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Prepared By: Florence Mojica-Sevilla

Approved By: Mark Hanzel

Report Highlights:

FAS Manila adjusts marketing year (MY) 2024 raw sugar production down to 1.8 million metric tons, 100,000 metric tons (MT) below USDA Official. Declining sugarcane planting areas and weather disturbances including the ongoing El Niño are expected to affect sugar production. Post forecasts no sugar exports following the recent Sugar Order (SO) No. 1 allocating all production to domestic consumption. Post sees no raw sugar importation as the Philippines government seeks to protect local producers but forecasts refined sugar imports of 240,00 MT (257,000 MT raw equivalent) to stabilize consumer prices and provide two months of buffer stocks. This includes the 150,000 MT refined imports approved by President Marcos as stated in SO7. Consumption stays at 2.2 million MT as prices remain elevated.

Production:

Centrifugal Sugar (Raw Sugar). FAS Manila adjusted marketing year (MY) 2024 (September 2023 to August 2024) raw sugar production to 1.8 million MT, 100,000 MT lower than USDA Official. This is below the Sugar Regulatory Administration's (SRA) forecast of 1.85 million MT as noted in [Sugar Order No. 1](#) (SO1), released on September 11, 2023. The reduction was attributed to the closure of one sugar mill, Central Azucarera Don Pedro (CADP) in Batangas (Luzon), due to financial challenges. In addition, the Philippine Atmospheric, Geophysical and Astronomical Services (PAGASA) projected El Niño to persist from November to January, which is normally within the dry season in Negros (a major producing island). The El Niño phenomenon increases the likelihood of below-normal rainfall and reduced yields. SRA considers a production drop of at least 10 to 15 percent, depending on the severity of El Niño.

Post revised production for MY 2023 to 1.79 million MT, down 30,000 MT from the initial forecast of 1.83 million MT, to match official production numbers released by SRA. The reduction was attributed to the SRA's decision not to do early milling in August. Included in the initial forecast was an estimate of 30,000 MT production from August milling. Milling commenced September 10, 2023.

Table 1: Production, Supply, and Distribution Data in (1000 MT)						
Sugar, Centrifugal Market Year Begins	2022		2023		2024	
	Sep 2021		Sep 2022		Sep 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Philippines						
Beginning Stocks (1000 MT)	1,196	1,196	931	931	1,461	1,465
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	2,050	1,800	1,830	1,799	1,900	1,800
Total Sugar Production (1000 MT)	2,100	1,800	1,830	1,799	1,900	1,800
Raw Imports (1000 MT)	0	0	0	0	0	0
Refined Imp. (Raw Val) (1000 MT)	100	235	700	735	257	257
Total Imports (1000 MT)	100	235	700	735	257	257
Total Supply (1000 MT)	3,346	3,231	3,461	3,465	3,618	3,522
Raw Exports (1000 MT)	0	0	0	0	0	0
Refined Exp. (Raw Val) (1000 MT)	0	0	0	0	60	0
Total Exports (1000 MT)	0	0	0	0	60	0
Human Dom. Consumption (1000 MT)	2,300	2,300	2,000	2,000	2,200	2,200
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	2,300	2,300	2,000	2,000	2,200	2,200
Ending Stocks (1000 MT)	1,046	931	1,461	1,465	1,358	1,322
Total Distribution (1000 MT)	3,346	3,231	3,461	3,465	3,618	3,522
(1000 MT)						

Post estimates MY 2024 sugarcane area at 385,000 hectares (ha), slightly below the USDA Official estimate of 390,000 due to loss of area in Batangas supplying CADP. Despite the loss of area in Luzon, expansion in sugarcane areas in Mindanao will partly compensate for the sugarcane farms covered by

CADP, about 10,500 hectares. The prevailing high prices will continue to encourage farmers to plant sugarcane instead of shifting to other crops like, corn, cassava, and banana. Sugarcane planting normally starts in October and ends in May. Some farmers in Batangas continue to plant sugarcane to supply other sugar mill and bioethanol producers. About 85 percent of the more than 385,000 hectares planted are small farms of one to two hectares.

Table 2: Production, Supply, and Distribution Data in (1000 HA), (1000 MT)						
Sugar Cane for Centrifugal Market Year Begins	2022		2023		2024	
	Sep 2021		Sep 2022		Sep 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Philippines						
Area Planted (1000 HA)	397	397	388	388	390	385
Area Harvested (1000 HA)	397	397	388	388	390	385
Production (1000 MT)	21,000	21,000	21,100	21,100	21,800	20,000
Total Supply (1000 MT)	21,000	21,000	21,100	21,100	21,800	20,000
Utilization for Sugar (1000 MT)	21,000	21,000	20,345	20,345	21,000	19,200
Utilization for Alcohol (1000 MT)	0	0	755	755	800	800
Total Utilization (1000 MT)	21,000	21,000	21,100	21,100	21,800	20,000

