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Report Highlights:

Brazil's MY 2020/21 sugarcane crush has been revised upward to 655 million metric tons (mmt), due to overall favorable weather conditions in the north-northeastern growing region. In addition, the COVID-19 pandemic and social distance measures have negatively impacted people and goods' transportation, reducing fuel consumption. Therefore, sugar-ethanol plants have diverted more sugarcane towards sugar production (47.5 percent of the total cane crushing). Total sugar exports for MY 2020/21 are estimated at 32.02 mmt, raw value, the highest export volume ever for Brazil. Brazilian sugar exports to China during the May-August 2020 period reached 1.99 mmt, almost reaching pre-safeguard levels of over 2.5 mmt. On September 11, Brazil decided to maintain a pro-rata tariff-rate quota (TRQ) for ethanol of 187.5 million liters for 90 days. On September 21, the United States granted an additional 80,000 metric tons TRQ for exporting sugar to the U.S. market without paying taxes.

Production

Sugarcane Production, Area, and Yield

The Agricultural Trade Office (ATO/Sao Paulo) estimates Brazil's marketing year (MY April-March) 2020/21 sugarcane crush at 655 million metric tons (mmt), up 5 mmt relative to the previous estimate (650 mmt). Sugarcane crushing in the center-south region remains unchanged at 600 mmt of sugarcane. Despite the predominantly dry weather in the last months, good rainfall volumes during January-March 2020 will likely guarantee steady agricultural yields and production.

On the other hand, favorable weather conditions, especially a better rainfall distribution along the 2020 rainy season in the north-northeast region (March-August), should lead to an improved crop estimated at 55 mmt, an increase of six percent relative to the previous crop season. The crushing started in August and post contacts report that plants are adopting preventive measures against the COVID-19 pandemic.

Total Brazilian sugarcane planted and harvested area for MY 2020/21 estimates are unchanged at 9.9 and 9.45 million hectares, respectively. The table below shows the sugarcane harvested area, according to the Ministry of Agriculture, Livestock and Supply's (MAPA) National Supply Company (CONAB), and the Agricultural Economics Institute (IEA) of the State of São Paulo Secretariat of Agriculture.

Area Harvested to Sugarcane (1,000 ha)						
	2015	**2016**	**2017**	**2018**	**2019**	**2020 1/**
Brazil	8,654.8	9,049.2	8,729.5	8,589.2	8,442.0	8,409.8
Sao Paulo	5,605.7	5,569.2	5,601.2	5,644.9	5,608.6	5,579.1
Sources: CONAB, IEA. 1/ estimate.						

Genetically Modified (GM) sugarcane has already been commercialized in Brazil. According to the industry, roughly 20,000 hectares of GM sugarcane was planted during 2019/20 and should be harvested during the current season (2020/21).

The two varieties planted are commercialized by the Sugarcane Technological Center (CTC) and include CTC20 BT and CTC9001 BT, which are modifications from the traditional (non-GM) CTC 20 and CTC 9001 varieties. Both are designed to combat cane borer, an insect pest that costs roughly US$ 1.5 billion per year for Brazil's sugarcane growers. The GM varieties are transformed to contain genes from a soil bacterium called Bacillus Thuringiensis (or BT), allowing the plant to produce proteins that are toxic to cane borer and act as an insecticide.

Both varieties can be used for sugar and ethanol production for exports. Exports are subject to the requirements of the importing country. CTC has been working on developing new GM varieties and the Brazilian Agricultural Research Enterprise (Embrapa).

ATO/Sao Paulo estimates MY 2020/21 agricultural yield at 69.3 metric tons (mt)/hectare (ha), a marginal increase of one percent vis-à-vis the previous MY (68.8 mt/ha). On the other hand, the industrial yield is estimated at 141 kg of total reducing sugars (TRS)/mt of sugarcane, a 2.9 kg/mt increment compared to the previous season (138.1 kg/mt) as a consequence of the predominant dry weather in the center-south during the crushing season. The following table shows historical Brazilian yields measured in TRS per metric ton of sugarcane.

