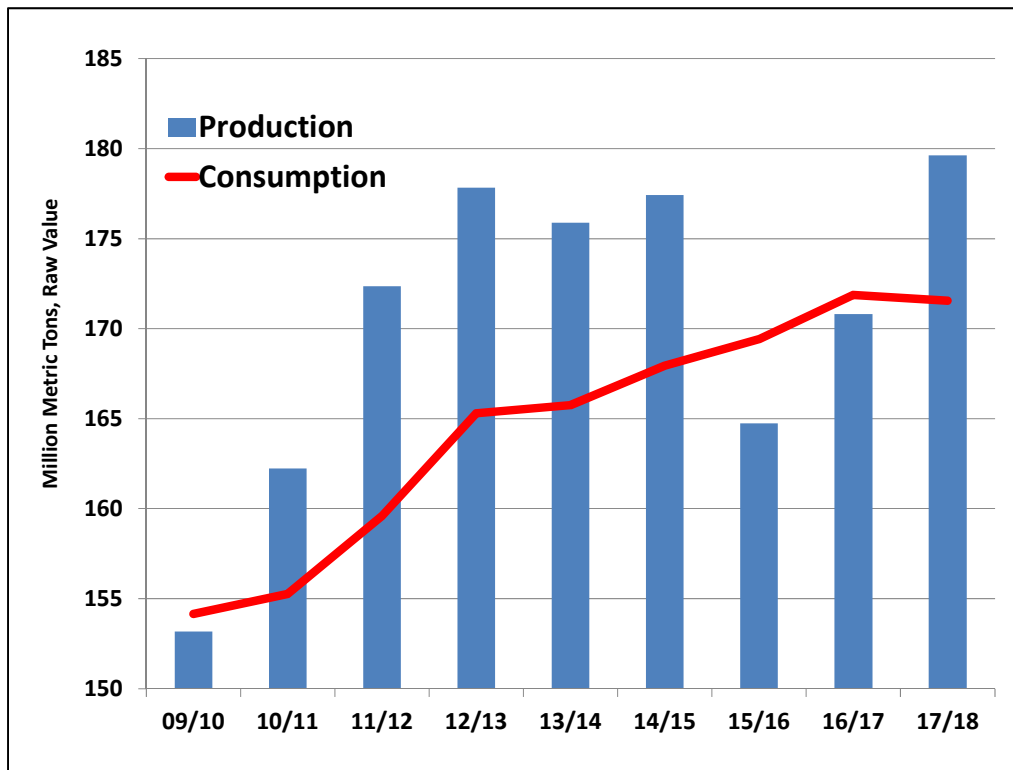




Sugar: World Markets and Trade

Record Global Production Keeps Consumption Near Record High



Global production for Marketing Year (MY) 2017/18 is up 9 million tons (raw value) to a record 180 million on gains in Brazil, China, the European Union, India, and Thailand. Despite record production, stocks are down 2 percent to 38 million tons as lower stocks in China and Mexico more than offset higher stocks in Pakistan. This drawdown, plus record exports, will support relatively flat consumption at 172 million tons.

In the *Changes to Sugar Market Coverage* section is a list of countries that will no longer be maintained in the PSD database beginning with the 2017/18 forecast. Using a 5-year average, dropping these countries lowers 2017/18 production (0.5 percent), imports (2.2 percent), and consumption (1.2 percent).

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<https://public.govdelivery.com/accounts/USDAFAS/subscriber/new>.

2017/18 Sugar Overview

United States' production is forecast up slightly to 7.9 million tons. Imports are expected to jump 662,000 tons to a record 3.5 million based on projected quota programs and the calculation of U.S. Needs, as defined in the antidumping and countervailing duties suspension agreements effective December 2014. Consumption and stocks are both forecast up slightly.

Australia's production is forecast down 300,000 tons to 4.8 million. Harvesting has been slowed by cyclone-twisted and fallen sugar cane, as well as by high mud and debris levels. However, two factors make it difficult to assess the full impact of the cyclone: a large portion of the sugar cane that was not broken by strong winds or that was flooded for only short periods could recover, and undamaged sugar cane could benefit from increased soil moisture. Exports are expected down at 3.7 million tons on lower exportable supplies.

