

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 10/1/2013

GAIN Report Number: TH3087

Thailand

Sugar Semi-annual

2013

Approved By:

Rey Santella, Agricultural Attaché

Prepared By:

Ponnarong Prasertsri, Agricultural Specialist

Report Highlights:

TH3087 MY2012/13 sugar production and sugar exports are likely to decline due to weather conditions and the global economic slowdown. Meanwhile, MY2013/14 sugar production is likely increase due to anticipated favorable weather conditions. This will likely boost sugar exports up to 8-9 million metric tons in MY2013/14.

Executive Summary:

Despite higher-than-expected MY2012/13 sugarcane production, sugar production will likely decline to 10 million metric tons, down 2 percent from the previous year due to low sugarcane extraction rate caused by drought. Meanwhile, sugar consumption and exports are revised down due to the economic slowdown. Sugar exports are likely to decline to 7 million metric tons, down 11 percent from the previous year as a result of a slip in raw sugar exports. MY2013/14 sugar production is revised up to 11 million metric tons, an increase of approximately 9 percent from the previous year due to anticipated favorable weather conditions. This is expected to push sugar exports higher to approximately 8-9 million metric tons in MY2013/14. Meanwhile, cane growers are concerned about the slide in domestic prices and have asked the government for price supports around 1,200 baht per metric ton. However, the government has not yet finalized the price support for sugarcane production in MY2013/14.

Commodities:

Sugar Cane for Centrifugal

Sugar, Centrifugal

Author Defined:**1. Production**

According to the official MY2012/13 crushing report by the Office of Cane and Sugar Board (OCSB), sugarcane production is slightly higher than expected at approximately 100 million metric tons, a 2 percent increase from the previous year due to acreage expansion (Table 1). However, overall sugar production declined to 10 million metric tons, down 2 percent from the previous year due to drought conditions. The dry conditions affected the cane ripening stage resulting in low sugarcane extraction rate at 100.2 kg/ton of cane, a 4 percent decline from an average of 104.5 kg/ton from the previous year. In addition, the production of sugarcane used for ethanol production is revised up to approximately 660,000 metric tons due to acreage expansion. The larger planting area was a result of higher gasohol consumption fueled by the government's cancellation of Octane 91 gasoline sales (please see TH3056, Biofuel Annual 2013).

MY2013/14 sugarcane production is revised up to approximately 106 million metric tons, an increase of 5 percent from the previous year as a result of anticipated favorable weather conditions. The average sugarcane extraction rate is expected to recover to 104 kg/ton of cane. This will likely push sugar production higher to around 11 million metric tons, up approximately 9 percent from the previous year. The production of sugarcane used for ethanol production is also expected to increase to 0.7 million metric tons due to continued strong domestic gasohol consumption. The sole Thai sugarcane-based ethanol plant is operating close to full capacity at 60 million liters per year (or 0.2 million liters per day) using approximately 0.8 million tons of cane annually.

2. Consumption

MY2012/13 and MY2013/14 sugar consumption is revised down to approximately 2.6 – 2.7 million metric tons due to the slowdown in domestic economic growth (Table 2). The government revised down its economic growth forecast to 3.7 percent in 2013 and 5.1 percent in 2014 as compared to its previous forecast of 5-6 percent. The modified forecast is due to the slowdown in the global economy and the delay of government spending, particularly on mega public works projects. In the first half of 2013, domestic sugar consumption growth was lower than expected at 2.4 percent compared to the previous annual forecast of 5 to 6 percent. The slowdown is a reflection of lower-than-expected sugar demand for industrial use, particularly in the beverage industry which accounts for around half of total industrial use. The consumption of sugar in the beverage industry declined approximately 2.5 percent from the same period last year. Meanwhile, total industrial use which accounts for around 40 percent of total sugar consumption increased slightly by 0.6 percent from the same period last year as the Thai economy faced a technical recession in the second quarter of this year.