Sugarcane Industrial Yields (kg TRS/metric ton)					
	MY 16/17	**MY 17/18**	**MY 18/19**	**MY 19/20**	**MY 20/21 1/**
TRS/ton	133.14	136.45	137.52	138.10	141.00
Source: USDA/FAS/ATO/Sao Paulo 1/Estimate					

According to the Brazilian Sugarcane Industry Association (UNICA), cumulative sugarcane crushed from April 1 to September 16 amounted 459.4 mmt, up by five percent relative to the same period last year. The tables below show monthly sugarcane crush data for the state of São Paulo and the CS region for the 2017/18 through 2020/21 crops, as reported by UNICA. São Paulo represents approximately 60 percent of the CS production.

Sugarcane Crushed in the State of Sao Paulo (1,000 metric tons)				
Month	**17/18**	**18/19**	**19/20**	**20/21**
April	25,458	36,990	25,180	37,737
May	42,330	46,306	50,390	52,283
June	53,295	53,019	52,524	49,838
July	58,936	54,203	52,662	57,351
August	49,585	44,695	53,390	52,427
September 1/	51,954	38,841	43,676	25,857
October	37,068	27,946	42,907	--
November	22,743	20,397	17,106	--
December	8,282	6,855	1,261	--
January	26	173	20	--
February	188	65	0	--
March	7,277	3,848	4,635	--
Cumulative	357,142	333,338	343,750	275,493
Source: Brazilian Sugarcane Industry Association (UNICA). 1/ September 2020 up to Sep 15				

Sugarcane Crushed in Center-Southern Brazil (1,000 metric tons)				
Month	**17/18**	**18/19**	**19/20**	**20/21**
April	41,945	60,170	45,628	60,457
May	70,264	75,418	83,347	84,383
June	87,222	88,060	89,079	84,565
July	98,907	92,880	90,906	97,191
August	84,512	77,214	90,831	88,458
September 1/	85,933	66,601	74,813	44,393
October	62,664	50,607	70,403	--
November	38,721	36,103	30,772	--
December	13,073	15,459	3,309	--
January	587	1,120	214	--
February	1,308	823	629	--
March	11,195	8,714	10,431	--
Cumulative	596,330	573,169	590,361	459,448
Source: Brazilian Sugarcane Industry Association (UNICA). 1/ September 2020 up to Sep 15.				

Sugar

Sugar-ethanol plants have diverted more sugarcane towards sugar production. The COVID-19 pandemic and the social distance measures adopted by local governments have negatively impacted people and goods' transportation, reducing fuel consumption. Total sucrose (total reducing sugar, TRS) content destined for sugar and ethanol has been further revised towards more sugar production, based on updated crushing information and trade estimates. ATO/Sao Paulo estimates the sugar:ethanol breakdown for MY 2020/21 at 47.5:52.5 percent, respectively, compared to 35: 65 percent for MY 2019/20.

Consequently, the sugar production estimate for MY 2020/21 is estimated at 42.06 mmt, raw value, significantly up relative to MY 2019/20 (29.925 mmt, raw value), reaching a record ever production. The center-south states should account for 38.38 mmt, raw value, up 9.3 mmt compared to the previous crop (27.08 mmt). The NNE sugar production should amount 3.68 mmt, an increase of 29 percent vis-à-vis the previous MY.

According to UNICA, cumulative sugar production in the center-south until September 16, 2020 is 29.07 mmt, a drastic increase of 45 percent compared to previous season, almost reaching the total volume produced during the entire MY 2019/20. The tables below show monthly sugar production for the state of Sao Paulo and the center-south region for the 2017/18 through 2020/21 crops, as reported by UNICA.

