 °Z as stated in the PNS/BAFS 144:2015. High prices encouraged more production in the past years.

Figure 1: Muscovado Production MY 2014 to 2023



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Production	216	209	209	190	194	192	198	199	202	204

Note: *Post forecast
Source: Philippine Statistics Authority (PSA)

Prices. For MY 2023, sugar mill site prices are up by as much as 111 percent in September compared to the same period last year. Prices have been close to double or slightly above double MY 2022 prices since October. Mill site prices normally increase toward the end of the milling season (from June to August) as sugarcane supply becomes low. Projected income is computed in terms of mill site prices using sugar yield or the LKG/TC (50-kilogram bag per ton cane) and the prevailing sharing scheme implemented in the mills (i.e., 70:30 or 70 percent to farmer and 30 percent of sugar output to the miller). High prices benefited both the miller and planters, however, the planters suffered from high cost of fertilizer and other costs such as labor, power, and fuel.

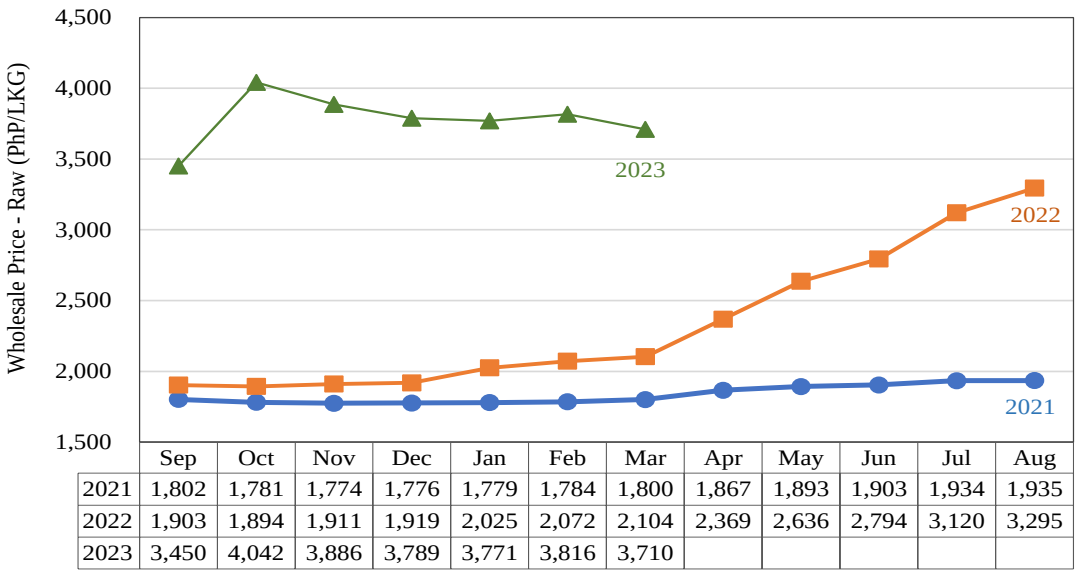
Table 4: Mill Site Prices in Pesos per 50-Kilogram Bags							
	2021			2022		2023	
Month	"A" US Quota	"B" Domestic	Composite Price	"B" Domestic	Composite Price	"B" Domestic	Composite Price
Sep	1,114	1,521	1,493	1,597	1,597	3,364	3,364
Oct	1,193	1,470	1,450	1,709	1,709	3,312	3,312
Nov	1,267	1,525	1,507	1,681	1,681	3,270	3,270
Dec	1,284	1,509	1,493	1,735	1,735	3,058	3,058
Jan	1,270	1,507	1,490	1,889	1,889	3,218	3,218
Feb	1,257	1,522	1,503	1,796	1,796	3,092	3,092
Mar	1,290	1,608	1,586	2,023	2,023	3,101	3,101
Apr	-	1,659	1,659	2,184	2,184	3,182	3,182
May	-	1,654	1,654	2,273	2,273	-	-
Jun	-	1,604	1,604	2,349	2,349	-	-
Jul	-	1,613	1,613	2,370	2,370	-	-
Aug	-	1,641	1,641	2,875	2,875	-	-
Ave.	**1,239**	**1,566**	**1,554**	**2,044**	**2,044**	**3,200**	**3,200**

Note: No "A" sugar in MY 2022 and 2023
Source: SRA Mill Site Prices

Wholesale Prices. Prices went down slightly in February 2023 due to more supply. Sugar importation was approved to stabilize prices. The first attempt was the release of SO2 allowing 150,000 MT of refined to come in by November 2022. Despite such imports, prices remained elevated prompting the government to approve Minimum Access Volume (MAV) imports of 64,050 MT, as well as Sugar Order 6 (SO6) covering 440,000 MT tons of refined sugar. Early in MY2023, imported sugar was still available from the 200,000 MT authorized by SO3, which arrived in August 2022. In total, from August 2022, the country allowed the importation of 854,050 MT of refined sugar to stabilize prices. Prices remain high at the beginning of MY 2023, up 81 percent and 97 percent for raw and refined sugar, respectively. To date, April 2023, sugar prices remain high, and importation remains a controversy. The current SRA Administration resigned effective April 15, 2023. The previous Administrator also resigned due to the sugar import controversy. See 2022 Sugar Semi-Annual.

