

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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China - Peoples Republic of

Sugar Semi-annual

Semi-annual

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Report Highlights:

MY 2014/15 sugar production is forecast at 13.3 million tons, down one million tons from MY 2013/14 on falling acreage. MY 2014/15 and MY 2013/14 imports are revised upwards to 3.8 and 4.3 MMT respectively on lower domestic production and falling international prices.

Executive Summary:

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Commodities:

Sugar

Production:

China's MY2014/15 total sugar production is forecast at 14.3 million tons (in raw value), down 100,000 metric tons from the previous forecast on lower acreage. Sugar cane acreage in Guangxi reportedly declined seven percent, while acreage in Hainan fell by over 20 percent. Lower sugar prices have caused returns on cane to fall below competing crops, such as fruits or cassava.

MY 13/14 sugar production is revised down slightly to 14.3 million tons based on updated China Sugar Association statistics. Typhoons in July and September 2014 seriously damaged sugar cane production in Guangxi, Yunnan, Guangdong and Hainan. The government is looking into establishing a target price for sugar cane to help stabilize production. A new target price system, if created, is not expected to be implemented until after MY2015/16.

Consumption:

Consumption estimates for MY 2014/15 and MY 2013/14 are unchanged at 17.4 and 16.5 million tons.

Trade:

MY 2014/15 imports are raised 500,000 tons to 3.8 million tons as import demand is forecasted to remain strong due to falling domestic production and lower international sugar prices. MY 2013/14 imports are revised up 200,000 tons to 4.1 million tons on import statistics. Sugar imports in recent market years have consistently exceeded the 1.95 million ton annual tariff rate quota (TRQ) as high domestic prices have made it profitable to import sugar despite high tariffs. Sugar mills have struggled to remain profitable, and are lobbying the government to increase the out-of-quota tariff to 60 percent from the current rate of 50 percent. Domestic producers have also reportedly asked China's Ministry of Commerce to initiate an anti-dumping and countervailing duty investigation on imported sugar.

Stocks:

MY 2014/15 ending stocks are raised 200,000 tons to 8.3 million tons as imports are expected to remain strong. Estimated MY 2013/14 ending stocks are also increased 100,000 tons to 8.6 million tons due to higher imports.

Production, Supply and Demand Data Statistics:

Sugar, Centrifugal China	2012/2013	2013/2014	2014/2015
	Market Year Begin: Oct	Market Year Begin: Oct	Market Year Begin: Oct

	2012		2013		2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	4,140	4,140	6,793	6,793	8,494	8,606
Beet Sugar Production	1,179	1,179	811	811	850	850
Cane Sugar Production	12,821	12,821	13,535	13,452	12,850	12,450
Total Sugar Production	14,001	14,001	14,346	14,263	13,700	13,300
Raw Imports	3,468	3,468	3,600	3,750	3,000	3,500
Refined Imp.(Raw Val)	334	334	300	350	300	300
Total Imports	3,802	3,802	3,900	4,100	3,300	3,800
Total Supply	21,943	21,943	25,039	25,156	25,494	25,706
Raw Exports	5	5	5	4	5	5
Refined Exp.(Raw Val)	45	45	40	46	40	40
Total Exports	50	50	45	50	45	45
Human Dom. Consumption	15,100	15,100	16,500	16,500	17,400	17,400
Other Disappearance	0	0	0	0	0	0
Total Use	15,100	15,100	16,500	16,500	17,400	17,400
Ending Stocks	6,793	6,793	8,494	8,606	8,049	8,261
Total Distribution	21,943	21,943	25,039	25,156	25,494	25,706