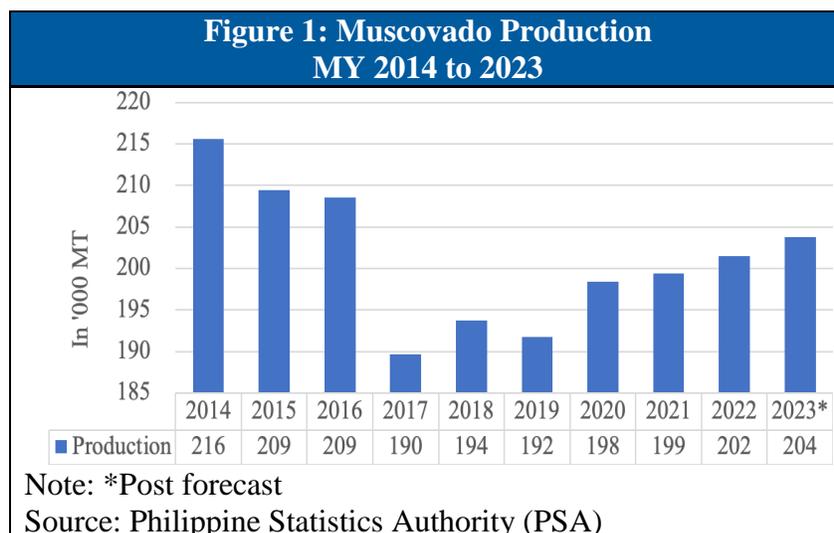
Table 3: U.S. Dollar to Philippine Peso Exchange Rate				
MY	2021	2022	2023	2024
US\$ - PHP	48.57	52.14	55.68	56.94*

Note: *September 28, 2023

Source: [Bangko Sentral ng Pilipina](#) (Central Bank of the Philippines)

Non-centrifugal Sugar (Muscovado). The increasing interest in healthy and organic food in the Philippines is likely to stimulate demand for muscovado sugar, which is viewed as pure and whole. It 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](#). It is one of the healthier alternatives to refined sugar. A number of commercial brands are now readily available.



Prices. For MY 2024, millsite prices may not reach the high prices experienced in the previous year because of the huge stock balance of sugar available in the country. At the end of the milling season, however, millsite prices remain high, averaging PhP3,000 per 50-kilogram bag (LKG) in July. Prices normally increase toward the end of the milling season (from June to August) as sugarcane supply becomes low. For MY 2023, millsite prices started to decline in February when imported sugar from [SO6](#) entered the country. Prices, however, remain exorbitantly high at almost double that of 2021 prices, even with ample imported sugar supply.

For MY 2023, prices exhibited double-digit growth of 29 and 27 percent compared to MY 2022. 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 millers and planters; however, the planters suffered from high cost of fertilizers and other costs such as labor, power, and fuel.

Table 4: Mill Site Prices in Pesos per 50-Kilogram Bags

Month	2021			2022		2023	
	"A" US Quota	"B" Domestic	Composite Price	"B" Domestic	Composite Price	"B" Domestic	Composite Price
Sep	1,114.03	1,521.20	1,492.70	1,597.37	1,597.37	3,363.71	3,363.71
Oct	1,192.76	1,469.80	1,450.40	1,708.81	1,708.81	3,311.77	3,311.77
Nov	1,266.74	1,524.73	1,506.67	1,680.67	1,680.67	3,269.76	3,269.76
Dec	1,283.97	1,509.18	1,493.42	1,735.39	1,735.39	3,058.46	3,058.46
Jan	1,269.79	1,507.10	1,490.48	1,889.43	1,889.43	3,217.94	3,425.27
Feb	1,256.83	1,522.05	1,503.48	1,796.37	1,796.37	3,091.99	3,091.99
Mar	1,289.59	1,608.23	1,585.92	2,022.94	2,022.94	3,100.77	3,100.77
Apr	-	1,658.61	1,658.61	2,184.18	2,184.18	3,177.19	3,177.19
May	-	1,653.92	1,653.92	2,273.26	2,273.26	3,120.01	3,120.01
Jun	-	1,603.56	1,603.56	2,348.83	2,348.83	3,033.33	3,033.33
Jul	-	1,613.33	1,613.33	2,370.00	2,370.00	3,000.00	3,000.00
Aug	-	1,641.24	1,641.24	2,875.47	2,875.47	-	-
Ave.	1,239.10	1,565.98	1,554.37	2,043.56	2,043.56	3,158.63	3,177.48