The price of raw sugar is determined on a weekly basis via a bidding process initiated by planters' associations (note: sugarcane farmers are known locally as planters) with offices located inside the mill compound. The result of the bidding in Negros Occidental (the major producing province), normally done on a Thursday, becomes the reference price made available to other planters' associations nationwide. It is then within the decision of the sugar traders to use the same price or increase/decrease the price to buyers, but normally it will not differ more than P10-50 ($0.20 to $1.03) per 50-kilogram (LKG) bag.

Figure 2: Wholesale Prices of Raw Sugar
Metro Manila



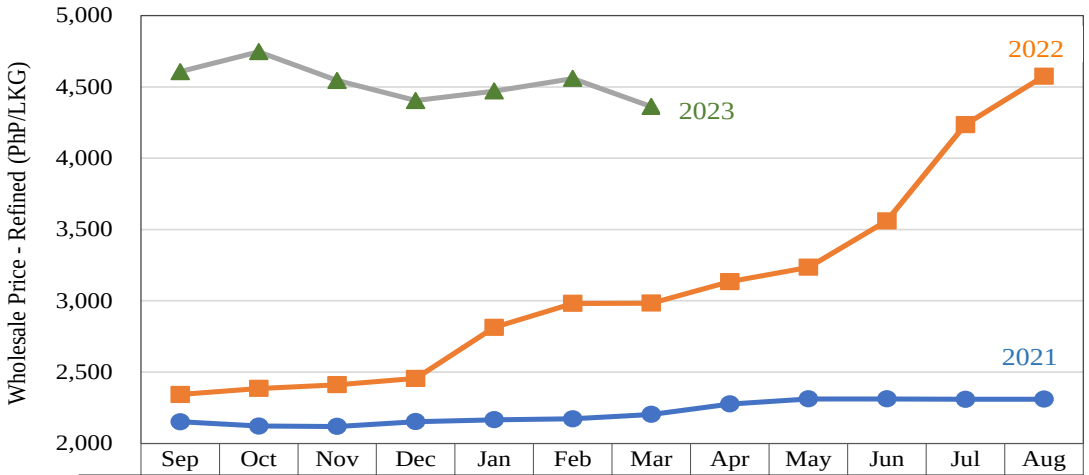
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
2021	1,802	1,781	1,774	1,776	1,779	1,784	1,800	1,867	1,893	1,903	1,934	1,935
2022	1,903	1,894	1,911	1,919	2,025	2,072	2,104	2,369	2,636	2,794	3,120	3,295
2023	3,450	4,042	3,886	3,789	3,771	3,816	3,710					

MY 2023 in $/LKG

Sep	69
Oct	80
Nov	77
Dec	75
Jan	74
Feb	74
Mar	71
Apr	
May	
Jun	
Jul	
Aug	

Source: SRA Metro Manila Price Monitoring Report

Figure 3: Wholesale Prices of Refined Sugar
Metro Manila



	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
2021	2,151	2,122	2,119	2,152	2,166	2,173	2,203	2,276	2,312	2,312	2,309	2,310
2022	2,343	2,385	2,411	2,456	2,813	2,981	2,983	3,135	3,235	3,561	4,236	4,575
2023	4,607	4,747	4,545	4,404	4,471	4,560	4,362					

MY 2023 In $/LKG

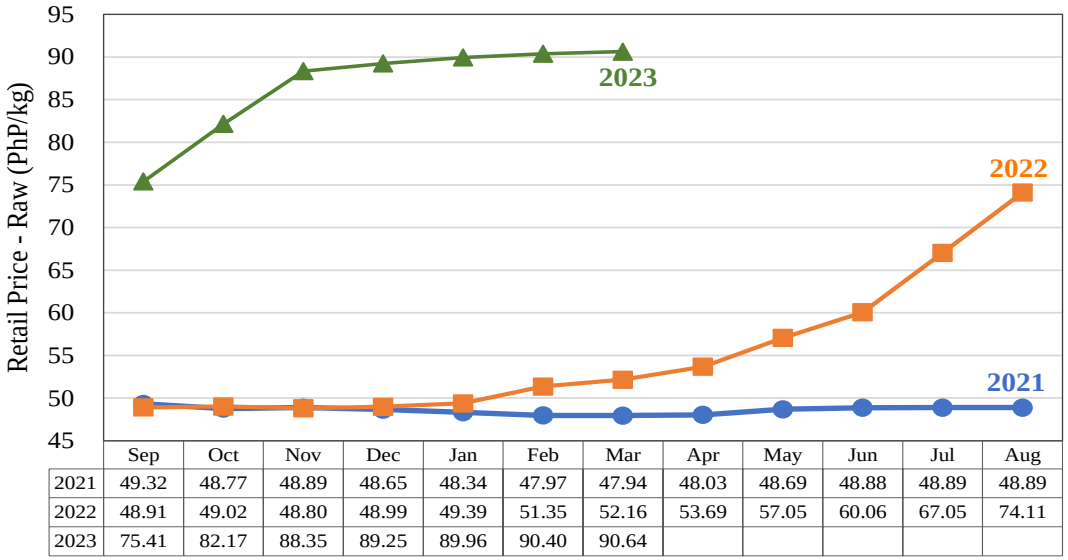
Sep	92
Oct	94
Nov	90
Dec	88
Jan	87
Feb	89
Mar	84
Apr	
May	
Jun	
Jul	
Aug	