3. Trade

MY2012/13 sugar exports are revised down to 7 million metric tons which is likely to decline 11 percent from the previous year (Table 2) due to lower-than-expected exports of raw sugar. In the first half of 2013, raw sugar exports to China declined significantly (Table 5) due to an increase in Chinese sugar production. Meanwhile, exports of raw sugar to other importing countries are lower-than-expected due to the global economic slowdown. Furthermore, Thailand did not fulfill its FY013 (October 1, 2012 – September 30, 2013) U.S. raw sugar Tariff Quota (TRQ) as export prices under the TRQ were approximately 10 percent below world market prices. MY2013/04 sugar exports are revised up to 8.7 million metric tons in anticipation of higher exportable supplies resulting from larger carry-over stocks and bumper sugarcane production. Raw sugar exports are likely to increase to 5.5 million metric tons compared to 4 million metric tons in 2012/13. Exports are expected to accelerate in the second quarter of 2014.

4. Stocks

MY2012/13 sugar stocks are revised up to 3.3 million metric tons due to lower-than-expected domestic sugar consumption and a drop in raw sugar exports. Sugar stocks will likely decline to 2.8 million metric tons in MY2013/14.

5. Policy

Price supports for sugarcane production in MY2013/14 will likely be lower than MY2012/13 which was set at 950 baht per metric tons (\$30.6/MT) due to a reduction in global sugar prices. The 950 baht price represented a 7.5 percent decline from the previous year. The government, however, has not yet finalized the price supports for the MY2013/14 sugarcane crop. Farmers are seeking a support price of 1,200 baht per metric ton.

Production, Supply and Demand Data Statistics:

Table 1: Thailand's Sugarcane Production

Sugar Cane for Centrifugal Thailand	2011/2012		2012/2013		2013/2014		
	Market Year Begin: Dec 2011		Market Year Begin: Dec 2012		Market Year Begin: Dec 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	1,300	1,300	1,355	1,370	1,365	1,415	(1000 HA)
Area Harvested	1,280	1,283	1,345	1,360	1,360	1,410	(1000 HA)
Production	98,400	98,627	99,450	100,660	102,000	105,700	(1000 MT)
Total Supply	98,400	98,627	99,450	100,660	102,000	105,700	(1000 MT)
Utilization for Sugar	98,000	98,000	99,000	100,000	101,500	105,000	(1000 MT)
Utilization for Alcohol	400	627	450	660	500	700	(1000 MT)
Total Utilization	98,400	98,627	99,450	100,660	102,000	105,700	(1000 MT)

Table 2: Thailand's Sugar Production, Supply and Demand

Sugar, Centrifugal Thailand	2011/2012		2012/2013		2013/2014		
	Market Year Begin: Dec 2011		Market Year Begin: Dec 2012		Market Year Begin: Dec 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Beginning Stocks	2,983	2,983	2,810	2,810	2,060	3,264	(1000 MT)
Beet Sugar Production	0	0	0	0	0	0	(1000 MT)
Cane Sugar Production	10,235	10,235	9,900	10,024	10,500	10,920	(1000 MT)
Total Sugar Production	10,235	10,235	9,900	10,024	10,500	10,920	(1000 MT)
Raw Imports	0	0	0	0	0	0	(1000 MT)
Refined Imp (Raw Val)	0	0	0	0	0	0	(1000 MT)
Total Imports	0	0	0	0	0	0	(1000 MT)
Total Supply	13,218	13,218	12,710	12,834	12,560	14,184	(1000 MT)
Raw Exports	4,968	4,968	5,000	4,000	5,300	5,500	(1000 MT)
Refined Exp (Raw Val)	2,930	2,930	3,000	3,000	3,200	3,200	(1000 MT)
Total Exports	7,898	7,898	8,000	7,000	8,500	8,700	(1000 MT)
Human Dom. Consumption	2,510	2,510	2,650	2,570	2,750	2,650	(1000 MT)
Other Disappearance	0	0	0	0	0	0	(1000 MT)
Total Use	2,510	2,510	2,650	2,570	2,750	2,650	(1000 MT)
Ending Stocks	2,810	2,810	2,060	3,264	1,310	2,834	(1000 MT)
Total Distribution	13,218	13,218	12,710	12,834	12,560	14,184	(1000 MT)

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

	MY 2011/12	MY 2012/13	MY 2013/14 (FAS Forecast)
Yield per metric ton of cane			
Sugar (kg.)	104.47	100.24	104
Molasses (kg.)	44.79	45.54	45.50
Farm price (ex-factory): Baht/ton	942	910	850
Wholesale prices			
Sugar (Baht/100 kg.)	2,033	2,033	2,033
Molasses (Baht/ton)	3,600	4,000	3,500

