

**Required Report:** Required - Public Distribution

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**Report Name:** Sugar Semi-annual

**Country:** Thailand

**Post:** Bangkok

**Report Category:** Sugar

**Prepared By:** Ponnarong Prasertsri

**Approved By:** Mariya Rakhovskaya

**Report Highlights:**

A drought during the intensive growth stage impacted MY2023/24 sugarcane production and led Post to lower the sugar production forecast by 15 percent from MY2022/23. Annual sugar exports are revised down to 9-10 million metric tons in MY2022/23 and MY2023/24.

## **Executive Summary**

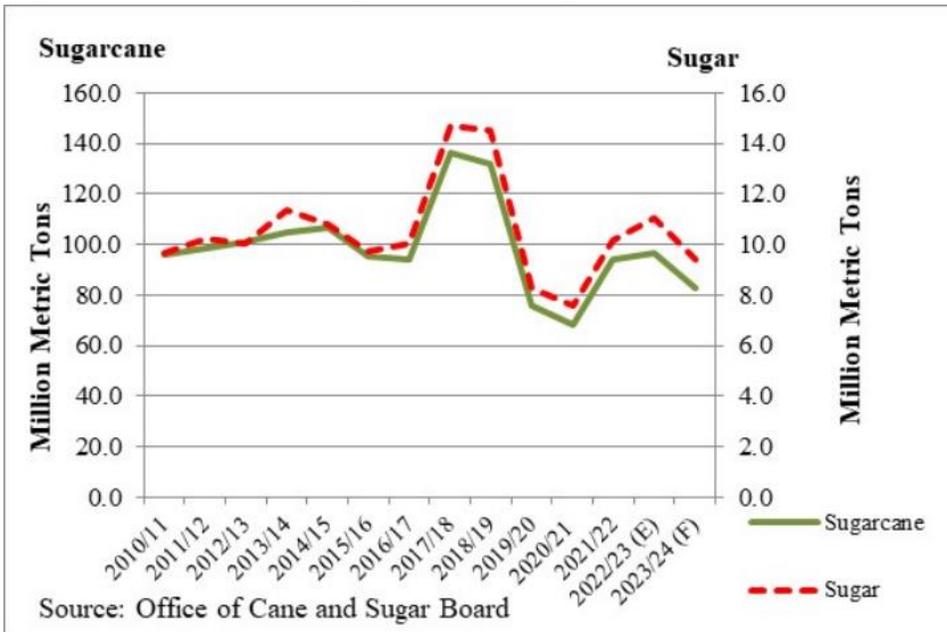
FAS Bangkok (Post) projects Thailand's MY2023/24 sugar production to decline to 9.4 million metric tons, down 15 percent from MY2022/23 due to adverse weather conditions during a critical growth stage of the sugarcane crop. Post also lowered the annual sugar export estimates to 9-10 million metric tons in MY2022/23 and MY2023/24 due to a slowdown in the economic recovery of trading partners and the surge in global sugar prices.

Thailand's sugar production in MY2022/23 totaled 11 million metric tons, a 9 percent increase from MY2021/22 as sugarcane production and extraction rate increased. However, molasses production declined to 3.4 million metric tons in MY2022/23, down 6 percent from MY2021/22, leading to tight a molasses supply for fuel ethanol production.