Sugar Production in the State of Sao Paulo (Metric tons, tel quel)				
Month	**17/18**	**18/19**	**19/20**	**20/21**
April	1,288,587	1,587,271	896,261	2,064,509
May	2,661,791	2,344,445	2,460,600	3,521,610
June	3,713,219	3,000,593	2,832,346	3,633,809
July	4,424,127	3,443,977	3,035,918	4,415,840
August	3,837,644	2,783,609	3,223,921	4,255,027
September 1/	4,117,046	2,341,665	2,646,859	2,165,687
October	2,654,635	1,373,240	2,458,387	--
November	1,334,388	959,922	775,289	--
December	399,326	256,274	27,963	--
January	2	2,185	0	--
February	3,328	680	0	--
March	157,300	5,311	157,589	--
Cumulative	24,591,393	18,099,172	18,515,133	20,056,482
Source: Brazilian Sugarcane Industry Association (UNICA). 1/ September 2020 up to Sep 15				

Sugar Production in Center-Southern Brazil (Metric tons, tel quel)				
Month	**17/18**	**18/19**	**19/20**	**20/21**
April	1,839,645	2,250,044	1,382,273	2,992,281
May	3,874,688	3,261,570	3,475,214	5,023,562
June	5,373,876	4,273,632	4,082,023	5,277,682
July	6,538,817	5,017,555	4,423,054	6,447,323
August	5,715,100	4,098,579	4,651,032	6,147,987
September 1/	5,996,254	3,446,968	3,835,497	3,179,046
October	3,881,055	2,082,798	3,432,103	--
November	1,982,544	1,419,066	1,139,066	--
December	627,383	496,701	63,113	--
January	6,623	18,281	7,922	--
February	9,641	2,876	2,508	--
March	213,881	9,078	267,549	--
Cumulative	36,059,507	26,377,148	26,761,354	29,067,881
Source: Brazilian Sugarcane Industry Association (UNICA). 1/ September 2020 up to Sep 15				

According to the Ministry of Agriculture, Livestock and Supply (MAPA), cumulative production for the 2020/21 crop through September 1, 2020, was reported at 26.05 mmt of sugar and 19.57 billion liters of ethanol (5.65 billion liters of anhydrous and 13.92 billion liters of hydrous ethanol). The table below shows updated estimates for sugarcane, sugar and ethanol production by state for 2019/20, as reported by MAPA.

Cane, Sugar & Ethanol Production: 2020/21 Crop (MT and 000 Liters)					
			Ethanol		
State/Region	**Cane**	**Sugar**	**Anhydrous**	**Hydrous**	**Total**
Espirito Santo	1,495,808	76,134	35,811	25,386	61,197
Goias	50,968,019	1,565,135	552,962	2,763,781	3,316,743
Minas Gerais	49,197,287	3,220,739	561,552	1,449,975	2,011,527
Mato Grosso Sul	28,812,100	1,082,145	373,105	1,297,804	1,670,909
Mato Grosso	11,633,232	334,588	452,114	1,095,073	1,547,187
Parana	22,972,886	1,735,553	307,253	466,702	773,955
Rio de Janeiro	660,356	5,444	0	45,211	45,211
Rio Grande Sul	0	0	0	0	0
Sao Paulo	250,489,916	17,855,654	3,114,648	6,574,317	9,688,965
Center South	**416,229,604**	**25,875,392**	**5,397,445**	**13,718,249**	**19,115,694**
Acre	0	0	0	0	0
Amazonas	98,080	3,869	0	2,373	2,373
Ceara	0	0	0	0	0
Maranhao	1,197,337	5,592	81,867	6,628	88,495
Para	512,207	24,015	17,567	4,739	22,306
Piaui	547,350	32,367	13,268	4,420	17,688
Rondonia	0	0	0	0	0
Tocantins	1,564,060	0	58,053	60,133	118,186
North	**3,919,034**	**65,843**	**170,755**	**78,293**	**249,048**
Alagoas	0	0	0	0	0
Bahia	2,210,145	57,296	52,695	81,952	134,647
Paraiba	908,277	12,382	23,176	29,830	53,006
Pernambuco	298,495	21,571	858	2,363	3,221
Rio Grande Norte	314,731	13,638	1,658	8,055	9,713
Sergipe	0	0	0	0	0
Northeast	**3,731,648**	**104,887**	**78,387**	**122,200**	**200,587**
TOTAL	**423,880,286**	**26,046,122**	**5,646,587**	**13,918,742**	**19,565,329**
Source: Ministry of Agriculture, Livestock and Supply-Sugar, Alcohol Dept, 09/01/2020					