Note: No "A" sugar in MY 2022 and 2023

Milling operation was terminated in August

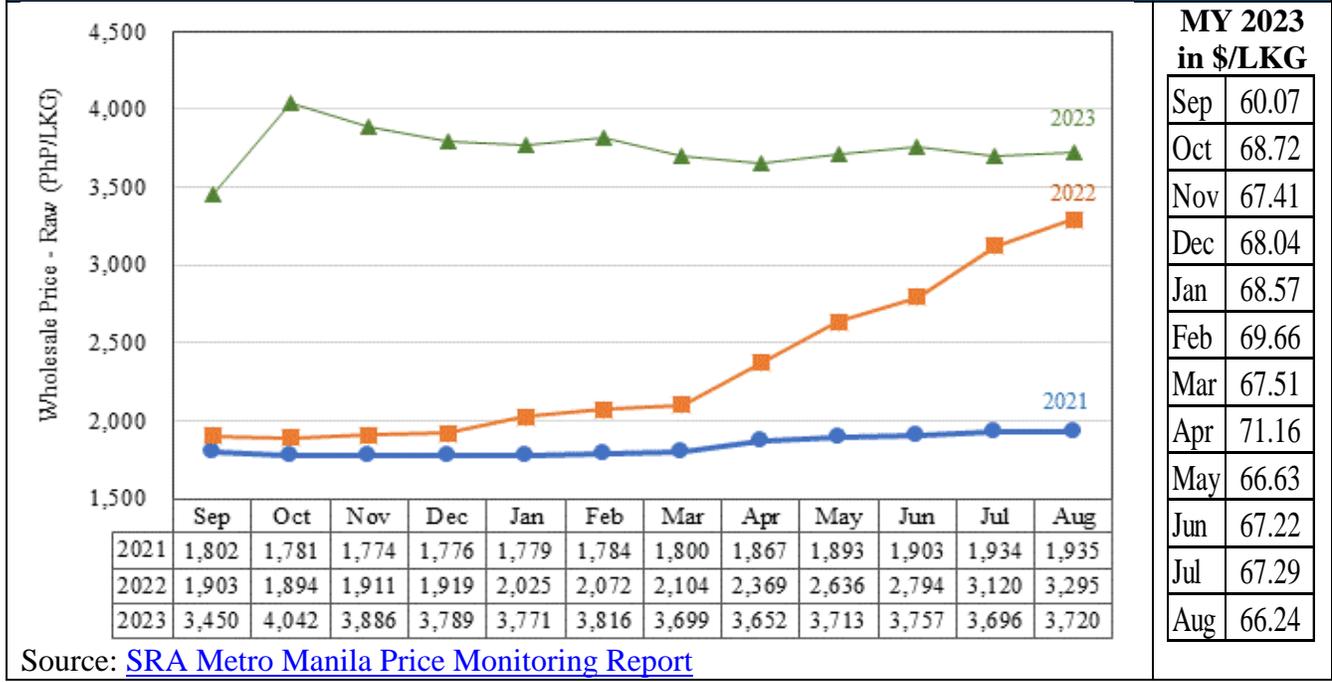
Source: [SRA Millsite Prices](#)

Wholesale Prices. Despite importation, refined prices remain high in MY 2023. The high prices continue to prevail coming from the low sugar output in MY 2022, which led to soaring wholesale prices for both raw and refined in anticipation of a sugar shortage. Raw sugar prices escalated to as high as PhP3,886 (\$67) per LKG in November 2022. Likewise, refined prices spiked to PhP4,746 (\$81) per LKG in October 2022. Prices grew 61 percent and 46 percent, for raw and refined sugar, respectively, on the average for MY 2023, which had doubled compared to 2021 prices.

The price of raw sugar is determined on a weekly basis via a bidding process initiated by the sugarcane planters' association (note: sugarcane farmers are known locally as planters) with offices located inside the mill compound. The result of the bidding in Negros (the major producing island), normally done on

a Thursday, is used as a reference price made available to other planters' associations nationwide. It is then within the decision of the sugar trader to use the same price or increase/decrease the price to buyers, but normally it will not differ more than P10-50 (\$0.18 to \$0.88) per LKG bag.