Brazil's production is forecast to rise 500,000 tons to a record 39.7 million on favorable weather and a 1-percent increase in sugarcane being diverted towards sugar production instead of ethanol. Exports are projected up 500,000 tons to a record 28.7 million on greater exportable supplies. Stocks are forecast up slightly while consumption is relatively unchanged.

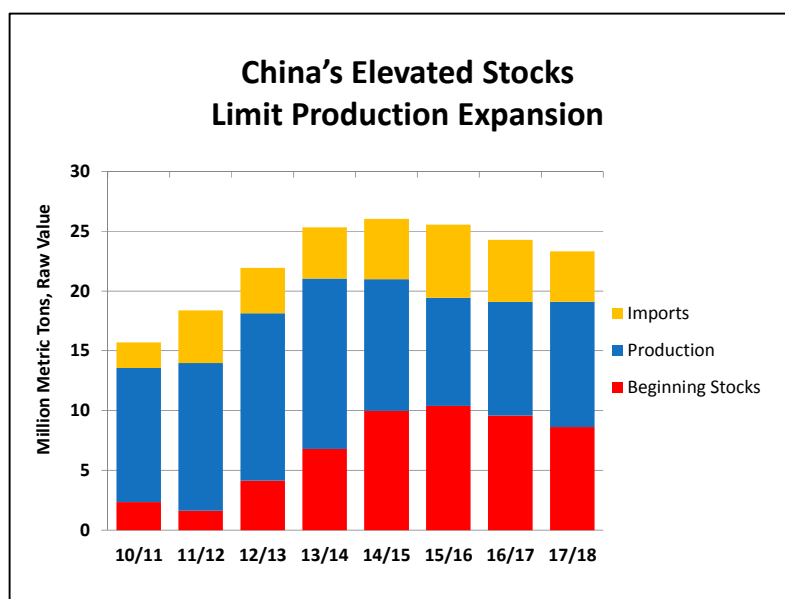
China's production is forecast to rise 1.0 million tons to 10.5 million, due to an expected boost in area while high stocks limit greater expansion. After reaching 10.4 million tons 3 years ago, ending stocks continue to be drawn down. This drawdown in stocks, together with larger production and flat consumption, will lower imports.

There is, however, a great deal of uncertainty in the market because of a safeguard investigation into sugar imports being conducted by

China's Ministry of Commerce. This investigation was initiated in late September 2016 with the results scheduled to be announced May 22, 2017. As China is a huge sugar importer, the results of this investigation, and any possible resulting changes in import policy, could have a major impact not just on imports, but also on prices, production, and stock policies in China.

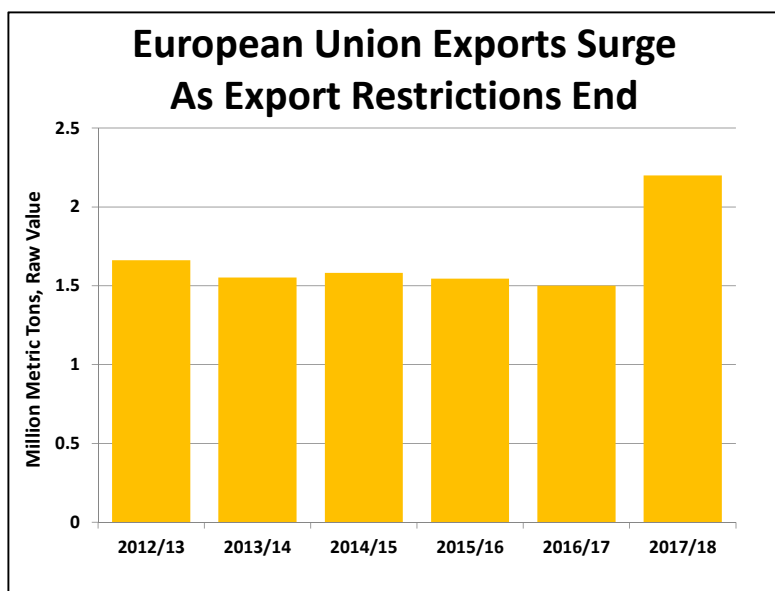
Note: Estimates for China's ending stocks and consumption between MY 2013/14 to 2016/17 have been revised, resulting in a significantly higher stock estimates.