Sugarcane and Sugar Prices in the Domestic Market

Sugarcane prices received by third party suppliers for major producing states are based on a formula that considers prices for sugar and ethanol in domestic and international markets. The State of Sao Paulo Sugarcane, Sugar and Ethanol Growers Council (CONSECANA) was the first to develop this formula for the state of Sao Paulo. This major producing state accounts for roughly 60 percent of center-south production.

The cumulative CONSECANA price (May-August 2020) for the state of Sao Paulo for the 2020/21 crop was R$0.6794 per kg of TRS or approximately R$96.68 per ton of sugarcane. Note that

CONSECANA's prices are based on both sugar and ethanol prices in domestic and international markets.

The Crystal Sugar Index released by the University of Sao Paulo's College of Agriculture "Luiz de Queiroz" (ESALQ) follows. The index tracks crystal sugar prices received by producers in the domestic spot market. Sugar prices have shown a steady upward trend since the beginning of the center-south crop encouraged by strong exports and the sharp devaluation of the local currency, the Real.

Crystal Sugar Prices - Domestic Market (Real, 50kg/bag, including tax)					
Period	**2016**	**2017**	**2018**	**2019**	**2020**
January	83.75	88.02	60.88	68.81	74.33
February	81.25	83.22	53.23	68.32	78.35
March	77.46	77.48	51.32	67.91	78.45
April	76.00	74.28	54.89	68.45	77.38
May	75.68	76.96	54.27	69.09	74.84
June	83.94	72.25	57.80	62.55	76.24
July	86.65	61.18	55.11	59.70	77.36
August	85.89	54.42	51.49	60.06	81.44
September 1/	87.83	52.41	60.68	61.68	88.03
October	97.93	54.64	64.36	65.33	--
November	98.06	64.40	67.73	66.13	--
December	92.06	68.54	68.57	70.26	--
Source: USP/ESALQ/CEPEA. 1/September 2020 refers to September 25					

Mills in the Center-South have been offering less ethanol for sale as they concentrate on maximizing their sugar production to take advantage of the recent premium sugar prices. Brazilian sugar-ethanol mills have the unique ability to adjust the ratio of their ethanol and sugar production. According to the industry, current sugar sales by the mills in the Center-South provide sufficient cash flow to cover costs and allow the mills to strategically hold ethanol reserves for sale in the off-season at higher prices.

The September 28th price equivalence shows that sugar contract #11 at the Intercontinental Exchange (ICE) in New York was negotiated at 12.59 U.S. cents/lb. In contrast, very high polarity (VHP) sugar exported FOB from the Port of Santos and sugar sold on the domestic market were traded at approximately 12.97 and 13.38 U.S. cents/lb (FOB Santos), respectively. The ethanol price equivalence on the domestic market remained less competitive, ranging between 10.53 and 11.34 cents/lb. These prices further highlight the strong sugar prices practiced in the domestic market.

Exchange Rate

Exchange Rate (R$/US$1.00 - official rate, last day of period)							
Month	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
January	2.43	2.66	4.04	3.13	3.16	3.65	4.25
February	2.33	2.88	3.98	3.10	3.24	3.74	4.50
March	2.26	3.21	3.56	3.17	3.32	3.90	5.20
April	2.24	2.98	3.45	3.20	3.48	3.94	5.43
May	2.24	3.18	3.60	3.26	3.74	3.94	5.43
June	2.20	3.10	3.21	3.30	3.86	3.83	5.48
July	2.27	3.39	3.24	3.13	3.75	3.76	5.20
August	2.24	3.65	3.24	3.15	4.14	4.14	5.47
September 1/	2.45	3.98	3.25	3.17	4.00	4.16	5.60
October	2.44	3.86	3.18	3.27	3.72	4.00	--
November	2.56	3.85	3.40	3.26	3.86	4.22	--
December	2.66	3.90	3.47	3.31	3.87	4.03	--
Source: Brazilian Central Bank (BACEN) - Last day of month. 1/ September 2020 refers to Sep. 28							

