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**Report Highlights:**

Jamaican total sugar production for MY 2020/2021 was 43,946 MT, a decrease from 60,000 MT produced in MY 2019/2020. As sugar production in Jamaica continues to decline, Post projects approximately 42,000 MT will be produced in MY 2021/2022. High input costs, antiquated machinery, and labor issues are some of the factors that account for declining sugar production in recent years. Despite the reduced production, Post expects Jamaica to meet its tariff rate quota to the United States and satisfy local and regional market demands in MY 2021/2022.

## Production

The sugar industry in Jamaica continues to see a steady reduction in production. Post projects that sugar production for MY 2021/2022 will be approximately 42,000 MT from approximately 515,000 MT of sugarcane. Between 2014 and 2020, the decline in sugar production has been steep, dropping from a high of 134,224 MT in MY 2014/2015 to 43,946 MT in MY 2020/2021 (figure 1).

Sources indicated that the decrease in production is often caused by: inefficient and outdated machinery which affects factory performance; steady and significant increased cost of inputs such as fertilizer which further influences the quantity and quality of yield of sugarcane; and shortages of cane cutters which results in labor disruptions. These issues drive low returns which have ultimately resulted in the closure of several sugar factories over the last five years.

Since 2018, fifty percent of the sugar factories in Jamaica have permanently closed. The Appleton factory owned and operated by Campari Group, was the latest to close their doors in 2020. Only two operating factories remain in the country. Jamaica continues to produce only raw sugar due to the country's current lack of capacity to process refined sugar. This is not likely to change in the medium term.

In supporting the flailing sugar industry, the GoJ has subsidized the transport of farmer reaped sugar cane to factories to be processed. Additionally, the GoJ is implementing plans to utilize previous sugarcane production areas, which are no longer needed, for housing and agriculture. Some of these lands are now being used to cultivate other crops of interest.

**Figure 1: Sugar production in Jamaica between 2014 and 2020**



*Table 1: Sugarcane production for crop year 2019/2020*

Factory	Company	Estate Area Reaped (HA)	Farmer Area Reaped (HA)	Total Area Reaped (HA)	Estate Cane Milled (MT)	Farmer Cane Milled (MT)	Total Cane Milled (MT)	Raw Sugar Produced (MT)
Appleton	Campari	1769	786	2555	60,690.48	77100.03	137,790.51	10,460.00
Frome	Pan Caribbean	2761	1226	3987	127,917.60	57,431.50	185,349.10	11,167.75
Worthy Park	Worthy Park	1907	918	2825	122,158.54	73,771.80	195,930.34	22,319.11
Farmer reaped*	Monymusk		1726					
	Everglades		330					
<b>GRAND TOTAL</b>		<b>6437</b>	<b>4986</b>	<b>9367</b>	<b>310,766.62</b>	<b>208,303.00</b>	<b>519,069.95</b>	<b>43,946.56</b>

\* Farmer reaped canes are generally transferred to one of the above factories for processing.  
Source: Sugar Industry Authority (Preliminary) 2021

## Consumption

Local consumption of sugar in MY 2020/2021 was 35,000 MT of raw sugar and 60,000 MT of refined sugar, a total of 95,000 MT which reflects a 16 percent decrease from 2019 when consumption was 114,000 MT. Per capita consumption of sugar fluctuates but on average is approximately 82 pounds per person per annum.

The majority of refined sugar consumption in Jamaica is absorbed by the food manufacturing sector. However, in recent years the Government of Jamaica, through the Ministry of Health and Wellness and the Heart Foundation of Jamaica, launched a national campaign touting the adverse effects of sugar consumption. As such, some manufacturers have already begun to manufacture products with lower sugar content. In addition, a tax on sugary drinks has been recommended to discourage shoppers from consuming products high in sugar. If this law is passed, it is expected to affect domestic consumption of raw and refined sugar.

Approximately 100,000 MT of molasses and 5,000 MT of raw sugar are utilized by the spirits industry. Cane sugar remains the predominant sweetener in Jamaica, although there are other sweeteners on the local market. Demand and market share of these are minimal.

## **Trade**

Traditionally, Jamaica exported sugar to the European Union (EU) under the European Union Sugar Protocol (EUSP) which was extended to countries of the African, Caribbean and Pacific (ACP) group. Under the EUSP, raw sugar produced received a premium price when exported to the EU, as well as importing raw sugar for local consumption at a lower price.

The EUSP arrangement was replaced in 2009 by the Economic Partnership Arrangement (EPA). Under this agreement, the difference between world market prices and the ACP countries decreased. In 2013, the EU revised the Common Agricultural Policy (CAP) which resulted in a removal of the preferential price that was enjoyed by ACP countries. This led to ACP countries such as Jamaica, operating under regular market conditions, such as high input costs and low efficiency when compared to other more efficient sugar markets in the world.

Changes to the EU policy resulted in a shift in the marketing of Jamaican raw sugar. Presently, the sugar produced by Jamaica is used for domestic purposes and exported to the Caribbean and U.S. markets based on a pre-determined quota; and to the EU with the reduced prices mentioned above.