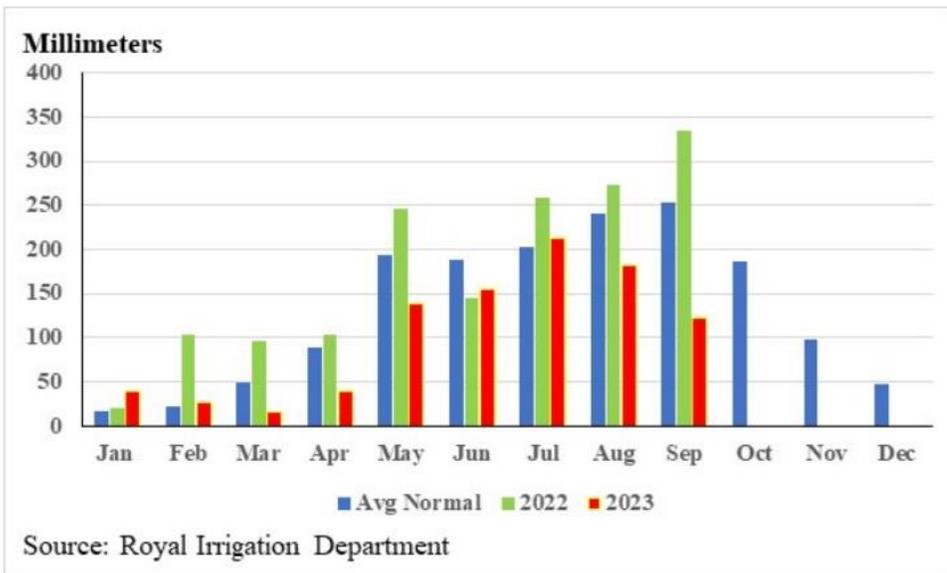
### **1. Production**

Post revised down MY2023/24 sugar production to 9.4 million metric tons (Figure 1.1). This is a 15 percent reduction from MY2022/23 due to shrinking sugarcane production caused by adverse weather condition during the tillering and elongation growth stages of sugarcane. MY2023/24 sugarcane production is revised down from the previous forecast to 82.5 million metric tons, down 15 percent from MY2022/23. Thai Meteorological Department reported that the average precipitation between January 1 – September 10, 2023 was 32 percent lower than in the same period in 2022 and 14 percent below a 30-year average (Figure 1.2). Precipitation in the major sugarcane planting areas in the central plains, and the northern and northeastern regions, which accounted for about 94 percent of total planting areas, fell by respectively 47%, 38%, and 20% compared to the January – September 2022 period. Due to the lack of this lack of rain during a critical sugarcane growth stage (Figure 1.3), Post projects a significant decline in average yield.

**Figure 1.1: Thailand’s Sugarcane and Sugare Production**

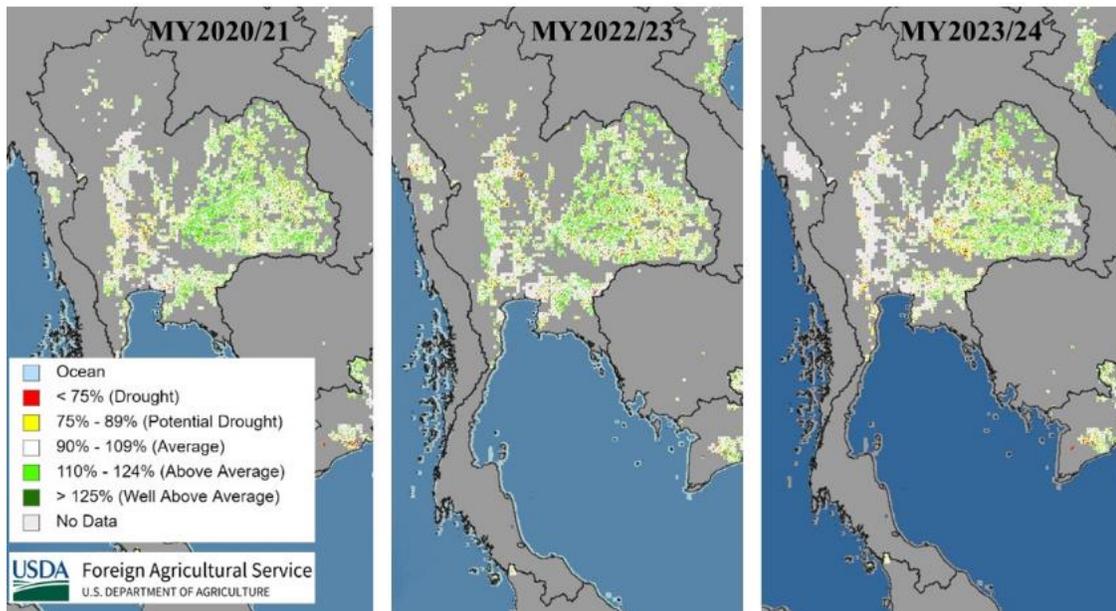


**Figure 1.2: Comparison of Thailand’s Monthly Precipitation in 2022 and 2023**



Note: “Avg Normal” represents the average precipitation between 1981-2010.

