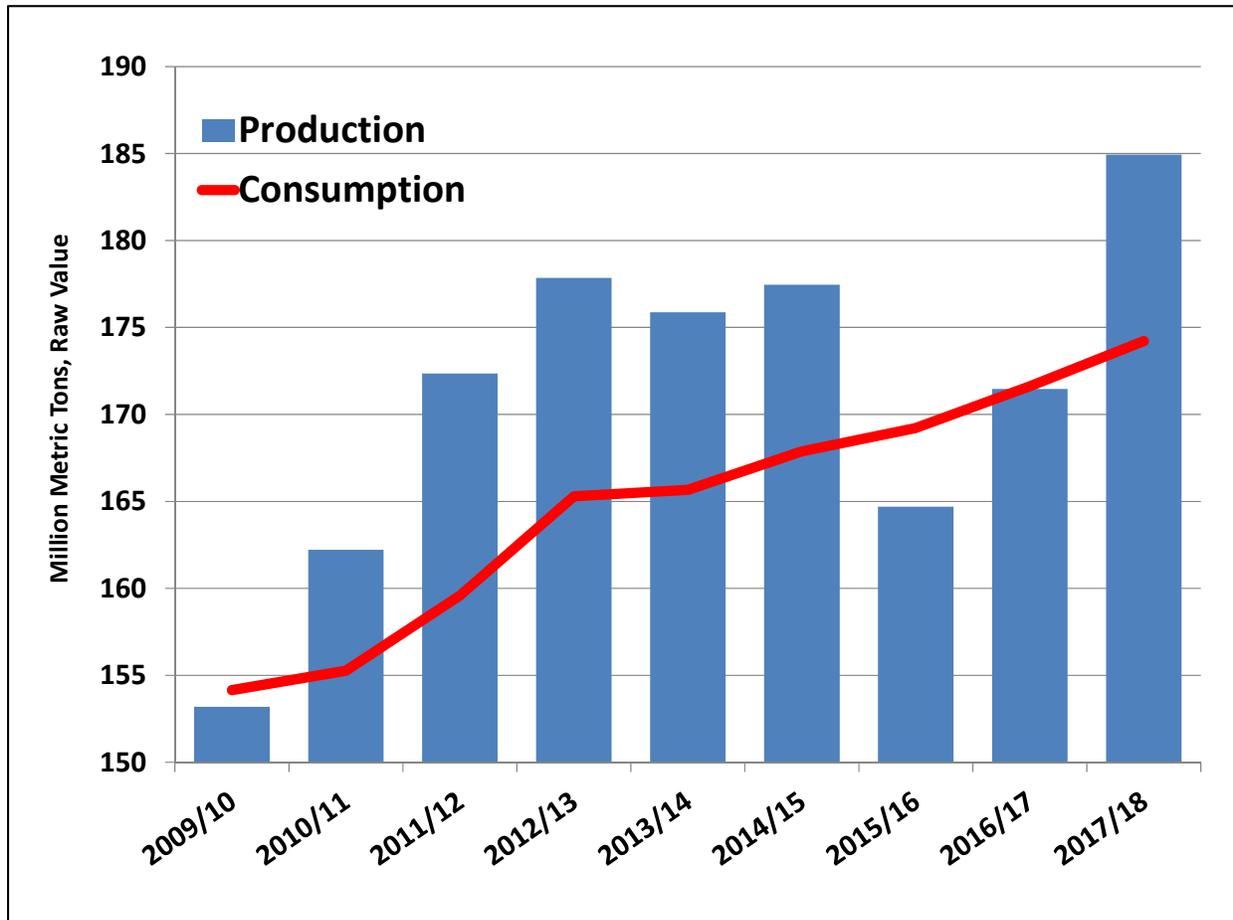




Sugar: World Markets and Trade

Record Global Production Spurs Record Consumption



Global production for Marketing Year (MY) 2017/18 is forecast to rise 13 million tons (raw value) to a record 185 million, up from USDA's initial forecast in May. If reached, production would be 20 million tons higher than the 5-year low just 2 years earlier. Record production in Brazil, expected recoveries in output in India and Thailand due to favorable weather, the end of production quotas in the European Union (EU), and area expansion in China are all contributing factors. The jump in production supports record exports and consumption at 62 million and 174 million tons, respectively. Ending stocks are forecast up 5 percent as higher stocks in the EU and India more than offset lower stocks in China.