Guatemala's production is forecast up 100,000 tons to a record 2.9 million on higher sugar recovery rates. Over the past 30 years, production increased at twice the pace of area expansion due to either increased cane yields in the field and/or higher recovery rates at the mill. With little land left for sugarcane expansion, higher production is mostly driven by improved sugar recovery rates. Exports are forecast flat at 2.1 million tons.



Production in the **European Union** is forecast to expand 2.1 million tons to a record 18.6 million on higher area and yields. Exports are forecast to rise nearly 50 percent to 2.2 million tons while imports are down over one-third. Consumption is projected down slightly to 18.7 million tons.

MY 2017/18 is the first year that the EU sugar market will function without the production quota regime and export limits. Production and export restrictions will be lifted as part of the Common Agricultural Policy (CAP) reform, and European sugar groups will be able to produce and export as much as they want. The isoglucose industry will also be liberated from the production restrictions of the EU quota system. For the EU sugar refining sector, new market opportunities may open



up, although it will continue to face restrictions from high import tariffs, fixed import quotas, and decreasing preferential sugar import supplies. As a consequence, the EU sweetener market enters a new era with likely increased market volatility for the next few years until the various industries find new market equilibrium.

India's production is forecast to rebound by 18 percent to 25.8 million tons due to higher area and yields. Imports are forecast lower while consumption is forecast to edge higher to 26.0 million tons.

Mexico's production is forecast slightly higher at 6.6 million tons. However, exports are projected to soar 80 percent to 2.1 million tons as market access to the United States is projected to nearly double, in line with the terms of the suspension agreements signed between the U.S. Department of Commerce and the Mexican counterparts in December 2014. Stocks are slashed amid the jump in exports and a slight increase in consumption.

Pakistan's production is forecast up slightly to a record 6.0 million tons. Consumption is forecast up 200,000 tons, but stocks are expected to soar as exports drop given the absence of an announced quota and subsidy.

Russia's production is forecast to slide 350,000 tons to 5.8 million on lower yields compared to the unusually high yields the year before. Consumption and stocks are both forecast to decline as a result of the lower production.

Thailand's production is forecast to expand 1.2 million tons to 11.2 million as yields are expected to improve with the recovery from 2 years of drought. Exports are forecast to rise 400,000 tons to 8.4 million on increased available supplies while consumption is up slightly on growing household and industrial uses.

The Thai government is planning to deregulate the domestic sugar market in response to a petition filed by Brazil to the World Trade Organization. On October 11, 2016, the Cabinet approved a restructuring plan for the cane and sugar industry where the government will amend the current Cane and Sugar Act B.E. 2527 (1984), eliminating the sugarcane price support program, the domestic sugar price controls, and the sugar sale administration. If implemented, from MY 2017/18 onward, the government will no longer provide domestic price subsidies and direct payments to cane growers. Additionally, the current price controls on refined sugar will also be eliminated.

Selected 2016/17 Revisions from November 2016 Forecast:

- World production is flat at 170.9 million tons.
 - o Brazil is up 1.4 million tons to 39.2 million with increased cane utilized for sugar.
 - o Thailand is boosted 730,000 tons to 10.0 million on better yields.
 - o India is cut 2.0 million tons to 21.9 million on lower area and yields.

- World imports are revised 2.5 million tons higher to 54.6 million.
 - o Indonesia is up 1.3 million tons to 4.6 million on higher imports from Thailand.
 - o India is raised 900,000 tons to 2.3 million on smaller production.
 - o China is revised down 800,000 tons to 5.2 million on reduced out-of-quota imports.