Source: Office of Cane and Sugar Board

Table 4: Thailand's Total Exports of Sugar

Unit: Metric Ton Raw Value

	2009	2010	2011	2012	Jan. - May		
					2012	2013	% Change
U.S.	14,095	22,868	24,301	22,563	15,074	-	-
Indonesia	1,004,884	1,304,964	1,352,165	1,921,618	1,173,138	1,343,014	14.5
Japan	724,676	533,903	1,107,846	870,657	439,353	381,363	-13.2
China	195,141	25,511	288,181	996,659	642,160	64,395	-90.0
Malaysia	52,778	156,234	353,469	470,561	398,236	236,351	-40.7
South Korea	151,418	134,804	521,738	505,139	329,720	347,968	5.5
Cambodia	493,914	468,756	409,016	632,148	260,241	243,265	-6.5
Taiwan	298,451	88,042	140,538	279,581	81,835	90,116	10.1
Russia	30,661	31,652	175,318	49,614	45,349	33,858	-25.3
Singapore	135,280	109,138	194,084	130,935	69,871	39,031	-44.1
India	327,560	349,268	6,426	7,592	3,335	4,802	44.0
Other	1,868,754	1,393,108	2,308,082	1,909,241	1,077,041	866,503	-19.5
Total	5,297,612	4,618,248	6,881,164	7,796,308	4,535,353	3,650,666	-19.5

Source: Office of Cane and Sugar Board, Ministry of Industry

Table 5: Thailand's Exports of Raw Sugar (MTRV)

Destination	2009	2010	2011	2012	Jan. - May		
					2012	2013	% Change
China	115,086	4,617	192,673	839,576	587,954	20,520	-96.5
Indonesia	854,174	782,081	1,248,555	1,786,363	1,131,996	1,296,142	14.5
Japan	724,660	533,887	1,107,829	868,700	437,726	381,636	-12.8
North Korea	41,450	20,273	18,515	3,263	249	-	-100.0
South Korea	141,589	134,261	507,330	482,409	320,834	322,639	0.6
Malaysia	24,747	120,375	324,600	372,543	358,283	181,062	-49.5
Philippines	-	29,365	3,335	-	-	-	-
Russia	27,907	31,652	174,542	49,453	45,349	33,858	-25.3
Singapore	1,539	7,206	19,971	149	23	26	13.0
Sri Lanka	12,877	8,824	7,643	513	513	11,440	2,130.0
Tanzania	8,297	1,539	2,334	1,898	923	16,826	1,723.0
Taiwan	180,675	56,367	53,282	182,791	149,732	49,564	-66.9
United States	14,095	22,868	23,784	20,993	14,772	-	-100.0
UAE	257	-	205	282	51	333	552.9
Vietnam	23,598	81,372	43,400	99,220	23,085	19,391	-16.0
Others	100,915	138,547	495,536	212,883	191,397	75,838	-60.4
Total	2,271,866	1,973,234	4,223,534	4,921,036	3,262,887	2,409,275	-26.2

Source: Office of the Cane and Sugar Board, Ministry of Industry

Table 6: Thailand's Exports of White and Refined Sugar (MTRV)