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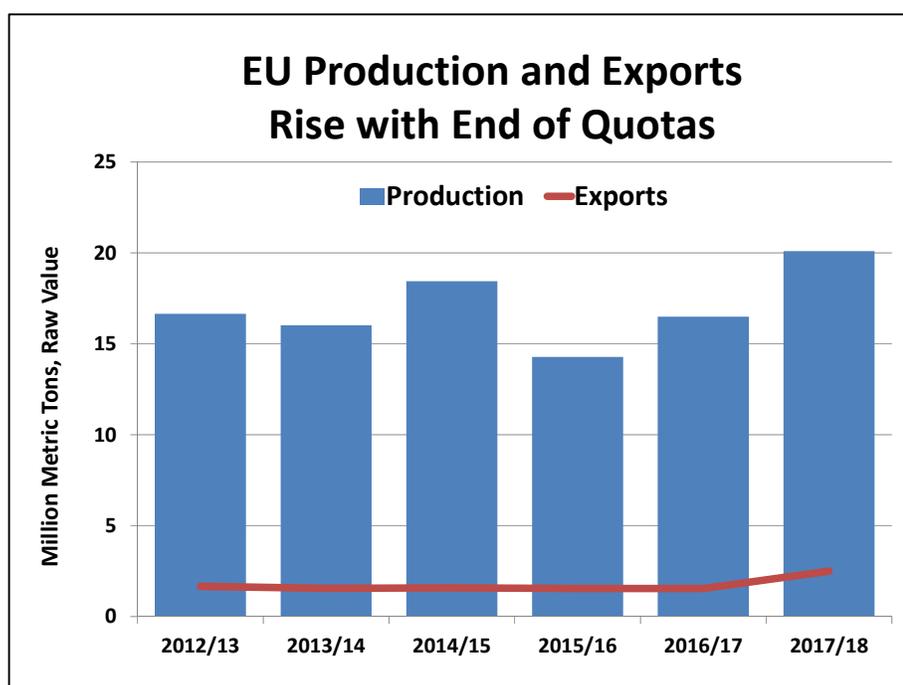
2017/18 Sugar Overview

U.S. production is forecast down to 8.0 million tons due to slightly lower beet and cane sugar expectations. Imports are expected to rise 14.3 percent to 3.4 million with Mexico supplying nearly one-half. Consumption is forecast up slightly and stocks relatively flat.

Brazil's production is forecast to rise 1.1 million tons to a record 40.2 million based on favorable weather, improved crop management, and lower use of cane for ethanol. Exports are projected up 1.1 million tons to a record 29.6 million on greater exportable supplies and despite China's safeguard measure to limit sugar imports from Brazil. Consumption is up slightly while stocks are flat.

India's production is forecast to rebound by 25 percent to 27.7 million tons due to higher area and yields in Maharashtra, Uttar Pradesh, and northern Karnataka. Imports are forecast lower while consumption is forecast to edge higher and close to the record seen in 2015/16. Stocks are expected to be more than sufficient to meet India's 3-month consumption requirement prior to the start of next season's harvest.

Production in the **European Union** is forecast to jump 3.6 million tons to a record 20.1 million on higher area and yields. Exports are forecast to rise a whopping 60 percent to 2.5 million tons on greater exportable supplies. Consequently, imports are down over one-quarter and stocks grow; however, consumption is projected flat.



MY 2017/18 is the first year that the EU sugar market will function without the 50-year old production quota regime and export limits. Production and export restrictions were lifted on October 1, 2017, as the EU sugar production quota system came to an end.

Thailand's production is forecast to expand 1.2 million tons to 11.2 million, recovering from 2 years of drought, as favorable weather conditions are expected to improve yields. Exports are forecast to rise a similar amount on greater available supplies. Although non-alcoholic beverage manufacturers are expected to reformulate their products in response to the new excise tax on sugar-sweetened beverages, overall sugar consumption is forecast down only marginally.