- World exports are up 1.8 million tons to 57.7 million.
 - o Brazil is raised 1.0 million tons to 28.2 million on greater available supplies.
 - o Ukraine is up 340,000 tons to 480,000 tons due to higher production.

For further information, please contact Reed Blauer at (202) 720-0898 or Reed.Blauer@fas.usda.gov

Changes to Sugar Market Coverage

Below is the list of countries USDA no longer maintains in the PSD database beginning with the 2017/18 forecast. The 2016/17 data for these countries will continue to be maintained until these figures are finalized in the November 2017 circular release. Because these countries represent such a small percentage of production, supply, and trade, they are not included in any of the circular's summary tables and are not included in the country write-up section.

Afghanistan, Albania, Armenia, The Bahamas, Bermuda, Bosnia and Herzegovina, Botswana, Brunei, Burkina, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo (Kinshasa), French West Indies, Grenada, Guinea, Guinea-Bissau, Iceland, Korea North, Kuwait, Kyrgyzstan, Liberia, Macau, Macedonia, Maldives, Mali, Mongolia, Nepal, New Caledonia, Niger, Oman, Qatar, Rwanda, Samoa, Senegal, Seychelles, Sierra Leone, Suriname, Tajikistan, Tonga, Turkmenistan, Uzbekistan, Vanuatu/New Hebrides.

The *Sugar: World Markets and Trade* circular is based on post reports submitted since April 2017 and on available secondary information. The individual country reports can be obtained on FAS Online at: <http://gain.fas.usda.gov/Pages/Default.aspx>.

Future Releases and Contact Information

Please visit <http://www.fas.usda.gov/data/sugar-world-markets-and-trade> to view archived and future releases. The next release of this circular is scheduled for November 2017.

To receive the circular via email, go to:

<https://public.govdelivery.com/accounts/USDAFAS/subscriber/new>.

PSD Online

The entire USDA PSD database is available online at <http://www.fas.usda.gov/psdonline>.

Additional Resources

Please refer to the USDA-FAS Sugar website at: <http://www.fas.usda.gov/commodities/sugar> for additional data and analysis.

Situation and outlook information on U.S. sugar and sweeteners can be obtained from the USDA-Economic Research Service at: <http://www.ers.usda.gov/topics/crops/sugar-sweeteners.aspx>.

Sugar Marketing Years

Countries are on a May-April Marketing Year with exceptions noted below.

April-March – Brazil

July-June – Australia

October-September – Barbados, Belarus, Belize, Bolivia, China, Colombia, Costa Rica, Cuba, Dominican Republic, Egypt, El Salvador, European Union, Guatemala, Guyana, Honduras, India, Iran, Mexico, Morocco, Nicaragua, Pakistan, Panama, Russia, Serbia, Sudan, Turkey, Ukraine, United States, Venezuela, Vietnam