Source: SRA Metro Manila Price Monitoring Report

Retail Prices. High wholesale prices translate to elevated retail prices. There were reports of food processors and consumer groups requesting the SRA and the Department of Trade and Industry (DTI) to set a suggested retail price (SRP), but no SRP has been set to date. In contrast, in MY 2022 (August), the Philippine government requested big retailers to sell sugar at a lower price and set the SRP at PhP70/kg ($1.26/kg), a request with which big supermarkets have complied.

Consumers wait to see prices decline, but prices continue to range from PhP90 ($1.73) to PhP110 ($2.11) per kilo, despite importation. Hence, prices have not gone down to previous levels, not even closer to 2021 prices. Per Post computation, imported refined sugar from ASEAN can be sold between PhP60 to PhP65/kilo. See GAIN Sugar Report for price computation.

Figure 4: Raw Sugar Retail Prices Metro Manila

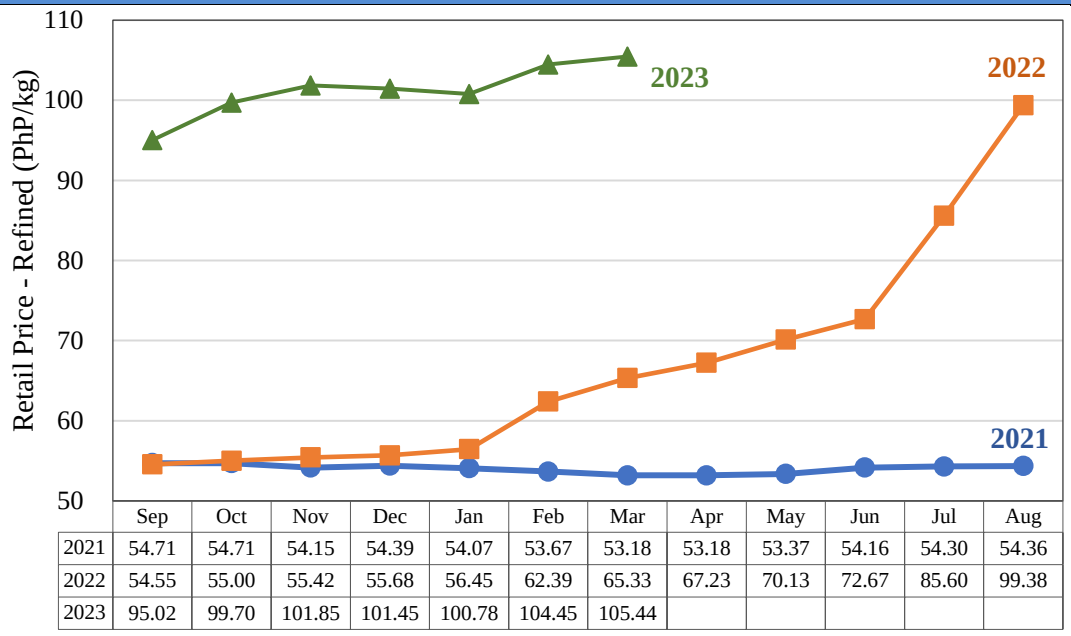


	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
2021	49.32	48.77	48.89	48.65	48.34	47.97	47.94	48.03	48.69	48.88	48.89	48.89
2022	48.91	49.02	48.80	48.99	49.39	51.35	52.16	53.69	57.05	60.06	67.05	74.11
2023	75.41	82.17	88.35	89.25	89.96	90.40	90.64					

MY 2023 in $/kg	
Sep	1.31
Oct	1.40
Nov	1.53
Dec	1.60
Jan	1.64
Feb	1.65
Mar	1.67
Apr	
May	
Jun	
Jul	
Aug	

Note: Average price of brown and washed sugar
Source: SRA Metro Manila Price Monitoring Report

