Required Report: Required - Public Distribution **Date:** October 03, 2022

Report Number: PK2022-0011

Report Name: Sugar Semi-annual

Country: Pakistan

Post: Islamabad

Report Category: Sugar

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Report Highlights:

The 2022/2023 sugarcane harvested area is slightly reduced due to the impacts of the recent flooding in key production areas. As a result, the 2022/23 cane sugar production forecast is lowered to 7 million tons. Despite the slight decline in output expected, there will still be an exportable surplus, and the 2022/23 export forecast remains 1 million tons.

Production and Area

While sugarcane is more resilient to flooding than other crops, the persistence of standing water and stalk lodging is expected to disrupt cane collection in Sindh province. As a result, estimated harvested area is reduced 4.7 percent to 1.23 million HA. Therefore, the forecast for 2022/23 sugarcane production is lowered to 82.4 million tons. Similarly, with the expected decline in cane output, the 2022/23 cane sugar production is lowered to 7 million tons.

Cane collection and processing will begin in late October in Sindh province and then progress northward, with harvest activity in Punjab and Khyber Pakhtunkhwa beginning in earnest in mid-November. Due to higher input costs, farmers are requesting a minimum Rs 7500/ton ($32/ton) support price for sugarcane. However, the government has yet to announce the minimum support price that mills must pay farmers for cane.

Consumption

The forecast for 2022/23 sugar consumption is unchanged. In line with population growth, but a more stagnant domestic food-processing sector, consumption is expected grow at about 1.5 percent. This is a reduction from the 2.5 percent growth estimated in 2021/22. More challenging economic conditions are expected to slow consumption growth in 2022/23.

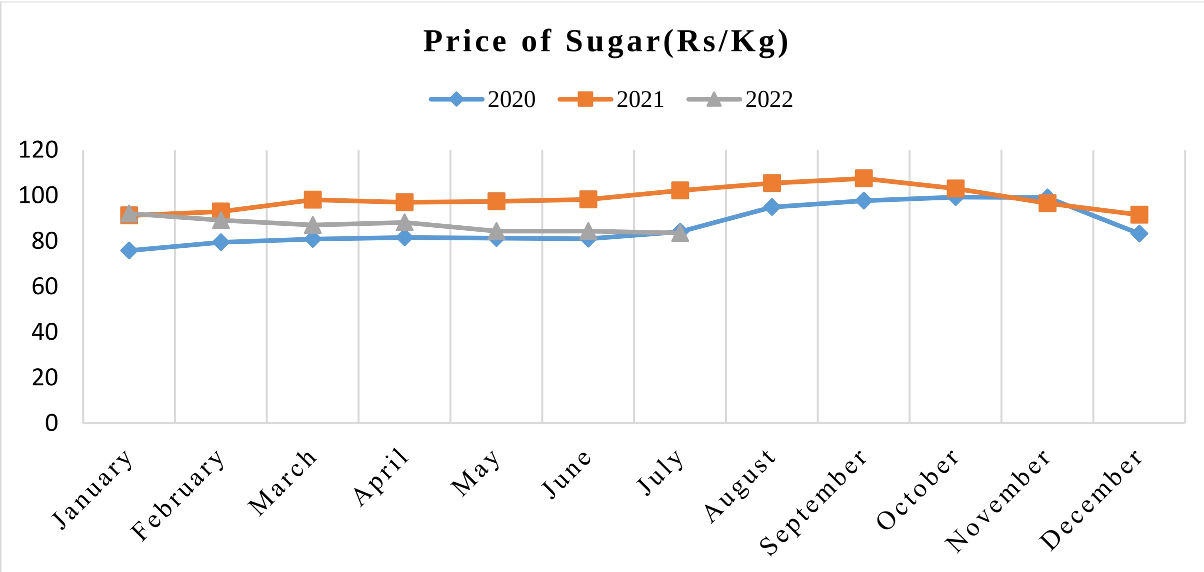
Stocks

Ending stocks for 2022/23 are expected to remain at about 2.7 million tons. This assumes exports of 1 million tons. The Sugar Mills Association is requesting approval to export 1.2 million tons. Both the sugar millers' desire to export plus the stable domestic price situation (see below) are strong indicators of the surplus domestic stock situation, which is expected to continue through 2022/23.