**Figure 1.3: Percentage Average Seasonal Greenness of Sugarcane during June - September**



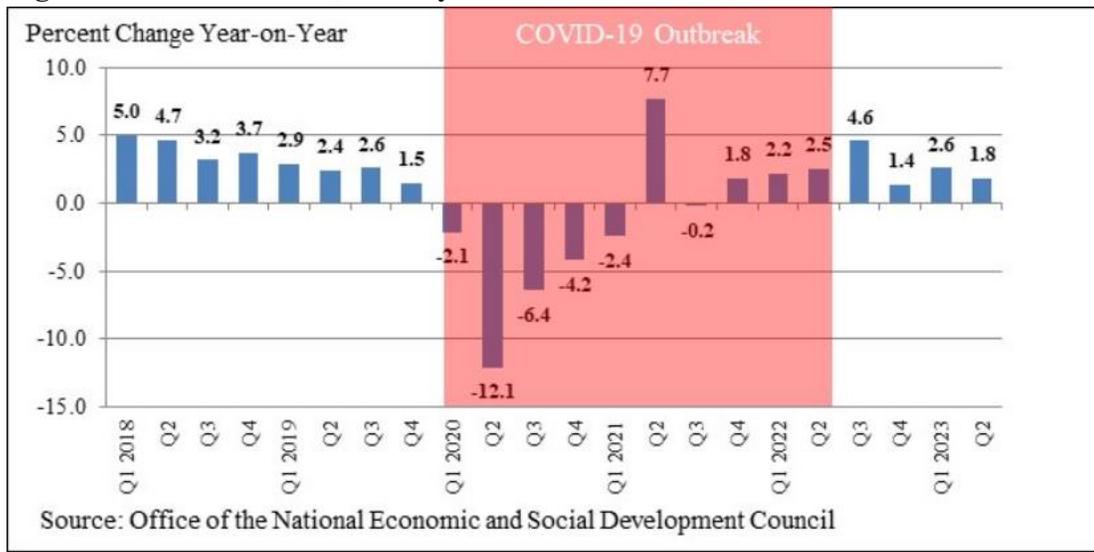
MY2022/23 sugarcane production totaled 11 million metric tons, up around 9 percent from MY2021/22, reflecting a 2 percent increase in sugarcane production to 93.9 million metric tons. Sugar production increased to a larger degree than sugarcane production as the extraction rate in MY2022/23 was higher at 117.8 kilogram of sugar per ton of sugarcane, compared to 110 kilogram in MY2021/22. 97 percent of total sugarcane output went toward sugar production compared to 98 percent in MY2021/22. In 2022, a new sugar-juice-based ethanol facility began to produce industrial grade ethanol for biochemical production.

Molasses production declined to 3.4 million metric tons in MY2022/23, down 6 percent from the previous year. Low rainfall during the sugarcane maturity and ripening growth stages contributed to lower molasses production. The reduced molasses production is likely to tighten the supply of molasses stock for ethanol production in 2023 (see [TH2023-0034, Biofuel Annual, June 6, 2023](#)).

## **2. Consumption**

Post forecasts MY2022/23 and MY2023/24 sugar consumption to increase to 3.1 million metric tons and 3.2 million tons, respectively, up approximately 3 percent a year in line with the expected slow recovery in the hotel and food service sector. The Bank of Thailand (BOT) projects Thailand's economic growth to reach 3.6 percent in 2023, driven by the expectation of 29 million foreign tourists, including 5 million Chinese tourists in 2023, compared to the total of 11.2 million foreign tourists in 2022. Still, the 2023 projection is substantially below the 2019 total of 40 million foreign tourists and the per tourist spending will likely be lower in 2023. The BOT expected a steady economic growth of 3.8 percent in 2024, mainly driven by the government's forecast of 35.5 million foreign tourists.

**Figure 2.1: Thailand's Quarterly Economic Growth**



According to the Office of Cane and Sugar Board, sugar consumption in the first seven months of MY2022/2023 increased 7 percent from the same period last year due to a growing sugar demand by households. Household sugar consumption increased 13 percent from the same period in MY2021/2022. Meanwhile, industrial demand for sugar declined one percent, mainly due to a reduced sugar demand in the food processing industry. Sugar demand by food processors, which account for around 30 percent of domestic sugar demand for industrial uses, declined 7 percent in the first half of 2023 as exports of processed food shrunk by around 5 percent compared to the same period last year.

### 3. Trade

Post revised down the sugar export forecast to 9.5 million metric tons in MY2022/23 and 10 million metric tons in MY2023/24 due to the likely slow economic recovery of the trading partners in 2023 and 2024. In addition, industry sources report foreign buyers were cautious in their new purchases for the rest of 2023 due to the current upward pressure on world sugar prices which reached 26-27 cents/lb, up around 43 percent from the average world sugar prices in 2022. The current surge in global sugar prices was driven by a rumor that the Indian government would likely ban sugar exports from MY2023/24 crops due to drought.