**Figure 2: Wholesale Prices of Raw Sugar
Metro Manila**

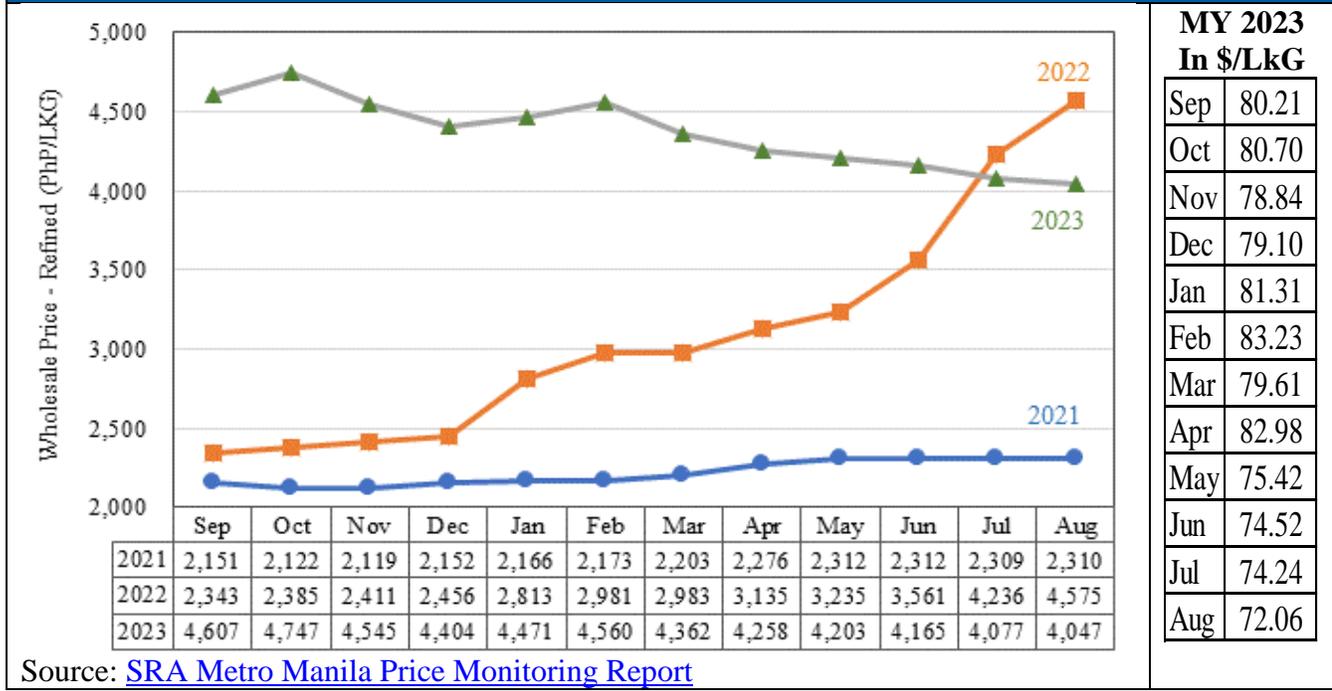


**MY 2023
in \$/LKG**

Sep	60.07
Oct	68.72
Nov	67.41
Dec	68.04
Jan	68.57
Feb	69.66
Mar	67.51
Apr	71.16
May	66.63
Jun	67.22
Jul	67.29
Aug	66.24

Source: [SRA Metro Manila Price Monitoring Report](#)

**Figure 3: Wholesale Prices of Refined Sugar
Metro Manila**



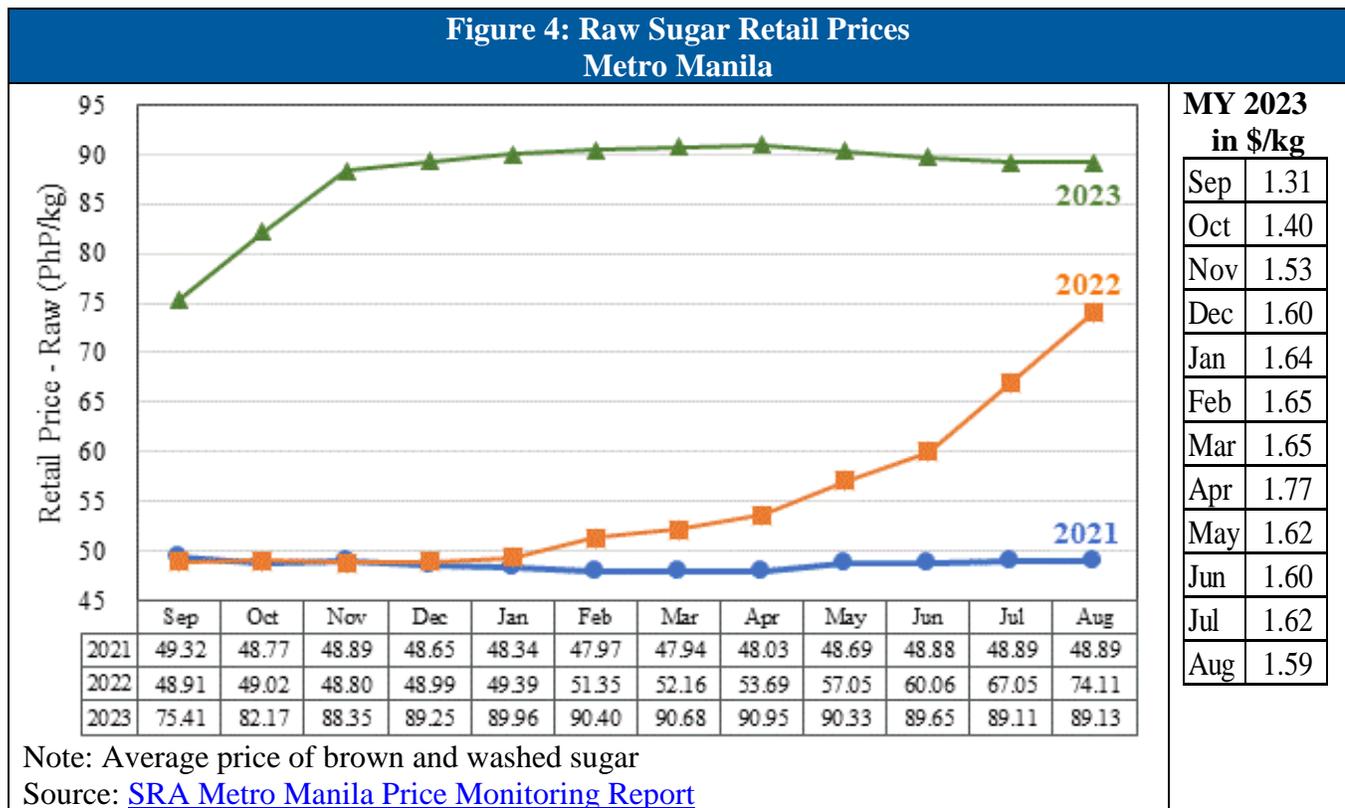
**MY 2023
In \$/LkG**

Sep	80.21
Oct	80.70
Nov	78.84
Dec	79.10
Jan	81.31
Feb	83.23
Mar	79.61
Apr	82.98
May	75.42
Jun	74.52
Jul	74.24
Aug	72.06