Figure 5: Refined Sugar Retail Prices Metro Manila



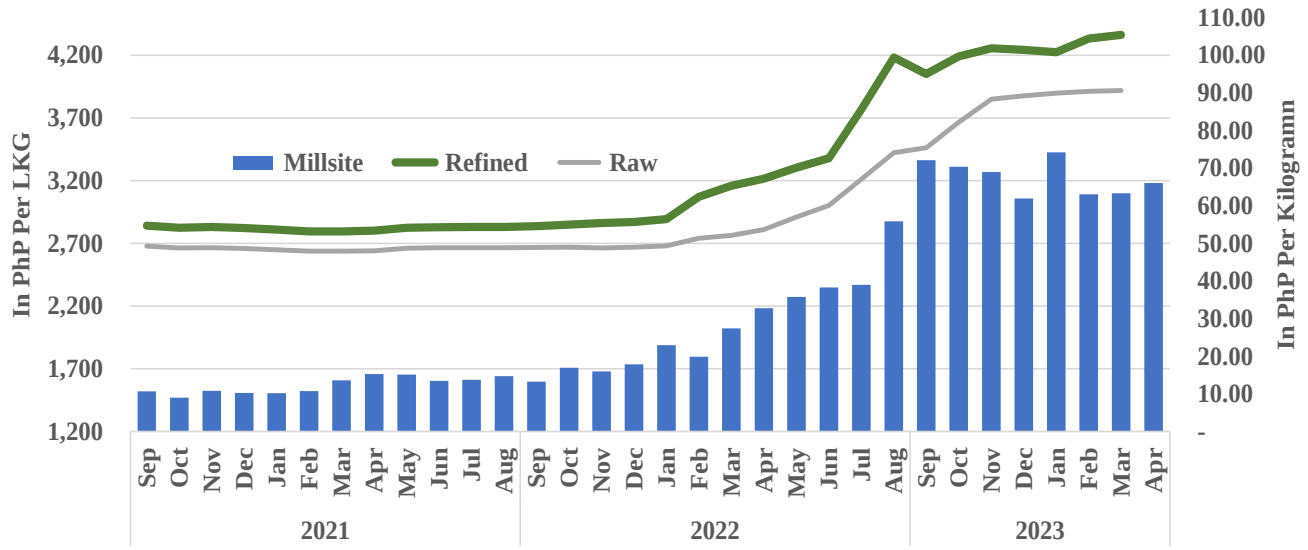
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
2021	54.71	54.71	54.15	54.39	54.07	53.67	53.18	53.18	53.37	54.16	54.30	54.36
2022	54.55	55.00	55.42	55.68	56.45	62.39	65.33	67.23	70.13	72.67	85.60	99.38
2023	95.02	99.70	101.85	101.45	100.78	104.45	105.44					

MY 2023 in $/kg	
Sep	1.65
Oct	1.69
Nov	1.77
Dec	1.82
Jan	1.83
Feb	1.91
Mar	1.94
Apr	
May	
Jun	
Jul	
Aug	

Source: SRA Metro Manila Price Monitoring Report

The high demand for raw sugar at the beginning of MY 2023 resulted in soaring prices at the mill, which translated to high wholesale and retail prices. SO2 only allowed refined importation, and no allocation for raw, which was already on low supply towards the end of MY 2022, hence prices spiked during the period.

Figure 6: Behavior of Mill Site, and Retail Prices of Raw and Refined Sugar



Source: SRA Mill Site Prices and Metro Manila Price Monitoring Report

The country failed to support the need for raw sugar for refineries to operate. Mill Site prices skyrocketed and have not significantly declined since then. Wholesale and retail prices of refined sugar drastically increased despite the country having ample refined sugar stocks within the comfortable level of 85,000 MT monthly buffer set by the SRA. When refined sugar prices skyrocketed to PhP100/kg ($1.79/kg), the Philippine government blamed it on a supply shortage, while buffer stocks were more than the required 85,000 MT. The government tried to resolve the price issue through importation, and more importation was approved to raise to a two-month buffer of 240,000 MT. The objective was to pull down prices that adversely impact consumers. Importation had somehow lowered down mill site prices, but the reduction did not translate to retail prices of raw and refined sugar, which remain elevated. Consumers continue to wait for lower prices, which have doubled from just over a year ago. To date, SO6 has failed to address the high retail prices that affected the consumers and food manufacturers. Food prices have fueled the 14-year-high inflation rate since the beginning of MY 2023. In February 2023, sugar, confectionery, and desserts represented the highest year-on-year increase at 37 percent, which accounted for the highest share of food inflation. (Source: PSA Summary Inflation Report, February 2023)

***Muscovado Prices*.** Foreign markets like Europe and Japan are willing to pay a higher price for muscovado. The export price has at times been up to four times higher for high quality muscovado than the prevailing market price of about PhP 80/kg ($1.43/kg) in the domestic market, although local prices

Table 5: Muscovado Prices, PhP/Kilo

Year	PhP/Kg
2015	83.37
2016	86.21
2017	79.61
2018	82.70
2019	85.07
2020	82.99
2021	87.75
2022	90.00
2023*	92.00

*Post forecast
Source: SRA

have risen recently. The favorable retail price in the domestic and export market pulls up farmgate prices to the benefit of producers. Muscovado offers a better price than raw and refined sugar with relatively low capital to operate. Muscovado prices remain stable even with the high prices of raw and refined sugar, as it is servicing a different market.