The Thai Government is seeking public comment on the draft amendment of the Cane and Sugar Act B.E. 2527 (1984) which aims to deregulate the domestic sugar market in MY2017/18. If the current draft is implemented, starting on December 1, 2017, domestic price subsidies and direct payments to cane growers will end.

China's production is forecast to rise 1.2 million tons to 10.5 million, with expanded sugarbeet and sugarcane area. Ending stocks continue to be drawn down after reaching burdensome levels 3 years ago. Lower carryin stocks, higher production, and slightly higher consumption, coupled with a safeguard measure on sugar imports, are all expected to constrain imports (see article below).

Pakistan's production is forecast up 6 percent to a record 6.5 million tons reflecting higher area, favorable weather, and improved yields. Given the recent enactment of subsidies, exports are now forecast at 500,000 tons. Consumption is forecast up 300,000 tons with forecast record stocks given the expansion in available supply.

Mexico's production is forecast slightly higher at 6.5 million tons. However, exports are projected to jump 20 percent to 1.5 million tons with most of the exports going to the United States. Stocks are lowered 18 percent, in line with higher exports and consumption.

Russia's production is forecast up 200,000 tons to a record 6.4 million on higher yields. Consumption is forecast to rise as a result of the boost in available supplies.

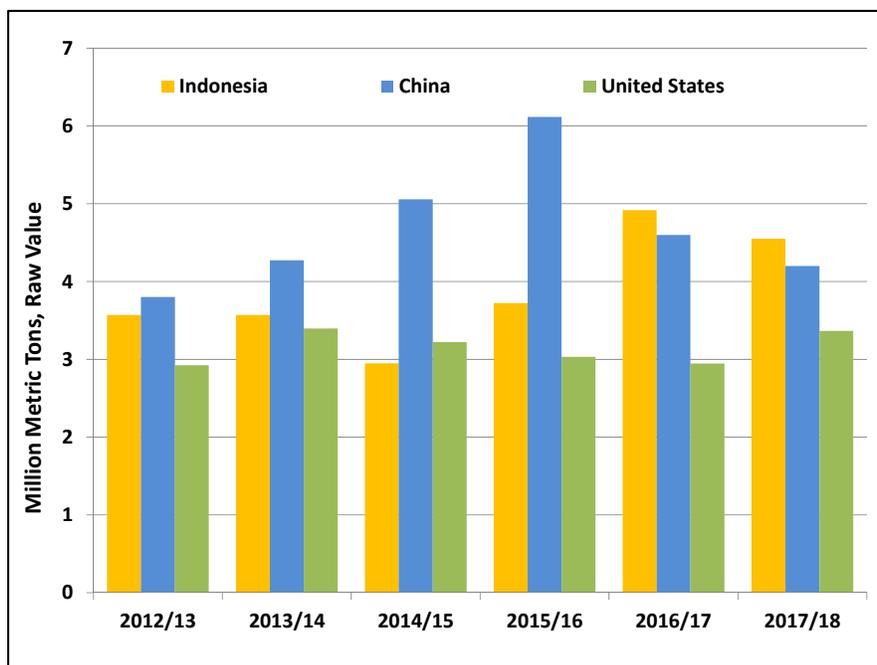
Australia's production is forecast down only 300,000 tons to 4.8 million as the tropical cyclone that hit the northern growing areas of the Queensland coast in March 2017 was less damaging than expected. Exports are expected to be commensurate with lower exportable supplies.



Selected 2016/17 Revisions from May 2017 Forecast:

- World production is relatively unchanged at 171.5 million tons.
 - o India is up 270,000 tons to 22.2 million on better yields.
 - o Philippines is raised 250,000 tons to 2.2 million due to favorable weather.
 - o Mexico is revised down 243,000 tons to 6.3 million.
- World exports are raised 1.8 million tons to 59.2 million.
 - o Brazil is raised 350,000 tons to 28.5 million on greater available supplies.
 - o Ukraine is up 335,000 tons to 815,000 tons due to higher production.
 - o Pakistan is revised 330,000 tons to 400,000 tons despite the absence of an export subsidy.

