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Costa Rica

Sugar Annual

Sugar production, consumption and trade

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Report Highlights:
Costa Rica's sugar cane production is forecast to decline by 4.3 percent in 2015/2016. This is the second consecutive year of lower production after the record harvest obtained in 2013/2014. Sugar production is expected to reach 445,000 MT in 2015/2016 as compared to 465,000 MT in 2014/2015. Production was negatively affected by drought conditions last year in the main production area of Guanacaste, coupled with excessive rainfall in other production areas of the country.

Executive Summary:

Costa Rica's sugar cane production in 2015/2016 is expected to decline to 4,407,486 MT as compared to 4,422,000 MT in 2014/2015 (0.34 percent lower). Sugar production is expected to decline roughly 4.3 percent to 445,000 MT in 2015/2016 as compared to 465,000 MT during the previous crop year. A strong drought has affected the main production area of Guanacaste during the last two calendar years, reducing yields primarily in areas that do not have irrigation. Nevertheless, the industry views the resulting crop as a relatively good crop, given the difficult conditions experienced during the last two years. Also, production was already expected to decline because many small producers were negatively affected by the drought in 2014 and held back on their plans to increase area planted. At this point, more rainfall is expected during the coming rainy season (starting in May) and this could result in better growing conditions during the 2016/2017 year. Costa Rica continues to meet its U.S. quota allocations both under the WTO and the CAFTA-DR, and has increased exports to the European Union using a sugar quota obtained as a result of a free trade agreement that entered into effect in October 2013.

Commodities:

Select

Production:

According to information from LAICA (Costa Rican Sugar League), during 2014/2015 there were 7,552 sugar producers and 13 sugar mills, distributed throughout six regions of the country. The sector is comprised of primarily small producers with 91.4 percent (6,902) of the farmers delivering less than 500 MT of sugar to the mills. Based on the average yield for that harvest, this indicates that the majority of producers plant less than 7 ha. of sugar cane. During the 2014/2015 harvest, 59 percent of the sugar produced in the country came from the province of Guanacaste in the northern Pacific region. During 2014/2015 the "Taboga" mill achieved the largest production of cane and sugar in the country, with close to 20 percent of the country's total. The majority of the sugar mills are owned by Costa Rican nationals, although at least one company is owned by Guatemalan investors. LAICA is the institution that regulates the relationship between producers and millers. LAICA is also involved in the marketing and sales of sugar and sugar products for domestic consumption and for export.

Based on preliminary data from LAICA, cane and sugar production are expected to reach 4,407,486 MT and 445,000 MT respectively during crop year 2014/2015. The northern Pacific region of Guanacaste continued to be affected by a severe drought during most of 2015. According to industry sources, cane production in farms that do not have irrigation declined sharply. Rainfall patterns are expected to normalize this year, which could result in better production conditions for the 2016/2017 crop year. If that expectation materializes, cane and sugar production may increase to 4,460,000 MT and 455,000 MT respectively.

Area Planted

Information provided by LAICA, shows that area planted to sugar increased slightly to 64,676 ha. with 61,442 ha. being harvested. Area planted is not expected to increase in 2016/2017 as lower sugar prices may discourage growers from expanding their plantations. Production has continued to move to Guanacaste (35,961 ha. planted) as the larger mills continue to increase production to utilize their installed capacity. Area planted has also increased in the northern region of the country (San Carlos and Los Chiles), while sugar mills in the Central part of the country are struggling to keep sugar area planted from declining. Competition from urbanization and high land prices, lower availability of labor, and higher production costs are slowly taking area away from sugar in the Central part of the country.

Yields

According to LAICA, the average sugar cane yield will decline to 71.73 MT/ha. in 2015/2016 from 74.75 MT/ha. in 2015/2014. The average sugar yield also declined in 2015/2016 to 100.94 kg/ton from 105.3 kg/ton in 2014/2015.

Consumption:

Costa Rica's sugar consumption was 241,000 MT in 2014/2015, and it is forecast to increase to 245,000 MT in 2015/2016. Consumption has not changed much in recent few years, since population growth has slowed down in the country. Higher utilization by the food industry (which is export driven in some sectors), results in changes in total consumption from year to year. Per capita sugar consumption is estimated at 50.5 kg. for 2015/2016. Costa Rica's per capita sugar consumption is relatively high, although it has declined from a record 59.2 kg in 1997-1998. Total sugar consumption is divided almost equally between direct consumption and industrial use. Costa Rican mills produce different types of sugar for the domestic market including white sugar, refined, white special, and raw sugar.

Trade:

Costa Rican sugar exports reached 209,779 MT during the 2014/2015 crop year. Exports are expected to reach 215,000 MT in 2015/2016. The main destinations for Costa Rica's sugar during 2014/2015 were the United States, Canada, and the European Union. Exports to the United States include the U.S. WTO, and the CAFTA-DR sugar quotas. Costa Rica already exported its full WTO sugar quota to the United States for the 2016 fiscal year.

Stocks:

High ending stocks are the result of unexpected high production outpacing consumption and exports since 2011. The production forecast remains high for 2016/2017 even though world prices remain relatively weak.

Production, Supply and Demand Data Statistics:

Table 1: Sugar Cane for Centrifugal Sugar: Supply and Utilization

Sugar Cane for Centrifugal	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
Costa Rica	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	63	63	63	65	0	65
Area Harvested	59	59	59	61	0	62
Production	4414	4422	4400	4407	0	4460
Total Supply	4414	4422	4400	4407	0	4460
Utilization for Sugar	4414	4422	4400	4407	0	4460
Utilizatn for Alcohol	0	0	0	0	0	0
Total Utilization	4414	4422	4400	4407	0	4460
(1000 HA) ,(1000 MT)						

Table 2: Centrifugal Sugar: Production, Supply and Distribution

Sugar, Centrifugal	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
Costa Rica	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	298	298	306	312	0	297
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	464	465	450	445	0	455
Total Sugar Production	464	465	450	445	0	455
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	0	0	0	0	0	0
Total Imports	0	0	0	0	0	0
Total Supply	762	763	756	757	0	752
Raw Exports	200	204	210	205	0	215
Refined Exp.(Raw Val)	6	6	10	10	0	10
Total Exports	206	210	220	215	0	225
Human Dom. Consumption	250	241	252	245	0	247
Other Disappearance	0	0	0	0	0	0
Total Use	250	241	252	245	0	247
Ending Stocks	306	312	284	297	0	280
Total Distribution	762	763	756	757	0	752
(1000 MT)						

Table 3: Centrifugal Sugar: Export Trade Matrix

Export Trade Matrix
Costa Rica
Sugar, Centrifugal
MT

Time Period	2014/2015
Exports for:	
U.S.	105,410
Others	
Canada	48,422
United Kingdom	37,495
Portugal	10,000
Bahamas	4,308
Total for others	100,225
Others not listed	4,144