Consumption:

Centrifugal Sugar (Raw Sugar). Post forecasts sugar demand to remain low and flat for MY 2024 at 2.2 million MT. The high prices of sugar and sugar-using products will continue to discourage increase in consumption. The high inflation rate affected consumers and focused their spending on basic commodities. Domestic demand is divided into three main segments: household (32 percent), institutional (18 percent) and industrial (50 percent). Among industrial users, the beverage industry, preserved fruits, and confectionery are the most important users. Based on previous studies (1993, 2001, 2008) by the University of Asia and the Pacific-Center for Food and Agri Business (UA&P-CFA), Philippine consumers preferred refined sugar (60 percent) over washed sugar (25 percent) and brown sugar (15 percent). See 2022 Sugar Annual.

Table 6: Muscovado Supply and Demand In 1,000 Metric Tons

DEMAND/ CONSUMPTION	MARKETING YEAR		
	2021	2022	2023*
PRODUTION	199	202	204
+ Import	-	-	-
- Export (a)	34	36	37
= Consumption	165	166	167

Note:(a) Excludes exports of raw to the U.S.
*Post forecast
Source: SRA, PSA, and TDM

Non-centrifugal Sugar (Muscovado). Currently, demand for Muscovado outstrips supply, resulting in high retail prices for muscovado, and making both the domestic and export markets lucrative for muscovado producers. Consumers of muscovado come from the health and wellness sectors as well as institutional buyers.

ALTERNATIVE SWEETENERS

Among other forms of sugar and sugar substitutes or alternative sweeteners are high fructose corn syrup (HFCS), coconut sap sugar, muscovado, and molasses. These alternative sweeteners serve niche markets, as sugar holds the largest share of consumption.

High Fructose Corn Syrup (HFCS). The Philippines used to be a major market for HFCS (HS Code 170260), importing about half of China's exports annually (up to 300,000 MT). On January 1, 2018, however, the Philippines imposed a tax of PhP6 ($0.12) per liter on drinks using sugar and other sweeteners, while those using HFCS are charged PhP12 ($0.24) per liter. As a result, the sweetened beverage producers, the biggest HFCS buyers, shifted to sugar to avoid the higher taxes.

Table 7: Fructose/HFCS Imports In Metric Tons

	2021	2022	2023
September	378	1,732	870
October	1,386	1,761	1,370
November	453	1,043	1,977
December	993	921	1,017
January	873	578	907
February	1,151	515	1,469
March	909	1,462	1,003
April*	2,058	1,675	446
May	1,198	1,380	-
June	1,369	855	-
July	1,161	1,272	-
August	705	1,127	-
Total	12,635	14,324	9,060

Note: *As of April 11, 2023
Source: SRA

Table 8: Alternative Sweeteners
Sucralose (Splenda) 600 times sweeter than sugar Supplier: Singapore, China, U.S.
Aspartame (Equal, NutraSweet, NutraTaste) 160-220 times sweeter than sugar Supplier: China, Japan, Taiwan
Stevia (Sweet & Fit) 300 times sweeter than sugar Supplier: Local, China, Malaysia, Thailand
Saccharin (Sweet N Low) 200-700 times sweeter than sugar Supplier: China, South Korea, Japan
Acesulfame (Sweet One, Sunnett) 200 times sweeter than sugar Supplier: Indonesia, China, Singapore

Honey (HS Code 040900). Honey is sweeter than sugar due to the high level of fructose with a GI value of 55. The Philippines imported 715 MT of honey in MY 2022, while its local production is estimated at 100 MT per year.

The Philippines produces and imports sugar alternatives approved by the Philippine Food and Drug Administration (FDA). Many dieters use alternative sweeteners and artificially sweetened foods to cut sugar consumption without eliminating sweetness on beverages, baked foods, and ice cream, among others. For more information on sugar alternatives, please see the 2021 Sugar Annual Report. The consumption of sugar alternatives, including lactose, glucose, and fructose/HFCS is significantly lower than sugar consumption, but consumption of sugar alternatives has been increasing over the past years.

Coconut Sap Sugar or Coco Sugar (HS Code 170290). Currently, coco sugar is only a small fraction of the country's coconut industry, but the Philippine Coconut Authority (PCA) has been actively promoting coco sugar as an alternative to cane sugar to boost local demand.

Coco sugar has low glycemic index (GI) of 35 per serving, compared to GI 65 to GI100 for cane-based sugar. Coco sugar is exempted from additional excise tax on sweetened products in the Philippines.