Source: [SRA Metro Manila Price Monitoring Report](#)

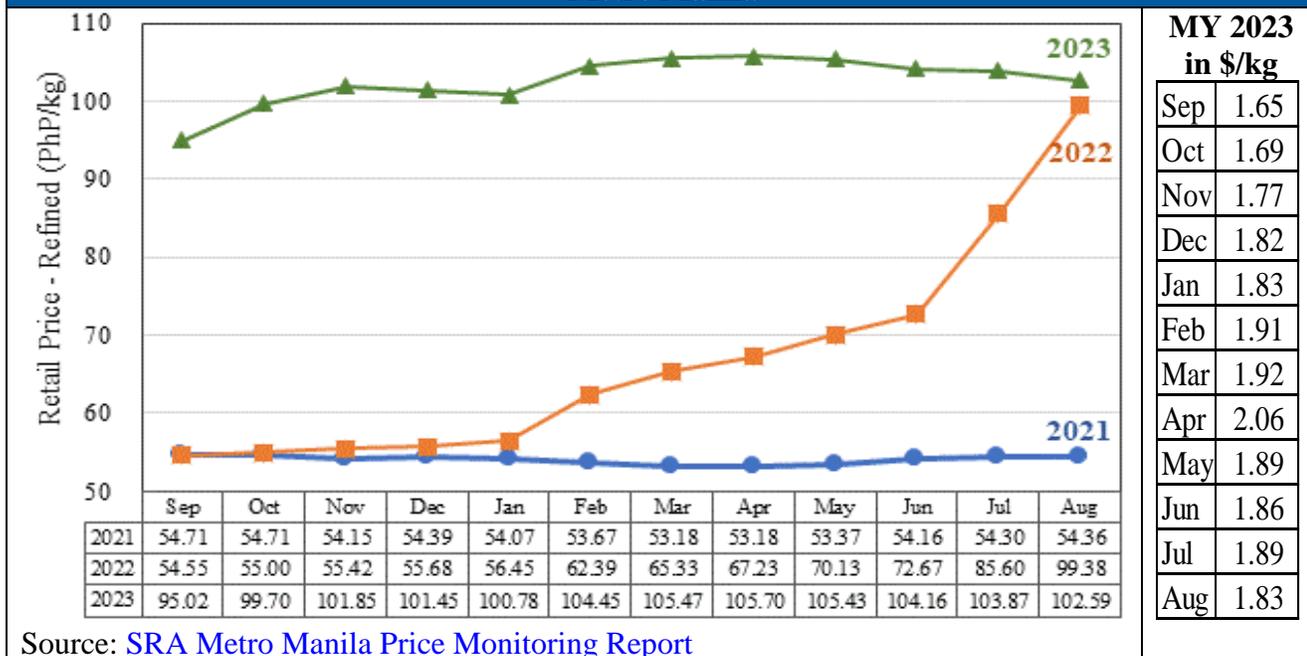
Retail Prices. Toward the end of the milling season MY 2023, retail prices of raw and refined grew by 3 percent and 20 percent, respectively, from a growth of 55 percent and 83 percent, respectively, in MY 2022. Refined prices reached a high of PhP106/kg (\$2.06/kg) in Metro Manila. The wholesale and retail prices in Metro Manila can be found [here](#).

Consumers wait to see prices decline, but prices continue to be more than P100/kg (\$1.76/kg) since January 2023 despite high inventory. Prices had been stable since January but 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 (\$1.05/kg) to PhP65/kilo (\$1.14/kg). See [GAIN Sugar Report](#) for price computation.



Wholesale and retail prices of refined sugar remain elevated despite the country having ample refined sugar stocks. See [Sugar Semi-Annual 2022](#) for monthly analysis. High demand for raw sugar withdrawal at the beginning of MY 2023 resulted in soaring prices at the mill, which translated to high wholesale and retail prices. The country failed to support the needed raw sugar for refineries to operate. Millsite prices went up and have not significantly gone down since then.