Consumption

There is no official source for domestic consumption of sugar in Brazil. ATO/São Paulo estimates sugar consumption in MY 2020/21 at 10.02 mmt, down six percent relative to the previous estimate due to the downturn of the Brazilian economy and expected drop in the gross domestic product (GDP) by ranging between 5.0 and 6.5 percent, according to the different Brazilian financial institutions.

Trade

ATO/São Paulo estimates Brazil's sugar exports for MY 2020/21 at 32.02 mmt, raw value, a sharp rise of 12.74 mmt compared to revised MY 2019/20 (19.28 mmt), due to the estimated massive sugar exportable surplus and the steady demand for Brazilian sugar from importing countries. This figure will likely represent the highest export volume ever for Brazil.

Despite the COVID-19 pandemic and logistics obstacles at the port, including long delays to load and ship the product, the significant devaluation of the Brazilian currency, the Real, vis-a-vis the U.S. dollar, has kept the Brazilian product highly competitive. Raw sugar exports will likely account for 25.62 mmt during MY2020/21, raw value, whereas the remainder represents exports of refined sugar.

According to the industry, the world sugar market should be tightly balanced, moving from an approximately 3 mmt deficit in MY 2019/20 (MY October – September) to a roughly 1.0-1.5 mmt surplus in MY 2020/21 (MY October – September). The expected tight supply balance also encourages the current search for Brazilian sugar by importing countries.

The following tables show Brazilian sugar exports by destination for MY 2017/18, 2018/19 and 2019/20 (April-March) as reported by the Trade Data Monitor (TDM). Algeria, Bangladesh and Saudi Arabia were the major export destinations for Brazilian sugar during MY 2019/20.

Brazilian Sugar Exports (NCMs 1701.11, 1701.13 & 1701.14, MT, tel quel, US$ 000 FOB)						
Country	**MY2017/18 1/**		**MY2018/19 1/**		**MY 2019/20 1/**	
	Value	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**
Algeria	759,848	2,075,873	597,695	2,110,993	645,902	2,271,220
Bangladesh	890,210	2,444,852	521,269	1,886,820	504,949	1,806,976
Saudi Arabia	359,490	986,669	280,697	999,600	451,209	1,637,653
Nigeria	431,014	1,189,959	325,276	1,192,456	420,074	1,556,357
China	39,432	109,846	243,256	888,287	309,114	1,110,914
Iraq	449,067	1,210,773	310,067	1,069,931	300,083	1,097,964
India	792,876	2,224,840	436,914	1,568,266	252,209	899,418
Morocco	346,919	990,594	235,445	860,972	222,550	796,097
Canada	348,341	907,455	211,140	709,145	167,931	596,513
UAE	534,031	1,432,695	290,249	1,040,969	155,020	571,139
Others	2,946,781	7,919,868	1,234,460	4,251,868	1,028,915	3,465,939
Total	7,898,009	21,493,424	4,686,468	16,579,307	4,457,956	15,810,190
Source: Trade Data Monitor (TDM) based on the Brazilian Foreign Trade Secretariat (SECEX) Note: 1/ April - March						

Brazilian Sugar Exports (NCM 1701.99.00, MT, tel quel, US$ 000 FOB)						
Country	**MY2017/18 1/**		**MY2018/19 1/**		**MY 2019/20 1/**	
	Value	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**
Angola	169,235	394,877	84,147	269,108	77,962	243,765
Yemen	164,116	406,881	45,547	131,869	54,863	175,741
Benin	139,888	354,131	73,876	239,388	53,079	165,249
Togo	94,833	238,366	33,615	112,359	50,777	161,562
Venezuela	16,284	28,271	7,419	17,907	71,109	140,086
Ghana	93,414	230,658	27,783	86,658	44,733	139,914
Guinea	37,781	94,387	22,293	70,642	43,209	131,904
Gambia	58,464	147,853	27,759	90,531	29,178	93,806
United States	81,072	107,861	89,226	113,291	63,089	85,741
Senegal	64,960	144,845	2,780	9,196	25,513	75,449
Others	1,045,538	2,630,372	357,998	993,675	183,050	502,048
Total	1,965,585	4,778,502	772,444	2,134,624	696,561	1,915,265
Source : Trade Data Monitor (TDM) based on the Brazilian Foreign Trade Secretariat (SECEX) Note : 1/ April - March						