Table 9: Consumption of Sugar and Alternative Sweeteners
In '000 MT Raw Sugar Equivalent

DEMAND/ CONSUMPTION	MARKETING YEAR		
	2021	2022	2023*
Sugar	2,300	2,000	2,200
Fructose/HFCS	10	14	15
Sugar Alternatives	504	770	780
Aspartame	177	374	310
Acesulfame	183	181	200
Sucralose	113	159	212
Saccharin	21	43	45
Stevia	9	13	13

Note: *Post Forecast
Aspartame – HS Code 292429, Cyclic Amides (Including Cyclic Carbamates) And Their Derivatives, And Salts Thereof, Nesoi;
Saccharin – HS Code 292511
Sucralose – HS Code 293214
Acesulfame – HS Code 293499, Nucleic Acids and Their Salts, Whether Or Not Chemically Defined; Other Heterocyclic Compounds, Nesoi
Stevia – HS Code 293890, Glycosides, Natural or Reproduced by Synthesis, And Their Salts, Ethers, Esters and Other Derivatives, Nesoi
Philippines has minimal production.
Source: Trade Data Monitor, and SRA

Trade:

Exports. Post forecasts exports to happen in MY 2024. The high carryover stocks due to importation plus the expected increase in production may encourage sugar exports. After three years of not allocating sugar to the United States tariff rate quota, the Philippines may consider 60,000 MT exports

for MY 2024. In the past, 6 to 7 percent of total production is allocated for the U.S. quota. Posts forecast at least two boat loads of 30,000 MT each to be shipped to the United States in MY 2024.

Post maintains MY 2023 exports at zero, following SO1 allocating all production to domestic consumption. In recent years, the United States has been the sole export market for Philippine raw sugar. Exports to the United States in MY 2021 reached 112,000 MT, below the allocation of 142,160 metric tons raw value (MTRV) or 138,154 metric tons commercial weight (MTCW). In MY 2022, the United States allocated the same amount; but upon the request of the Philippines, the said allocation was lowered to 18,152 MTCW. No actual exports happened on the said amount. U.S. quota allocation of 145,235 MTRV (141,141 MTCW) for MY 2023 was also unused.

Imports. Post sees no importation of raw sugar in MY 2024, as the government seeks to protect local producers. The high importation of refined sugar in MY 2023 translates to high carryover stocks in MY 2024 of refined sugar and leaves ample supplies of raw sugar.

In cases of low carryover stocks, importation of raw sugar has been done at the beginning of the milling season to augment the local raw sugar supply needed by refineries to ramp-up refining. The Philippines imported raw sugar in MY 2018 and 2019 to supplement refineries' raw sugar requirements and raw sugar demand for the domestic market. Imports normally happen between August and November, as waiting for local raw sugar supply entails time to achieve the desired volume for refining. In the past, around 50 percent of local raw sugar went to the refineries, but the share is getting lower due to the importation of refined sugar, reducing value addition of local refineries and revenues from taxes for the government.

Table 10: US Sugar Quota and Philippine Shipment, In MTCW

Marketing Year	U.S. Tariff Rate Quota Allocation	Philippine Shipment
2021	138,154	112,008
2022	138,154	-
2023	141,142	-

Source: US TRQ and SRA

The combined carryover stocks were abnormally low for MY 2023 at about 285,000 MT compared to the normal 500,000 MT raw equivalent at the beginning of the MY. SO2 issued for MY 2023 provided importation of refined and failed to consider the needed raw sugar with stocks already low at the end of MY 2022. As a result, the perceived shortage in raw resulted in high prices at the mill, which translated to high prices of refined sugar even with importation.

Post forecasts MY 2024 refined sugar imports of 240,000 MT (raw equivalent of 257,000 MT). FAS Manila revises MY 2023 refined sugar imports to 655,000 MT (raw equivalent of 700,000 MT). SRA issued SO6 allowing importation of 440,000 MT of refined. To date, SO6 remain a controversy having only three traders approved to import sugar. The current SRA Administrator resigned effective April 15, 2023, a repeat of what had happened in MY 2023 with the controversial SO4 (importation of 300,000 MT of refined sugar), and resignation of all the SRA Board Members.

President Marcos approved importation of 150,000 MT of refined sugar, as stated in SO2, and the imports occurred in November 2022. Both import programs (SO2 and SO6), however, failed to lower prices at the retail level, which further burdened consumers.

The DA approved 64,050 MT of refined sugar importation through the minimum access volume (MAV) mechanism. On December 20, 2022, the DA issued Memorandum Order No. 77 (MO 77) or the mobilization of the MAV Advisory Council to expedite the importation. Given high prices, some sugar-using food manufacturers also requested to import sugar, but were rejected by the DA. The high sugar price prohibits food manufacturers like Coca-Cola from purchasing sugar from traders, which resulted in a temporary shutdown of some plants in the country.

Stocks:

The SO6 import program allocated two-month buffer stocks of 240,000 MT of refined sugar from the 85,000 MT previous buffer allocation. The 240,000 MT buffer is all imported and still excludes local production. The high buffer stock at the end of MY 2023 may result in lower mill site prices, which will translate to lower wholesale and retail prices.

Raw sugar stocks became critical at the beginning of MY 2023, coming from low carryover stocks from MY 2022. Historically, November is the first month when monthly raw production can supply the monthly demand. Depending on prevailing prices, traders will try to replenish their stocks, which would result in high withdrawals at the beginning of MY 2023.