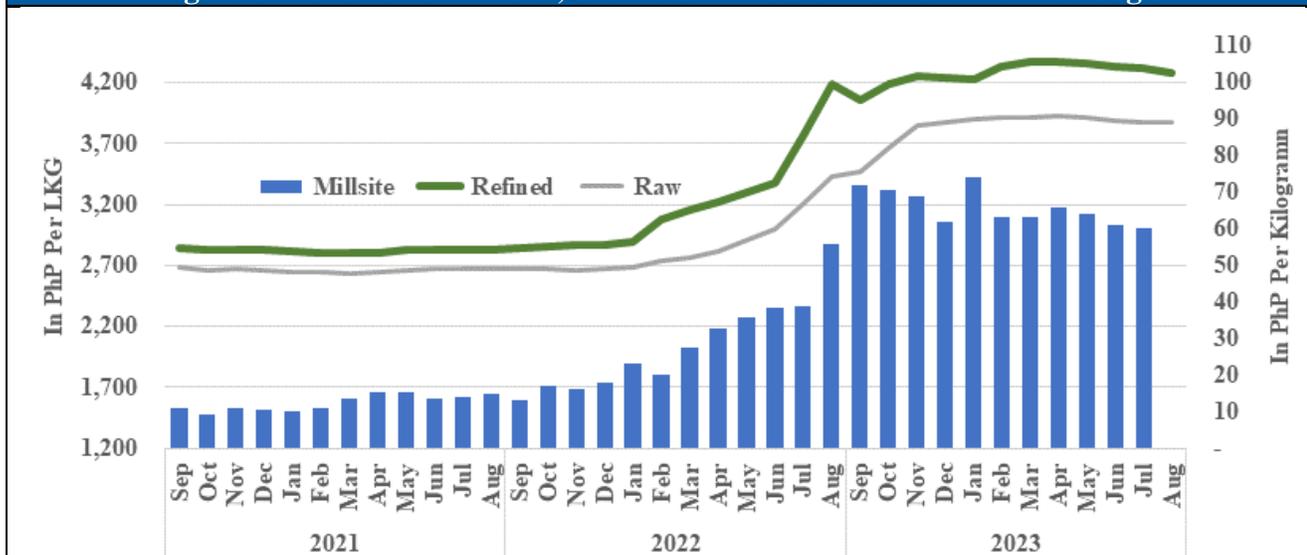
**Figure 5: Refined Sugar Retail Prices
Metro Manila**



Source: [SRA Metro Manila Price Monitoring Report](#)

The government tried to resolve the price issue through importation, and additional importation was approved to raise to a two-month buffer of 240,000 MT. The objective was to pull down prices, which adversely impact consumers. Importation lowered millsite prices, but declines did not translate to retail prices of raw and refined, which remain elevated. Consumers continue to wait for lower prices, which have doubled from just over a year ago. Importation brought buffer stocks to a comfortable level until the end of MY 2023 but failed to affect the high retail prices of refined sugar.

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



Source: [SRA Millsite Prices](#) and [Metro Manila Price Monitoring Report](#)

To date, the [SO6](#) and [SO7](#) have failed to address the high retail prices affecting consumers and food manufacturers. Food prices have fueled a 14-year-high inflation rate since the beginning of MY 2023. On 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](#)). There was a slowdown in the inflation rate starting July, but sugar remains elevated. The slowdown, however, contributed to the deceleration of food inflation in July 2023 with 21.4 percent inflation in July compared to 28.9 percent in June 2023 (See [PSA Summary of Inflation Report, July 2023](#)).

To address the rising prices, some sugar donations are sold at the [Department of Agriculture’s Kadiwa Markets](#) at a lower price. The SRA cleared sugar shipped from Thailand and later rendered as forfeited for sale at the Kadiwa markets. About 4,000 MT of refined sugar was released for sale based on the guidelines specified in [Memorandum Circular No. 4](#), as well as the [Republic Act 10863](#) or the Customs Modernization and Tariff Act.

Muscovado Prices. High sugar prices also resulted to high muscovado prices. Local prices had gone up ranging from PhP 124-199 per kilograms (\$2.18-3.49/kg) at the retail level. The export price has at times been up to four times higher for high quality muscovado than the prevailing domestic market prices. The favorable retail price in the domestic and export market pulls up farmgate prices to the benefit of producers.

Table 5: Muscovado Prices	
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*	124.00

*Post forecast

Source: SRA

Consumption:

Centrifugal Sugar (Raw Sugar). Post forecasts sugar demand to remain flat for MY 2024 at 2.2 million MT, in line with USDA Official. The high prices of sugar and sugar-using products will continue to discourage increases 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. 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](#). With the high prices, per capita consumption also slowed to about 20 kg/capita.

Non-centrifugal Sugar (Muscovado). Currently, demand for Muscovado outstrips supply, resulting in high retail prices, 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.

DEMAND/ CONSUMPTION	MARKETING YEAR		
	2021	2022	2023*
PRODUCTION	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

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.

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 a lower glycemic index (GI) of 35 per serving, compared to GI 65 to GI100 for cane sugar.

	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	1,430
May	1,198	1,380	1,225
June	1,369	855	2,184
July	1,161	1,272	1,378
August	705	1,127	1,311
Total	12,635	14,324	16,141

Source: SRA

Coco sugar is exempted from additional excise taxes on sweetened products in the Philippines.

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 a number of 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 for 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.