December-November – Philippines, Thailand

World Centrifugal Sugar: Production and Consumption

1,000 Metric Tons, Raw Value

	2012/13	2013/14	2014/15	2015/16	2016/17	May 2017/18
Production						
Brazil	38,600	37,800	35,950	34,650	39,150	39,650
India	27,337	26,605	30,460	27,385	21,930	25,810
European Union	16,655	16,020	18,449	14,283	16,500	18,600
Thailand	10,024	11,333	10,793	9,743	10,000	11,230
China	14,001	14,263	11,000	9,050	9,500	10,500
United States	8,148	7,676	7,853	8,155	7,960	7,893
Mexico	7,393	6,382	6,344	6,484	6,557	6,598
Pakistan	5,000	5,630	5,164	5,265	5,975	6,025
Russia	5,000	4,400	4,350	5,200	6,100	5,750
Australia	4,250	4,380	4,700	4,900	5,100	4,800
Guatemala	2,778	2,862	2,975	2,823	2,800	2,900
Turkey	2,130	2,300	2,055	2,000	2,500	2,550
Egypt	2,000	2,013	2,067	2,125	2,270	2,420
Ukraine	2,400	1,196	1,728	1,638	2,000	2,385
Colombia	1,950	2,300	2,350	2,250	2,300	2,350
Philippines	2,400	2,500	2,150	2,135	2,250	2,300
Indonesia	2,300	2,300	2,100	2,025	2,050	2,200
Cuba	1,600	1,650	1,850	1,625	1,850	2,000
Argentina	2,300	1,780	2,150	2,060	2,025	1,900
South Africa	2,020	2,435	2,192	1,684	1,607	1,760
Iran	1,300	1,225	1,450	1,640	1,700	1,720
Vietnam	1,650	1,725	1,510	1,330	1,520	1,520
Peru	1,080	1,150	1,480	1,206	1,250	1,250
Japan	760	750	795	850	720	795
Nicaragua	712	745	695	662	760	750
Other	14,055	14,466	14,809	13,569	14,440	13,980
Total	177,843	175,886	177,419	164,737	170,814	179,636
Human Dom. Consumption						
India	25,588	26,023	26,500	26,800	25,700	26,000
European Union	18,250	18,500	18,700	18,700	18,700	18,650
China	15,100	15,300	15,600	15,800	15,600	15,800
United States	10,421	10,722	10,785	10,779	11,068	11,178
Brazil	11,200	11,260	11,400	10,900	10,900	10,950
Indonesia	5,400	5,450	5,400	5,600	6,498	6,375
Russia	5,700	5,400	5,700	5,880	6,300	6,200
Pakistan	4,400	4,500	4,600	4,700	4,800	5,000
Mexico	4,544	4,184	4,638	4,703	4,729	4,799
Egypt	2,840	2,870	2,900	2,930	2,950	3,050
Thailand	2,525	2,495	2,532	2,670	2,750	2,830
Turkey	2,300	2,300	2,254	2,250	2,500	2,500
Bangladesh	1,637	2,173	2,060	2,328	2,340	2,425
Iran	2,793	2,822	1,981	2,387	2,350	2,395
Philippines	2,150	2,250	2,155	2,140	2,200	2,250
Japan	1,996	2,099	2,129	2,122	1,996	2,046
South Africa	1,850	1,890	1,952	1,957	1,960	1,961
Vietnam	1,806	1,888	1,699	1,778	1,823	1,834
Colombia	1,950	1,510	1,521	1,820	1,825	1,830
Algeria	1,450	1,378	1,364	1,430	1,645	1,785
Argentina	1,820	1,839	1,840	1,750	1,690	1,740
Malaysia	1,629	1,592	1,765	1,731	1,710	1,710
Saudi Arabia	1,234	1,196	1,360	1,380	1,530	1,630
Nigeria	1,240	1,290	1,295	1,290	1,545	1,600
United Arab Emirates	1,864	1,444	1,936	1,650	1,555	1,565
Other	33,604	33,386	33,872	33,948	35,203	33,456
Total	165,291	165,761	167,938	169,423	171,867	171,559