Table 11: Monthly Raw Sugar Stocks, MY 2023

Particular	Beginning Stocks	Production	Withdrawal/ Consumption	Ending Stocks
September	133,541	106,610	85,082	155,069
October	155,069	204,012	163,806	195,275
November	195,275	212,945	156,666	251,554
December	251,554	266,845	174,378	344,021
January	344,021	255,619	182,044	417,596
February	417,596	255,444	153,502	519,538
March	519,538	256,921	136,911	639,548

Note: See 2022 Sugar Annual for Monthly 2022 data.
Source of data: SRA

Trade Policy:

Executive Order 892 (EO 892). Imports of sugar from ASEAN countries are levied at 5 percent duty. The Philippines, a signatory to the World Trade Organization (WTO), has lifted quantitative restrictions on imports of all food products but maintains tariff rate quotas on sugar. The tariff rates for sugar were established in Executive Order 313, which set varying in-quota and out-quota rates. In-quota rates apply for sugar imported within MAV, while any imports in excess of the MAV are assessed the out-of-quota rate.

For non-ASEAN countries, under the Uruguay Round of the WTO, the Philippines committed to a final ten-year MAV of 65,050 MT of raw sugar, with a tariff rate of 50 percent. All importation in excess of the MAV is subject to a tariff rate of 65 percent. The Most Favored Nation (MFN) tariff has not changed since 2016. On February 22, 2023, the Philippine Tariff Commission announced a Comprehensive Review of MFN Tariff Schedule to set the MFN Tariff Schedule for 2024 to 2028. All interested parties (both Philippines and foreign stakeholders) were requested to submit comments or positions by April 14, 2023.

Policy:

SRA has the mandate under EO 18 Series of 1986 and Republic Act No. 10659 or the Sugar Industry Development Act (SIDA) of 2015 to establish a balance between domestic production and the country's sugar requirement.

Sugar Order. Philippine sugar policy and trade are generally regulated by the SRA, working closely with various influential industry stakeholders. During the start of each crop year, the SRA issues a central policy (known as Sugar Order No.1) on production and marketing of sugar for the country, which allocates how much production goes to the domestic and export markets, as well as reserves. These orders are adjusted as the season progresses. A running history of SRA sugar orders may be accessed here.

Sugar Order No. 1. SRA released SO1 on September 13, 2022, with estimated sugar production at 1.876 million MT for MY 2023, lower than normal production of more than 2.2 million MT. The SRA allocated all production for the domestic market or "B" sugar, with none classified as "A" sugar for the U.S. market. SRA periodically assesses sugar allocation throughout the year based on supply. A list of policies is available in the GAIN Sugar Annual 2022.

Sugar Order No. 2. Issued on September 13, 2023, as was SO1, the first sugar import program for MY 2023 allowed importation of 150,000 MT of refined sugar – 75,000 for industrial users, and the remaining half for consumers. The import program was open to all duly registered SRA international sugar traders with good standing.

Sugar Order No. 3. SO3 amended the deadlines for the arrival date and release of imported sugar under SO3, series of 2021-2022, which provided for the importation of 200,000 MT of refined sugar for industrial users.

Sugar Order No. 4. SRA issued SO4 on January 30, 2023, to immediately implement the institutionalization of sugar monitoring system (SMS) digitalization of production and withdrawal data of sugar mills and refineries. The goal is to adapt and keep pace with the fast technology upgrade; to provide the fast-changing demands of stakeholders, and for SRA to keep abreast with the latest information and monitoring updates.

Sugar Order No. 5. SRA issued the order to discontinue the mandatory collection of BRDE lien under SO5 s. 2015-2016 and transfer its collection to the Ethanol Producers Association of the Philippines (EPAP). The BRDE lien is set aside by SRA as a trust account specially to fund RDE projects of the fuel ethanol industry.

Sugar Order No. 6. SO6 was the second import program for MY 2023, which allowed importation of 440,000 MT of refined sugar – 200,000 MT for consumers and 240,000 MT as buffer stock.

Ethanol. Sugarcane and sugar molasses are the primary feedstocks used for bioethanol production, while the bagasse is mainly used for power cogeneration of sugar mills, refineries, and bioethanol distilleries. There are currently 13 operating bioethanol distilleries and six power-generating plants in the country. For more information, see the Biofuels Annual Report 2022.

The reference price of bioethanol is based on the mill site prices of sugar and molasses. The National Biofuel Board (NBB) through the SRA set up a price index or reference price of bioethanol which serves as basis during the negotiation of the oil companies and bioethanol producers.

Table 12: Sugar, Molasses, and Bioethanol Prices			
Marketing Year	Sugar Composite Price (PhP/LKG)	Molasses Price (PhP/MT	Bioethanol Reference Price (PhP/Li)
2021	1,554	9,315	57.48
2022	2,044	11,462	65.79
2023	3,182	14,702	81.68