Sugar exports in the first nine months of MY2022/23 totaled 6.4 million metric tons, up around one percent from the same period last year, due mainly to the increase in refined sugar exports. Exports of refined sugar totaled 2.6 million metric tons, up 15 percent from the same period in MY2021/22, as sugar mills managed to sell more premium sugar for higher returns. Refined sugar exports accounted for 40 percent of total sugar exports, up from 35 percent in the previous year. Meanwhile, exports of raw sugar and white sugar which accounted for 52 percent and 8 percent of total sugar exports respectively declined 7 percent and 5 percent from the same period last year.

Thailand filled its allocated U.S. quota of 22,455 metric tons of raw sugar (raw value) during the Fiscal Year 2023. The allocation consisted of the original allocation under the U.S. tariff-quota (TRQ) of 15,061 metric tons, the reallocation of 4,129 metric tons, and the increased allocation of 3,265 metric tons. Export prices under the U.S. TRQ were well above world market prices.

#### **4. Policy**

Cane growers are waiting for the Thai government to approve a financial assistance package of 120 baht per metric ton (\$3.4/MT) of the MY2022/23 sugarcane harvest. The government provided the financial assistance of 5.9 billion baht (\$170 million) in MY2020/21 and 8.2 billion baht (\$233) in MY2021/22 to encourage sugarcane farmers to cut down on the burning practices during the harvest period, which contributes to air pollution with small particulate matter (PM 2.5). The proportion of burnt sugarcane in MY2022/23 declined to 33 percent of the total sugarcane harvest, down from 70 percent in the past years. However, the proportion of burnt cane was still higher than the target of 5 percent of total sugarcane harvest in MY2022/23.

## Appendix Tables

**Table 1: Thailand's Sugarcane Production**

Sugar Cane for Centrifugal	2021/2022		2022/2023		2023/2024	
	Dec 2021		Dec 2022		Dec 2023	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	1600	1600	1650	16500	1655	1655
Area Harvested (1000 HA)	1550	1550	1570	1570	1575	1470
Production (1000 MT)	94170	94170	96800	96690	98300	82530
Total Supply (1000 MT)	94170	94170	96800	96690	98300	82530
Utilization for Sugar (1000 MT)	92070	92070	94000	93890	95500	80000
Utilizatn for Alcohol (1000 MT)	2100	2100	2800	2800	2800	2530
Total Utilization (1000 MT)	94170	94170	96800	96690	98300	82530
(1000 HA), (1000 MT)						

**Table 2: Thailand's Sugar Production**

Sugar, Centrifugal	2021/2022		2022/2023		2023/2024	
	Dec 2021		Dec 2022		Dec 2023	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	9067	9067	9212	9212	6152	7671
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	10157	10157	11040	11059	11200	9400
Total Sugar Production (1000 MT)	10157	10157	11040	11059	11200	9400
Raw Imports (1000 MT)	0	0	0	0	0	0
Refined Imp. (Raw Val) (1000 MT)	0	0	0	0	0	0
Total Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	19224	19224	20252	20271	17352	17071
Raw Exports (1000 MT)	3821	3821	4950	4500	5400	4600
Refined Exp. (Raw Val) (1000 MT)	3191	3191	6050	5000	6600	5400
Total Exports (1000 MT)	7012	7012	11000	9500	12000	10000
Human Dom. Consumption (1000 MT)	3000	3000	3100	3100	3210	3210
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	3000	3000	3100	3100	3210	3210
Ending Stocks (1000 MT)	9212	9212	6152	7671	2142	3861
Total Distribution (1000 MT)	19224	19224	20252	20271	17352	17071
(1000 MT)						

**Table 3: Thailand's Yield and Prices for Sugar and Molasses**

	<b>MY2021/2022</b>	<b>MY2022/2023</b> (Preliminary)	<b>MY2023/2024</b> (FAS Forecast)
<b>Yield per metric ton of cane</b>			
Sugar (kg.)	110.31	117.79	117.50
Molasses (kg.)	39.00	35.81	35.50
<b>Farm price (ex-factory): Baht/Ton</b>	1,063	1,115	1,300
<b>Wholesale prices</b>			
Sugar (Baht/100 kg.)	1,700	1,900	1,900
Molasses (Baht/Ton)	6,935	5,350	5,600

Source: Office of Cane and Sugar Board

**Attachments:**

No Attachments