China's Safeguard Measures Drop It to Second-Place Importer



Since 2011/12, China has been the world's leading sugar importer, followed by Indonesia and the United States. Indonesia is expected to surpass China in both 2017/18 and 2016/17 with growing imports from Brazil. Although Indonesia is forecast to become the world's largest importer, it is not because of new demand but because China is yielding the spot following its policy changes.

Higher domestic production and tighter government control over imports have resulted in China dropping from the largest to the second-largest sugar importer with this revised forecast. Imports are estimated to have declined 1.5 million tons to 4.6 million in 2016/17 and are forecast to drop even further in 2017/18. Conversely, China's sugar production is forecast to expand again in 2017/18 as high prices and favorable returns are encouraging higher plantings of both sugarbeets and sugarcane.

On May 22, 2017, China's Ministry of Commerce (MOFCOM) announced a safeguard measure on sugar imports from major supplying countries (such as Brazil, Thailand, Australia, and South Korea). For out-of-quota imports, the tariff was raised sharply from 50 percent to 95 percent, effective May 22, 2017. Sugar imports from many developing countries and regions are exempted from this measure as long as the market share of any of these suppliers remains below 3 percent. The within-quota tariff remains unchanged at 15 percent and applies to 1.945 million tons annually. According to industry reports, 70 percent of sugar import quotas are allocated to state-owned companies.

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The *Sugar: World Markets and Trade* circular is based on reports from FAS Overseas Posts submitted since September 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 May 2018.

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

Changes to Sugar Market Coverage

Beginning with the initial 2017/18 forecast in May 2017, the following countries are no longer maintained in the PSD database: 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. Using a 5-year average, dropping these countries lowers 2017/18 production (0.5 percent), imports (2.2 percent), and consumption (1.2 percent).