Note: As of April 2, 2023
Source: SRA

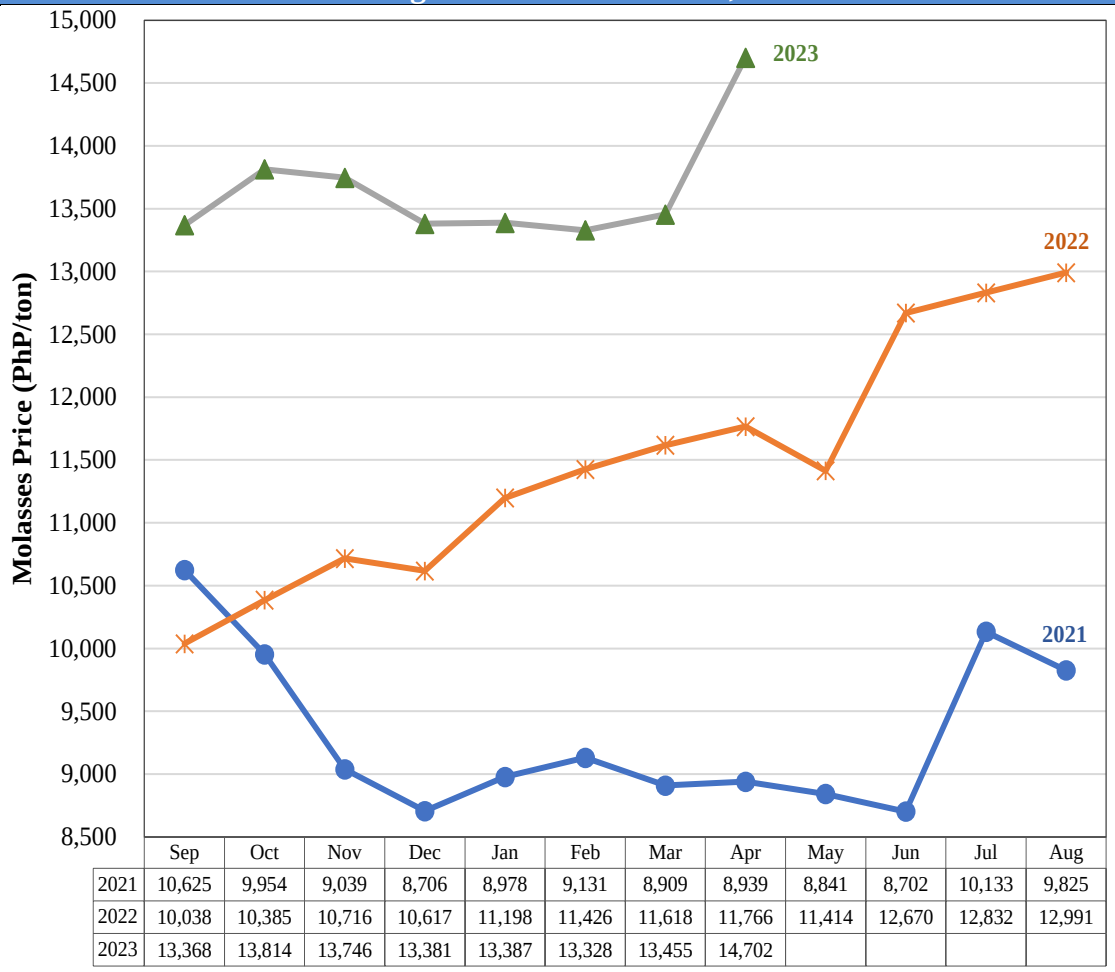
Molasses. Molasses (HS 170310) is a major by-product from sugar production, used in the manufacture of fuel ethanol, potable alcohol, and disinfectant, among others. Molasses imports have steadily increased in the past three years, although they decreased 17 percent in MY 2020/21 to 411,000 MT. The largest suppliers in MY 2022 were India, Indonesia, and Thailand.

Molasses prices in MY 2023 followed the same trend as sugar prices with the highest average price in October 2022 at PhP13,746/ton ($235/ton), which grew 33 percent compared to October 2021. In MY 2021 molasses prices had drastic highs and lows due to erratic global supply and domestic production and demand.

Table 13: Molasses Supply and Demand, in MT			
Particular	**Marketing Year**		
	2021	**2022**	**2023(a)**
Beginning Stocks	207,531	208,214	141,357
Production	1,165,384	938,463	696,579
Local Supply	1,372,914	1,146,676	837,936
Consumption	1,178,880	1,008,974	524,520
Ending Stocks (Local)	194,034	137,702	313,415
Imports (b)	411,000	465,036	236,830*

Note: *As of December 2022
(a) As of March 26, 2023
(b) including molasses for ethanol production (potable and disinfectant). Under the law, imported molasses is not allowed to be used as feedstock for fuel ethanol production.
Source: SRA, and TDM for import

Figure 7: Molasses Prices, MY 2021-2023



	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
2021	10,625	9,954	9,039	8,706	8,978	9,131	8,909	8,939	8,841	8,702	10,133	9,825
2022	10,038	10,385	10,716	10,617	11,198	11,426	11,618	11,766	11,414	12,670	12,832	12,991
2023	13,368	13,814	13,746	13,381	13,387	13,328	13,455	14,702				

Source: SRA

MY 2023 in $/ton

Sep	233
Oct	235
Nov	238
Dec	240
Jan	243
Feb	243
Mar	246
Apr	266
May	
Jun	
Jul	
Aug	

Attachments:

No Attachments