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

Table 9: Consumption of Sugar and Alternative Sweeteners In '000 MT Raw Sugar Equivalent			
DEMAND/ CONSUMPTION	MARKETING YEAR		
	2021	2022	2023*
Sugar	2,300	2000	2200
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 revises MY 2024 exports to zero, following the recent [SO1](#) allocating all production to domestic consumption. USDA Official’s initial forecast was that limited exports could happen in MY 2024 with the high carryover stocks due to importation. Allocating all to “B” sugar was unexpected as discussions were underway on the export-import program. The SRA, however, mentioned it will continue to do periodic assessment on production and withdrawals to adjust percentage allocation and distribution, if needed. Moreover, SRA issued [SO9](#) on the reclassification (conversion) of outstanding “A” or U.S. quota sugar and “D” or world market sugar to “B” or domestic market sugar under certain

conditions with application no later than August 15, 2023. SRA also issued [SO8](#) or the omnibus guidelines for the reinstatement of homeless “A” and “D” *quedans* on July 17, 2023.

In the past, 6 to 7 percent of total production was allocated for the U.S. quota. Given the variability in decision, Posts decided to revised forecast and wait until SRA issued “A” *quedan*. The United States maintains the Philippines’ export quota of 145,235 metric tons raw value (MTRV) of raw cane sugar under the tariff rate quota (TRQ) scheme of the World Trade Organization.

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 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.

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

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.

FAS Manila keeps MY 2024 refined sugar imports of 240,000 MT (raw equivalent of 257,000 MT). Already included is the 150,000 MT refined imports approved by President Marcos as stated in [SO7](#), which should be in country by September 15, 2023. The intention of this import program is to ensure sufficient actual supply for domestic consumption and provide a two-month buffer stock. SO7 is open for importation by registered SRA International Traders in good standing. The SRA-issued [SO6](#) (second import program) remain a controversy having only three traders approved to import 440,000 MT of refined sugar. Prior to SO6, President Marcos approved importation of 150,000 MT of refined sugar, as stated in [SO2](#),(first import program) 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. FAS Manila revises MY 2023 refined imports to 687,025 MT (raw equivalent of 735,117 MT).

Stocks:

Raw sugar stocks remain at a comfortable level at the beginning of MY 2024 from stable carryover stocks from MY 2023. Historically, November is the starting month wherein monthly raw production can supply monthly demand. There are ample refined stocks due to the entry of imported sugar, the highest in recent years. Stocks will continue to be high at the start of the milling season. Ending raw physical stocks of 198,463 MT stored in mill warehouses are higher by 48 percent compared to previous MY 2022. With the on-going harvest, there will be a build of raw sugar if it is not sold in the market. SRA monitors warehouses owned by millers, traders, and importers who are required to register all warehouses to SRA.

The [SO6](#) and [SO7](#) import program allocated two-month buffer stocks of 240,000 MT of refined sugar from the 85,000 MT previous buffer allocation. Refined sugar stocks from local production and carryover from previous MY (145,753 MT) escalated 437 percent, while those from imports (367,975 MT) increased 213 percent compared to MY 2022, which indicate refined stocks build up from local production and imports. The high buffer stocks at the end of MY 2023 have slowed down millsite prices, currently (as of Sep 21) at PhP2,600 (\$45.67) per LKG.

Table 11. Net Ending Stocks of Raw and Refined Sugar, In MT

By Type	RAW SUGAR			REFINED SUGAR		
	2021	2022	2023*	2021	2022	2023*
Marketing Year						
Supply						
Starting Balance	254,763	252,304	133,541	355,341	195,000	147,593
From domestic production	254,763	252,304	133,541	294,523	143,712	27,388
From Imports	-	-	-	60,818	51,288	120,205
Sugar Imports			10,000	81,032	228,052	687,025
Sugar Production	2,143,018	1,820,863	1,799,466	758,840	748,506	640,908
TOTAL SUPPLY	2,397,781	2,073,167	1,943,007	1,195,213	1,171,558	1,475,526
Withdrawals						
From Imports	-	-	4,025	90,562	157,261	439,254
From local	2,033,366	1,939,658	1,740,519	909,742	864,927	522,544
Export – US quota	112,008					
TOTAL WITHDRAWALS	2,145,374	1,939,658	1,744,544	1,000,303	1,022,187	961,798
Average monthly withdrawals	178,781	161,638	145,379	83,359	85,182	80,150
Physical Stocks						
NET ENDING STOCKS	252,407	133,541	198,463	195,000	149,371	513,728
Local Production	217,590	126,284	183,377	143,712	27,291	145,753
Imports	-	-	5,975	51,288	122,080	367,975
Transfer to refinery	34,817	7,257	9,111			

Note: *As of August 27, 2023

Source: 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. See [Sugar Annual](#) report for a table of ASEAN harmonized tariff codes and MFN rates.

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. As of publication of this report, no decisions have been announced.

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, trade, and domestic prices 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 and to reserves. These orders are adjusted as the season progresses. A running history of SRA sugar orders may be found [here](#).

[Sugar Order No. 1.](#) SRA released SO No.1 on September 11, 2023, which forecasts production at 1.85 million MT for MY 2024. 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 the sugar supply situation. A list of policies is available in the [GAIN Sugar Annual 2023](#). The new administration brought a new start, and issued a policy indicating that all unused sugar *quedans* from previous crop years must be reclassified or shredded and not allowed for use through the issuance of [SO8](#), and [SO9](#).

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 2023](#).