World Centrifugal Sugar: Production and Consumption

1,000 Metric Tons, Raw Value

| | 2013/14 | 2014/15 | 2015/16 | 2016/17 | May 2017/18 | Nov 2017/18 |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Production | | | | | | |
| Brazil | 37,800 | 35,950 | 34,650 | 39,150 | 39,650 | 40,200 |
| India | 26,605 | 30,460 | 27,385 | 22,200 | 25,810 | 27,740 |
| European Union | 16,020 | 18,449 | 14,283 | 16,500 | 18,600 | 20,100 |
| Thailand | 11,333 | 10,793 | 9,743 | 10,033 | 11,230 | 11,230 |
| China | 14,263 | 11,000 | 9,050 | 9,300 | 10,500 | 10,500 |
| United States | 7,676 | 7,853 | 8,155 | 8,135 | 7,893 | 8,016 |
| Pakistan | 5,630 | 5,164 | 5,265 | 6,140 | 6,025 | 6,525 |
| Mexico | 6,382 | 6,344 | 6,484 | 6,314 | 6,598 | 6,466 |
| Russia | 4,400 | 4,350 | 5,200 | 6,200 | 5,750 | 6,400 |
| Australia | 4,380 | 4,700 | 4,900 | 5,100 | 4,800 | 4,800 |
| Guatemala | 2,862 | 2,975 | 2,823 | 2,800 | 2,900 | 2,900 |
| Turkey | 2,300 | 2,055 | 2,000 | 2,500 | 2,550 | 2,500 |
| Egypt | 2,013 | 2,067 | 2,125 | 2,270 | 2,420 | 2,420 |
| Ukraine | 1,196 | 1,728 | 1,638 | 2,000 | 2,385 | 2,385 |
| Philippines | 2,500 | 2,150 | 2,135 | 2,500 | 2,300 | 2,380 |
| Colombia | 2,300 | 2,350 | 2,250 | 2,300 | 2,350 | 2,350 |
| Indonesia | 2,300 | 2,100 | 2,025 | 2,050 | 2,200 | 2,200 |
| South Africa | 2,435 | 2,192 | 1,684 | 1,608 | 1,760 | 2,039 |
| Argentina | 1,780 | 2,150 | 2,060 | 2,025 | 1,900 | 1,900 |
| Iran | 1,225 | 1,450 | 1,640 | 1,750 | 1,720 | 1,780 |
| Cuba | 1,650 | 1,850 | 1,625 | 1,850 | 2,000 | 1,700 |
| Vietnam | 1,725 | 1,510 | 1,330 | 1,520 | 1,520 | 1,520 |
| Peru | 1,150 | 1,480 | 1,206 | 1,250 | 1,250 | 1,250 |
| Japan | 750 | 795 | 850 | 720 | 795 | 795 |
| Nicaragua | 745 | 695 | 662 | 760 | 750 | 750 |
| Other | 14,451 | 14,852 | 13,535 | 14,497 | 13,980 | 14,103 |
| Total | 175,871 | 177,462 | 164,703 | 171,472 | 179,636 | 184,949 |
| Human Dom. Consumption | | | | | | |
| India | 26,023 | 26,500 | 26,800 | 25,500 | 26,000 | 26,500 |
| European Union | 18,500 | 18,700 | 18,700 | 18,700 | 18,650 | 18,700 |
| China | 15,300 | 15,600 | 15,800 | 15,600 | 15,800 | 15,800 |
| United States | 10,722 | 10,785 | 10,779 | 11,005 | 11,178 | 11,249 |
| Brazil | 11,260 | 11,400 | 10,500 | 10,550 | 10,950 | 10,600 |
| Indonesia | 5,450 | 5,400 | 5,600 | 6,766 | 6,375 | 6,750 |
| Russia | 5,400 | 5,700 | 5,880 | 6,000 | 6,200 | 6,200 |
| Pakistan | 4,500 | 4,600 | 4,800 | 5,100 | 5,000 | 5,400 |
| Mexico | 4,184 | 4,638 | 4,703 | 4,769 | 4,799 | 4,857 |
| Egypt | 2,870 | 2,900 | 2,930 | 2,950 | 3,050 | 3,050 |
| Iran | 2,822 | 1,974 | 2,387 | 2,759 | 2,395 | 2,885 |
| Bangladesh | 2,173 | 2,060 | 2,308 | 2,232 | 2,425 | 2,870 |
| Thailand | 2,495 | 2,532 | 2,670 | 2,700 | 2,830 | 2,650 |
| Turkey | 2,300 | 2,254 | 2,250 | 2,500 | 2,500 | 2,500 |
| Philippines | 2,250 | 2,155 | 2,140 | 2,200 | 2,250 | 2,250 |
| Japan | 2,099 | 2,130 | 2,122 | 1,996 | 2,046 | 2,046 |
| United Arab Emirates | 1,444 | 1,936 | 1,658 | 1,571 | 1,565 | 2,015 |
| Colombia | 1,510 | 1,521 | 1,846 | 1,921 | 1,830 | 1,995 |
| South Africa | 1,890 | 1,952 | 1,957 | 1,960 | 1,961 | 1,962 |
| Malaysia | 1,592 | 1,765 | 1,731 | 1,663 | 1,710 | 1,850 |
| Vietnam | 1,888 | 1,699 | 1,786 | 1,823 | 1,834 | 1,834 |
| Algeria | 1,378 | 1,364 | 1,429 | 1,574 | 1,785 | 1,770 |
| Argentina | 1,839 | 1,840 | 1,750 | 1,651 | 1,740 | 1,740 |
| Saudi Arabia | 1,196 | 1,360 | 1,497 | 1,542 | 1,630 | 1,670 |
| Nigeria | 1,290 | 1,295 | 1,290 | 1,545 | 1,600 | 1,600 |
| Other | 33,289 | 33,812 | 33,916 | 35,046 | 33,456 | 33,480 |
| Total | 165,664 | 167,872 | 169,229 | 171,623 | 171,559 | 174,223 |