World Centrifugal Sugar: Imports and Exports

1,000 Metric Tons, Raw Value

	2012/13	2013/14	2014/15	2015/16	2016/17	May 2017/18
Exports						
Brazil	27,650	26,200	23,950	24,350	28,150	28,690
Thailand	6,693	7,200	8,252	7,055	8,000	8,400
Australia	3,100	3,242	3,561	3,700	4,000	3,700
European Union	1,662	1,552	1,582	1,545	1,500	2,200
Guatemala	1,911	2,100	2,340	2,029	2,103	2,115
Mexico	2,091	2,661	1,545	1,280	1,171	2,114
Cuba	775	937	895	1,031	1,100	1,150
India	1,261	2,806	2,580	3,800	1,800	1,000
Ukraine	142	8	127	180	480	780
Colombia	542	900	835	600	630	650
Swaziland	353	412	641	665	560	570
South Africa	356	868	772	305	250	500
Mauritius	384	416	457	463	470	475
Algeria	522	478	480	394	440	450
El Salvador	480	404	481	371	450	450
Nicaragua	375	375	398	398	425	425
Morocco	0	8	135	300	400	420
Korea, South	383	361	305	339	340	340
Belarus	517	465	371	379	340	330
United Arab Emirates	569	739	350	239	295	305
Nigeria	200	200	200	200	300	300
Serbia	195	244	271	191	250	270
Malaysia	317	315	258	288	260	260
Russia	15	30	10	10	200	250
Costa Rica	157	161	209	236	235	245
Other	5,092	4,719	3,882	3,464	3,620	2,851
Total	55,742	57,801	54,887	53,812	57,769	59,240
Imports						
China	3,802	4,275	5,058	6,116	5,200	4,200
Indonesia	3,570	3,570	2,950	3,724	4,600	4,150
United States	2,925	3,395	3,223	3,031	2,839	3,501
Bangladesh	1,547	2,085	1,982	2,283	2,215	2,315
Algeria	2,014	1,854	1,844	1,834	2,125	2,250
European Union	3,790	3,262	2,918	3,185	3,100	2,000
Malaysia	1,966	1,897	2,063	2,009	1,950	1,960
Nigeria	1,450	1,470	1,465	1,470	1,820	1,870
United Arab Emirates	2,583	2,108	2,366	1,829	1,830	1,870
Korea, South	1,806	1,909	1,882	1,900	1,820	1,850
India	1,722	1,078	1,000	1,900	2,300	1,700
Saudi Arabia	1,394	1,312	1,431	1,448	1,600	1,700
Japan	1,244	1,360	1,359	1,275	1,232	1,257
Canada	1,156	1,007	1,184	1,229	1,135	1,150
Morocco	985	762	857	1,015	1,050	1,070
Venezuela	840	840	870	1,066	1,070	1,030
Iraq	1,003	432	173	768	960	1,015
Egypt	1,050	1,208	1,330	880	830	830
Somalia	267	287	409	658	690	720
Sudan	997	638	1,319	768	710	710
Iran	1,553	1,629	266	822	680	705
Cambodia	376	671	458	627	671	681
Sri Lanka	598	542	620	621	650	660
South Africa	218	599	506	470	645	660
Yemen	563	749	680	599	630	630
Other	12,025	12,508	11,956	12,803	12,217	10,854
Total	51,444	51,447	50,169	54,330	54,569	51,338

World Centrifugal Sugar: Ending Stocks

1,000 Metric Tons, Raw Value

	2012/13	2013/14	2014/15	2015/16	2016/17	May 2017/18
Ending Stocks						
China	6,793	9,977	10,390	9,591	8,611	7,466
India	9,373	8,227	10,607	9,292	6,022	6,532
Thailand	3,616	5,254	5,263	5,281	4,531	4,531
Pakistan	859	1,270	1,270	1,570	2,685	3,720
United States	1,958	1,642	1,647	1,863	1,340	1,392
Indonesia	879	1,299	949	1,098	1,250	1,225
Philippines	942	1,032	997	1,054	1,064	1,064
Mexico	1,548	881	860	1,099	1,423	775
Japan	550	560	584	585	540	545
European Union	3,836	3,066	4,151	1,374	774	524
Brazil	10	350	950	350	450	460
Iran	700	700	400	450	450	450
Bangladesh	365	394	400	420	420	440
Ecuador	328	363	398	397	399	414
Malaysia	350	350	400	400	390	390
Korea, South	388	390	390	380	380	380
Saudi Arabia	275	275	300	310	330	350
Vietnam	200	214	300	320	330	330
Sudan	340	275	400	320	310	310
United Arab Emirates	375	300	380	320	300	300
South Africa	189	460	424	304	332	277
Belarus	210	210	210	210	240	250
Canada	260	225	250	260	245	245
Morocco	240	230	250	250	240	240
Honduras	239	239	239	239	238	238
Other	7,467	6,667	6,402	6,134	5,550	5,397
Total	42,290	44,850	48,811	43,871	38,844	38,245