Sugar Prices

In line with overall inflation, sugar prices are expected to increase slightly in 2022/23, but as noted above, the surplus domestic supply situation should keep prices in check. As shown in the figure below, from January through mid-July 2022, prices were relatively stable, averaging about 87 rupees (Rs) per Kg ($0.37/Kg).

Figure 1: Monthly Average Retail Prices of Sugar (Rs/Kg)



Trade

While the government has yet to approve sugar exports for 2022/23, to build foreign exchange, the Ministry of Finance is encouraging every manufacturing sector to export. As noted above, the Sugar Mill Association has requested export approval, and there is an exportable supply, so it is expected that the government will approve the sugar industry's desire to export in 2022/23.

Table 1: Sugar Cane Production

Market Year Begins	2020/2021 Oct 2020		2021/2022 Oct 2021		2022/2023 Oct 2022	
Pakistan	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted (1000 HA)	1,165	1,165	1,290	1,290	1,295	1,230
Area Harvested (1000 HA)	1,165	1,165	1,290	1,290	1,295	1,230
Production (1000 MT)	81,000	81,000	89,000	89,000	89,500	82,400
Total Supply (1000 MT)	81,000	81,000	89,000	89,000	89,500	82,400
Utilization for Sugar (1000 MT)	81,000	81,000	89,000	89,000	89,500	82,400
Utilizing for Alcohol (1000 MT)	0	0	0	0	0	0
Total Utilization (1000 MT)	81,000	81,000	89,000	89,000	89,500	82,400

Table 2: Sugar Production, Supply, and Distribution

Market Year Begins	2020/2021 Oct 2020		2021/2022 Oct 2021		2022/2023 Oct 2022	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	1,685	1,685	2,752	2,752	3,492	3,392
Beet Sugar Production (1000 MT)	60	60	60	60	60	60
Cane Sugar Production (1000 MT)	6,445	6,445	7,080	7,080	7,120	7,000
Total Sugar Production (1000 MT)	6,505	6,505	7,140	7,140	7,180	7,060
Raw Imports (1000 MT)	0	0	0	0	0	0
Refined Imp. (Raw Val) (1000 MT)	312	312	0	0	0	0
Total Imports (1000 MT)	312	312	0	0	0	0
Total Supply (1000 MT)	8,502	8,502	9,892	9,892	10,672	10,452
Raw Exports (1000 MT)	0	0	0	0	0	0
Refined Exp. (Raw Val) (1000 MT)	0	0	500	500	1,000	1,000
Total Exports (1000 MT)	0	0	500	500	1,000	1,000
Human Dom. Consumption (1000 MT)	5,750	5,750	5,900	6,000	6,100	6,100
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	5,750	5,750	5,900	6,000	6,100	6,100
Ending Stocks (1000 MT)	2,752	2,752	3,492	3,392	3,572	3,352
Total Distribution (1000 MT)	8,502	8,502	9,892	9,892	10,672	10,452

Table 3: Monthly Average Retail Sugar Prices

Months	**2020**	**2021**	**2022**
January	75.8	91.2	92.1
February	79.5	92.9	89.2
March	80.9	98.1	87
April	81.5	97.0	88.1
May	81.3	97.4	84.3
June	81	98.3	84.3
July	84.1	102.2	83.5
August	94.9	105.4	
September	97.7	107.5	
October	99.3	103.1	
November	99.1	96.6	
December	83.2	91.6	
Average	**86.5**	**98.4**	**86.9**

Source: Pakistan Bureau of statistics and Agriculture Market Information System (AMIS)

Attachments:

No Attachments