Destination	2009	2010	2011	2012	Jan. - May		
					2012	2013	% change
Bangladesh	98,160	2,140	11,856	-	-	241	0.0
Brunei	11,775	6,337	6,561	6,561	3,281	-	0.0
Burma	5,493	13,086	34,934	49,210	12,714	38,908	206.0
Cambodia	486,352	468,756	409,016	632,147	260,241	243,264	-6.5
China	80,054	20,894	95,507	157,083	54,206	43,875	-19.1
India	327,560	348,499	6,426	7,592	3,335	4,802	44.0
Indonesia	150,711	522,883	103,610	135,254	41,142	46,872	13.9
Iran	6,993	-	6,420	-	-	-	-
Jordan	17,174	27	12,085	51,266	31,471	53,500	70.0
North Korea	2,467	5,230	4,140	-	-	-	-
South Korea	9,830	544	14,408	22,730	8,886	25,330	185.1
Kenya	21,438	5,566	31,898	42,496	16,681	42,746	156.3
Laos	63,915	31,987	44,443	85,028	54,065	11,152	-79.4
Malaysia	28,030	35,858	28,869	98,018	39,953	55,289	38.4
Maldives	1,418	776	936	990	375	455	21.3
Pakistan	148,734	178,485	2,676	936	936	54	-94.2
Philippines	82,982	266,813	126,829	81,961	21,238	51,220	141.2
Russia	2,495	-	776	161	-	6	-
Saudi Arabia	35,153	803	18,470	9,067	4,331	4,198	-3.1
Singapore	35,135	101,933	174,113	130,786	69,848	39,005	-44.2
Somalia	51,750	-	-	-	-	-	-
Sri Lanka	140,708	68,108	44,071	51,789	16,291	22,092	35.6
Syria	-	-	10,745	7,838	4,066	19,233	373.0
Tanzania	22,259	9,071	28,576	24,813	13,643	41,999	207.8
UAE	100,511	21,645	45,597	13,669	8,983	6,402	-28.7
Vietnam	110,217	179,179	263,384	249,518	113,214	26,938	-76.2
Yemen	31,539	1,498	3,123	5,466	5,466	776	-85.8
Others	952,893	354,896	1,128,162	1,010,893	488,100	463,034	-5.1
Total	3,025,746	2,645,014	2,657,631	2,875,272	1,272,466	1,241,391	-2.4

Source: Office of the Cane and Sugar Board, Ministry of Industry

Table 7: Thailand's Monthly Export Prices (F.O.B.) of Raw Sugar (Baht/Ton)

Month	2007	2008	2009	2010	2011	2012	2013
January	9,715	8,463	9,380	12,761	15,398	17,547	14,329
February	9,812	8,457	10,741	14,685	14,700	17,535	13,566
March	8,915	8,398	11,480	14,028	16,589	17,420	14,260
April	8,807	8,594	11,123	14,865	16,078	17,016	14,077
May	8,391	8,491	11,655	13,865	15,832	15,663	13,479
June	8,238	8,758	11,803	13,558	15,731	16,513	N.A.
July	7,645	8,917	11,649	13,719	15,127	16,364	N.A.
August	8,590	9,163	11,942	13,890	17,344	16,801	N.A.
September	7,909	8,949	11,162	13,446	17,892	16,611	N.A.
October	7,167	9,278	11,614	12,695	18,855	16,257	N.A.
November	8,189	9,469	11,361	12,240	18,694	16,636	N.A.
December	8,215	9,644	12,736	15,034	17,685	14,750	N.A.
Average	8,502	8,882	11,465	13,928	16,661	16,593	
Avg. Exchange rates (Baht/U.S.S)	34.52	33.31	34.29	31.69	30.49	31.08	29.51

Source: Office of the Cane and Sugar Board, Ministry of Industry

Month	2007	2008	2009	2010	2011	2012	2013
January	11,994	10,100	10,615	17,864	17,449	19,177	15,116
February	11,498	9,254	10,832	16,952	19,827	19,111	14,723
March	10,738	10,104	11,232	17,684	16,006	17,839	15,051
April	11,042	10,085	11,609	17,418	18,932	18,134	15,266
May	10,722	10,818	11,651	17,069	17,995	18,241	14,727
June	10,470	10,239	13,239	16,489	18,257	18,142	N.A.
July	10,251	16,789	13,446	16,773	N.A.	18,574	N.A.
August	10,132	10,459	13,391	18,100	20,551	18,166	N.A.
September	10,202	11,762	14,077	18,868	20,211	17,624	N.A.
October	9,112	11,987	14,439	16,826	19,965	17,232	N.A.
November	9,616	10,855	15,211	22,320	20,542	17,505	N.A.
December	9,522	11,253	15,855	20,077	19,527	16,558	N.A.
Average	10,505	11,142	12,966	17,358	19,024	18,025	
Avg. Exchange rates (Baht/U.S.S)	34.52	33.31	34.29	31.69	30.49	31.08	29.51
Source: Office of the Cane and Sugar Board, Ministry of Industry							

End of report