The following tables show Brazilian sugar exports by destination for MY 2018/19, 2019/20 and 2020/21 (April-August) as reported by the Trade Data Monitor (TDM). According to TDM, cumulative exports from April to August 2020 are 12.08 mmt, tel quel, a sharp increase of 88 percent vis-a-vis MY 2019/20 (6.44 mmt, tel quel).

Brazilian Sugar Exports (NCMs 1701.11, 1701.13 & 1701.14, MT, tel quel, US$ 000 FOB)

Country	MY2018/19 1/		MY 2019/20 1/		MY 2020/21 1/	
	Value	Quantity	Value	Quantity	Value	Quantity
China	53,928	198,161	182,884	650,572	529,441	1,970,695
Indonesia	-	-	-	-	249,927	1,001,091
India	222,558	776,696	101,001	357,726	218,172	819,437
Algeria	242,661	839,713	248,297	854,587	191,457	732,409
Bangladesh	199,849	700,092	144,998	514,517	154,606	595,970
Egypt	104,405	361,759	85,348	303,122	143,204	546,206
Nigeria	107,679	383,414	141,086	506,415	139,910	513,395
UAE	112,793	399,266	76,438	279,275	130,446	488,417
Canada	113,097	361,561	52,268	181,344	129,795	479,685
Iraq	132,112	453,691	143,356	498,570	119,111	456,785
Others	637,783	2,185,023	502,287	1,730,649	779,790	2,852,520
Total	1,926,864	6,659,376	1,677,963	5,876,777	2,785,859	10,456,610

Source: Trade Data Monitor (TDM) based on the Brazilian Foreign Trade Secretariat (SECEX)
Note: 1/ April - August

Brazilian Sugar Exports (NCM 1701.99.00, MT, tel quel, US$ 000 FOB)

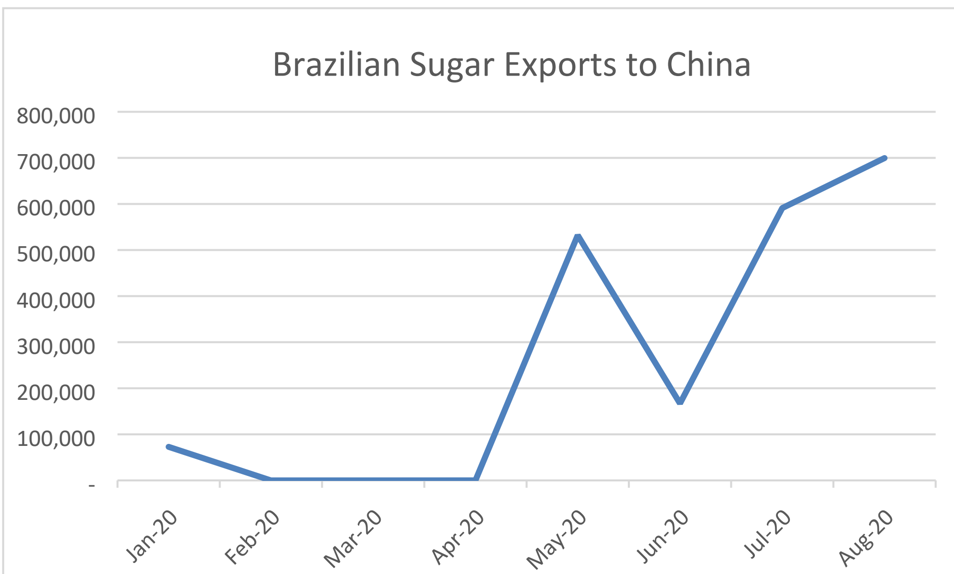
Country	MY2018/19 1/		MY 2019/20 1/		MY 2020/21 1/	
	Value	Quantity	Value	Quantity	Value	Quantity
Benin	26,323	85,547	35,126	107,469	44,470	141,657
Mauritania	8,602	27,029	265	810	40,270	131,787
Yemen	13,051	27,450	23,018	72,969	40,096	127,521
Angola	25,336	80,615	40,772	125,724	38,417	126,489
Togo	10,969	35,198	15,272	47,020	35,416	108,687
Ghana	17,969	55,819	7,508	22,685	30,930	96,998
Venezuela	2,157	4,939	2,897	6,005	39,207	89,038
United States	21,919	29,300	21,091	26,668	39,692	81,904
Guinea	5,397	17,766	7,868	24,253	26,152	79,846
Senegal	982	3,318	1,824	5,383	24,153	77,985
Others	194,767	562,666	46,911	126,109	181,383	562,156
Total	327,473	929,647	202,551	565,095	540,185	1,624,068