The reference price of bioethanol is based on the mill site prices of sugar and molasses. The National Biofuels Board (NBB) through the SRA sets up a price index or reference price of bioethanol, which serves as the basis for negotiations between 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	3,177	14,702	82.07

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. The largest suppliers in MY 2023 were India, Indonesia, and Thailand. Molasses prices in MY 2023 followed the same trend as sugar prices with the highest average price in June 2023 at PhP15,463/ton (\$277/ton), which grew 22 percent compared to June 2022. In MY 2021 molasses prices had drastic highs and lows due to erratic global supply and domestic production and demand.

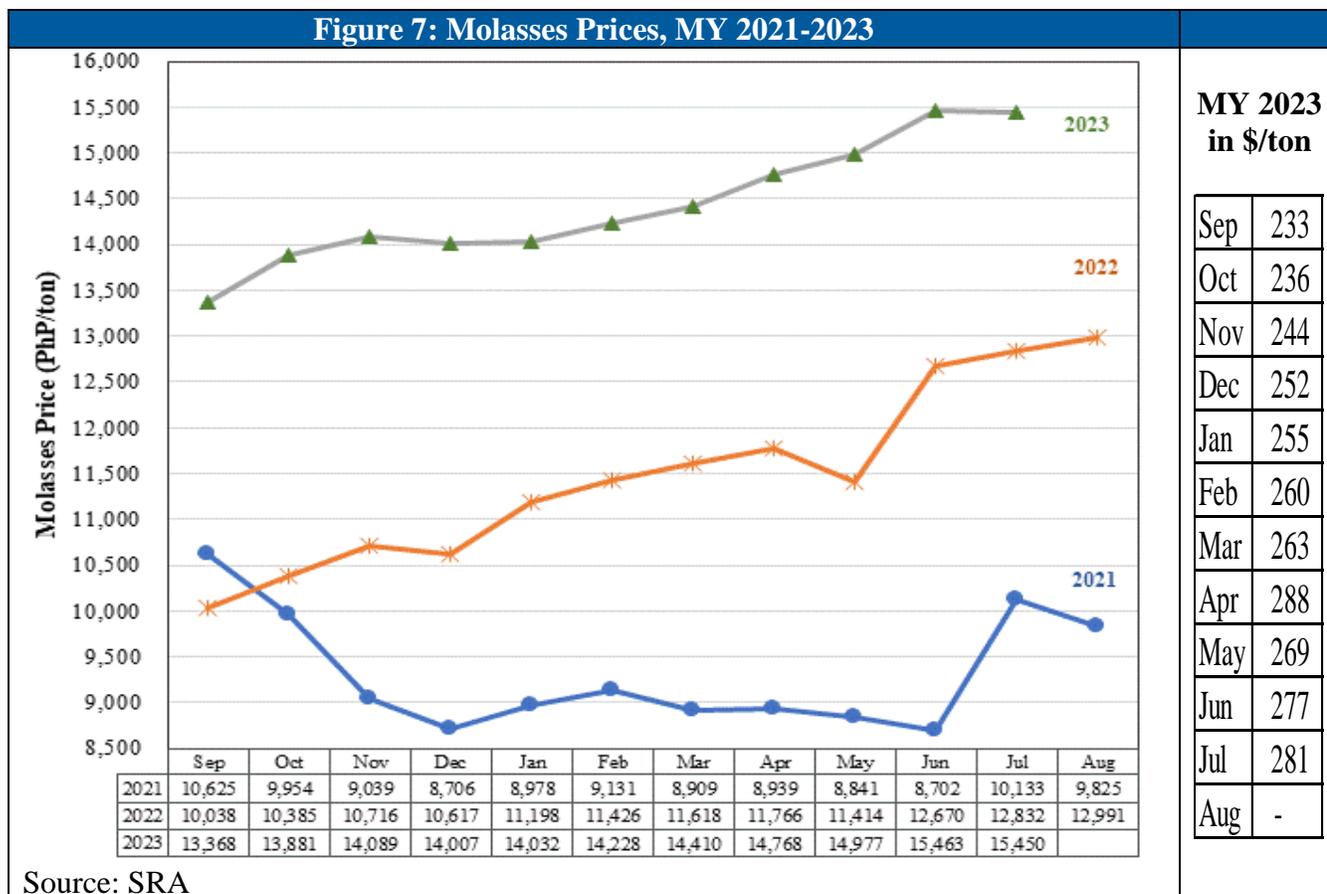
Table 13: Molasses Supply and Demand, in MT			
Particular	Marketing Year		
	2021	2022	2023
Beginning Stocks	207,531	208,214	149,677
Production	1,165,384	935,480	847,182
Local Supply	1,372,914	1,143,693	996,859
Consumption	1,178,880	1,004,997	888,302
Ending Stocks (Local)	194,034	138,696	108,557
Imports (a)	506,350	516,129	712,707*

Note: *Post forecast

(a) 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 imports

Figure 7: Molasses Prices, MY 2021-2023



**MY 2023
in \$/ton**

Sep	233
Oct	236
Nov	244
Dec	252
Jan	255
Feb	260
Mar	263
Apr	288
May	269
Jun	277
Jul	281
Aug	-

Source: SRA

Attachments:

No Attachments