Post forecasts that raw sugar exports for MY 2021/2022 will be around 12,000 MT, as the industry is expected to continue on a downward trajectory as evidenced over the most recent marketing years. Though production is forecast to decrease, Jamaica is expected to fulfill the sugar tariff rate quota (TRQ) to the United States for MY 2021/2022. The remainder of raw sugar is expected to be consumed locally and exported to other markets, including in the Caribbean Community (CARICOM) and the EU.

Post expects that refined sugar will be imported to supply local demand as there is still no capability for the country to refine sugar. The importation of refined sugar is expected to remain relatively constant for MY 2021/2022. The main suppliers to Jamaica are: Guatemala, Colombia and Honduras.

## **Stocks**

Due to high storage costs associated with storage, approximately 4,000 MT of raw sugar is usually kept in stock by producers. A limited amount of refined sugar is also kept in stock by importers.

## **Policy**

The Ministry of Agriculture and Fisheries (MOAF) governs the policies for the operation of Jamaica's sugar industry. The policies address, land usage, irrigation, subsidies and other areas. The Sugar Industry Authority (SIA) is the regulatory body under MOAF which controls the industry in the areas of

arbitration, research and development, monitoring and evaluation. The marketing of sugar and molasses is also regulated by the SIA.

The Jamaica Cane Products Sales (JCPS) Limited was a private marketing company created in 1994 to grant marketing licenses to the factories it represented under the SIA as these factories did not possess individual licenses to market their own products. After changes to the policy by the GoJ, the SIA began to grant licenses to the sugar factories directly, therefore making the JCPS obsolete, resulting in closure of the company in 2018.

The Jamaica Country Strategy for the Adaptation of the Sugar Industry (JCS) is the main policy guiding the Jamaican sugar industry. The JCS I (2009-2015) was designed to respond to the EU's policy changes that regulated the sugar export trade in ACP countries. Following revisions to the EU's policy, prices paid for raw sugar to ACP countries decreased by 36 percent.

The *JCS II (2016-2020)*, which was updated by the MOAF in July 2019, has three main strategic objectives outlined below:

- i. developing and maintaining a sustainable private sector-led sugar cane industry based on multiple products;
- ii. strengthening of the social resilience, economic diversification and environmental sustainability of Sugar Dependent Areas (SDA);
- iii. maintaining progress towards the GoJ's macro-economic goals.

The policy has a three-phase approach, which are: transition, transformation and consolidation. These policy updates are expected to minimize the risks associated with the industry and provide an avenue to increase revenue generation. MOAF envisions that the industry will revise the entire value chain of sugarcane and not focus exclusively on sugar as the sole end product. Other value –added prospects that have been investigated are the production and generation of energy products such as ethanol, refining sugar, and increasing the production of premium products such as rum and other alcoholic products.

## **Marketing**

There are currently two marketing agents for local sugar: Pan Caribbean Sugar Company (Frome factory) and Worthy Park (Worthy Park factory); Campari (Appleton factory) closed in 2020. These sugar companies are licensed by the Government of Jamaica to market their own products. Historically, the JCPS was fully responsible for importation and distribution of refined sugar. At present, refined sugar is solely imported and distributed by independent distributors to retail markets and by manufacturers of beverages and baked goods.

**Table 2: Prices of sugar**

Type of Sugar	Prices (US\$/pound)		
	Producer to wholesaler	Wholesaler/Importer to retail	Retail to consumer
Raw	-	0.42	0.69
Refined	N/A	0.92	1.27

**Tables 3 and 4: Production, Supply and Demand Tables**

Sugarcane, Centrifugal	2019/2020		2020/2021		2021/2022	
	Dec. 2019		Dec. 2020		Dec. 2021	
Marketing Year Begins						
Jamaica	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	17	17	0	14	0	14
Area Harvested (1000 HA)	14	14	0	11	0	9
Production (1000 MT)	745	745	0	596	0	515
Total Supply (1000 MT)	745	745	0	596	0	515
Utilization for Sugar (1000 MT)	737	737	0	590	0	507
Utilization for Alcohol (1000 MT)	8	8	0	8	0	8
Total Utilization (1000 MT)	745	745	0	596	0	515

Sugar. Centrifugal	2019/2020		2020/2021		2021/2022	
	May 2019		May 2020		May 2021	
Marketing Year Begins						
Jamaica	USDA Official (1000 MT)	New Post (1000 MT)	USDA Official (1000 MT)	New Post (1000 MT)	USDA Official (1000 MT)	New Post (1000 MT)
Beginning Stocks	4	4	4	4	0	4
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	60	60	44	44	0	42
Total Sugar Production	60	60	44	44	0	42
Raw Imports	0	0	0	0	0	0
Refined Imp. (Raw Val)	68	68	60	60	0	60
Total Supply	132	132	112	108	0	106
Raw Exports	14	14	13	13	0	12
Refined Exp. (Raw)	0	0	0	0	0	0
Total Exports	14	14	13	13	0	12
Human Domestic Consumption	114	114	95	95	0	90
Other Disappearance	0	0	0	0	0	0
Total Use	114	114	95	95	0	90
Ending Stocks	4	4	4	4	0	4
Total Distribution	132	132	112	112	0	106

**Attachments:**

No Attachments