Source : Trade Data Monitor (TDM) based on the Brazilian Foreign Trade Secretariat (SECEX)
Note: 1/ April - August

China, Indonesia, and India are currently the major destinations for Brazil's MY 2020/21 sugar. Note that sugar exports to Indonesia have resumed after virtually no exports during the last couple of years. The country cannot source sufficient sugar to meet local demand from neighboring countries such as Thailand.

Concerning China, the Asian country decided not to renew a safeguard on sugar imports since May 22nd, 2017 (please refer to the Chinese Sugar Voluntary Gain report CH176012 for further information), letting the measure expire this past May 22nd. The Chinese import quota of 1.95 mmt has an import tariff of 15 percent and the Chinese import tariff on out-of-quota sugar fell from 85 percent to 50 percent after the end of the safeguard.

The Asian country has been seeking to guarantee food supplies amid the COVID-19 pandemic. Indeed, as reported in the graph below, Brazilian sugar exports to China during the May-August period reached 1.99 mmt, almost reaching pre-safeguard levels of over 2.5 mmt. Note that China was the largest importer of Brazilian sugar before protective measures were put in place.



Source: TDM

Stocks

Sugar ending stocks for MY 2020/21 are estimated at 235,000 mt, raw value, similar to revised carry-over stocks for MY 2019/20 (215,000 mt). There is no official source for carry-over stocks of sugar in Brazil.

Policy

The decision by the Brazilian Government to revoke the Sugarcane Agroecological Zoning – "ZAE-Cana" (please refer to the Brazilian 2020 Annual Gain Report for further information) is rising alarms in Europe. The ZAE-Cana policy set in 2009 established a criteria for the disciplining and ordering of spatial occupation by the sugarcane activity. This policy change will allow sugarcane cultivation in the Amazon and Pantanal regions and has emerged as a further obstacle to a landmark trade deal between the European Union and South America. The EU-Mercosur deal was sealed in June this year after two decades of negotiations. Still, European Commission officials warned ratification could be held up if Brazil backslides on its commitments to preserve the Amazon.

In an attempt to soften the negative reaction from the revoking of the decree, the Sugar and Ethanol Millers Association (UNICA) reported that the "ZAE-Cana" was fundamental in the past to protect the Amazon. However, the new National Biofuels Policy, the RenovaBio at the end of 2019, will fairly override the previous zoning.

U.S. Sugar TRQ

Imports of sugar into the United States are governed by tariff-rate quotas (TRQ), which allow a certain quantity of sugar to enter the country under a low tariff. TRQs apply to imported raw cane sugar, refined sugar, sugar syrups, specialty sugars, and sugar-containing products. The sugar import program meets the U.S. commitments under the Uruguay Round Agreement on Agriculture (which resulted in the World Trade Organization).

USDA establishes the annual quota volumes for each federal fiscal year (beginning October 1), and the U.S. Trade Representative (USTR) allocates the TRQs among countries. Sugar and related products paying a higher, over-quota tariff may enter the country in unlimited quantities. About 40 countries worldwide receive TRQs allocations based on historical trade to the United States. The top three quota holding countries are the Dominican Republic, Brazil, and the Philippines.

As the second-largest recipient of the U.S. sugar Tariff quota, Brazil held a raw value allocation of 152,691 metric tons in the beginning of Fiscal Year (FY) 2020, which was equivalent to approximately 14 percent of the total TRQ. Brazil received additional quota throughout the FY20 year based on the U.S. crop outlook.

On September 11, Brazil and the United States released a joint statement on the state of negotiations regarding bilateral ethanol trade. The United States and Brazil announced their decision to conduct results-oriented discussions on an arrangement to improve market access for ethanol and sugar in Brazil and the United States. The countries would also consider an increase in market access for corn in both countries and ways to ensure fair market access for ethanol. The discussions should aim to achieve reciprocal and proportional outcomes that generate trade and open markets to benefit both countries. Such meetings should take place over 90 days from September 14.

During such time, Brazil will maintain a pro-rata TRQ for ethanol of 187.5 million liters, proportional to the total annual volume of the TRQ that was in force on August 30, 2020. Brazil and the United States agreed to proceed in this manner in the spirit of the economic partnership created under Presidents Bolsonaro and Trump's leadership, acknowledging the need to continue to constructively address the effects of the crises generated by the COVID-19 pandemic on their bilateral trade and domestic production.

The table below shows the Brazilian U.S. sugar TRQ allocations (original and additional) for the past years.

U.S. Raw Sugar Tarif-Rate Quota (TRQ) for Brazil (Metric Tons)			
Fiscal Year - FY	**Original TRQ Allocation**	**Additional TRQ Allocation**	**Total**
2012	155,634	81,136	236,770
2013	152,691	16,107	168,798
2014	152,691	15,251	167,942
2015	152,691	37,978	190,669
2016	152,691	33,865	186,556
2017	152,691	30,001	182,692
2018	152,691	30,000	182,691
2019	152,691	52,464	205,155
2020	152,691	158,203	310,894
Source: USTR			

PS&D Tables

Sugar Cane for Centrifugal	2018/2019		2019/2020		2020/2021	
Market Year Begins	Apr 2018		Apr 2019		Apr 2020	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	9900	9900	9900	9900	9900	9900
Area Harvested (1000 HA)	9450	9450	9330	9330	9450	9450
Production (1000 MT)	620000	620000	647000	642000	650000	655000
Total Supply (1000 MT)	620000	620000	647000	642000	650000	655000
Utilization for Sugar (1000 MT)	222580	222580	226450	224700	299000	311125
Utilization for Alcohol (1000 MT)	397420	397420	420550	417300	351000	343875
Total Utilization (1000 MT)	620000	620000	647000	642000	650000	655000
(1000 HA) ,(1000 MT)						

Sugar, Centrifugal	2018/2019	2019/2020	2020/2021

Market Year Begins	Apr 2018		Apr 2019		Apr 2020	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	920	920	220	220	195	215
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	29500	29500	29925	29925	39480	42060
Total Sugar Production (1000 MT)	29500	29500	29925	29925	39480	42060
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)	30420	30420	30145	30145	39675	42275
Raw Exports (1000 MT)	15680	15680	15440	17030	23080	25616
Refined Exp.(Raw Val) (1000 MT)	3920	3920	3860	2250	5770	6404
Total Exports (1000 MT)	19600	19600	19300	19280	28850	32020
Human Dom. Consumption (1000 MT)	10600	10600	10650	10650	10650	10020
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	10600	10600	10650	10650	10650	10020
Ending Stocks (1000 MT)	220	220	195	215	175	235
Total Distribution (1000 MT)	30420	30420	30145	30145	39675	42275
(1000 MT)						

Attachments:

No Attachments