World Centrifugal Sugar: Imports and Exports

1,000 Metric Tons, Raw Value

| | 2013/14 | 2014/15 | 2015/16 | 2016/17 | May 2017/18 | Nov 2017/18 |
|----------------------|----------------|----------------|----------------|----------------|------------------------|------------------------|
| Exports | | | | | | |
| Brazil | 26,200 | 23,950 | 24,350 | 28,500 | 28,690 | 29,600 |
| Thailand | 7,200 | 8,252 | 7,055 | 7,500 | 8,400 | 8,600 |
| Australia | 3,242 | 3,561 | 3,700 | 4,000 | 3,700 | 3,700 |
| European Union | 1,552 | 1,582 | 1,548 | 1,550 | 2,200 | 2,500 |
| Guatemala | 2,100 | 2,340 | 2,029 | 2,150 | 2,115 | 2,160 |
| Mexico | 2,661 | 1,545 | 1,280 | 1,287 | 2,114 | 1,547 |
| India | 2,806 | 2,580 | 3,800 | 1,800 | 1,000 | 1,400 |
| Cuba | 937 | 895 | 1,031 | 1,050 | 1,150 | 950 |
| Ukraine | 8 | 127 | 180 | 815 | 780 | 850 |
| South Africa | 868 | 772 | 305 | 217 | 500 | 680 |
| Colombia | 900 | 835 | 584 | 615 | 650 | 630 |
| Swaziland | 412 | 641 | 665 | 560 | 570 | 570 |
| Russia | 30 | 10 | 10 | 420 | 250 | 560 |
| Pakistan | 729 | 580 | 275 | 400 | 0 | 500 |
| United Arab Emirates | 739 | 350 | 232 | 345 | 305 | 485 |
| Mauritius | 416 | 457 | 463 | 475 | 475 | 475 |
| Morocco | 8 | 136 | 303 | 470 | 420 | 470 |
| Algeria | 478 | 480 | 395 | 457 | 450 | 460 |
| Nicaragua | 375 | 398 | 398 | 460 | 425 | 460 |
| El Salvador | 404 | 481 | 371 | 450 | 450 | 450 |
| Korea, South | 361 | 305 | 339 | 343 | 340 | 340 |
| Belarus | 465 | 374 | 379 | 315 | 330 | 330 |
| Nigeria | 200 | 200 | 200 | 300 | 300 | 300 |
| Malaysia | 315 | 258 | 288 | 260 | 260 | 260 |
| Philippines | 200 | 75 | 168 | 200 | 150 | 250 |
| Other | 4,325 | 3,829 | 3,652 | 4,077 | 3,216 | 3,325 |
| Total | 57,931 | 55,013 | 54,000 | 59,016 | 59,240 | 61,852 |
| Imports | | | | | | |
| Indonesia | 3,570 | 2,950 | 3,724 | 4,918 | 4,150 | 4,550 |
| China | 4,275 | 5,058 | 6,116 | 4,600 | 4,200 | 4,200 |
| United States | 3,395 | 3,223 | 3,031 | 2,945 | 3,501 | 3,366 |
| Bangladesh | 2,085 | 1,982 | 2,283 | 2,097 | 2,315 | 2,920 |
| United Arab Emirates | 2,108 | 2,366 | 1,830 | 1,896 | 1,870 | 2,600 |
| Algeria | 1,854 | 1,844 | 1,834 | 2,061 | 2,250 | 2,270 |
| Malaysia | 1,897 | 2,063 | 2,009 | 1,893 | 1,960 | 2,140 |
| European Union | 3,262 | 2,918 | 3,055 | 2,750 | 2,000 | 2,000 |
| Nigeria | 1,470 | 1,465 | 1,470 | 1,820 | 1,870 | 1,870 |
| Korea, South | 1,909 | 1,882 | 1,900 | 1,757 | 1,850 | 1,780 |
| Saudi Arabia | 1,312 | 1,431 | 1,575 | 1,602 | 1,700 | 1,750 |
| India | 1,078 | 1,000 | 1,902 | 2,500 | 1,700 | 1,500 |
| Japan | 1,360 | 1,360 | 1,275 | 1,232 | 1,257 | 1,257 |
| Canada | 1,007 | 1,184 | 1,229 | 1,146 | 1,150 | 1,155 |
| Iran | 1,629 | 266 | 822 | 1,130 | 705 | 1,150 |
| Iraq | 432 | 173 | 768 | 1,001 | 1,015 | 1,140 |
| Morocco | 765 | 860 | 1,018 | 1,103 | 1,070 | 1,073 |
| Venezuela | 840 | 870 | 1,066 | 1,070 | 1,030 | 1,030 |
| Egypt | 1,208 | 1,330 | 880 | 830 | 830 | 830 |
| Yemen | 749 | 691 | 602 | 667 | 630 | 730 |
| Sudan | 638 | 1,319 | 768 | 727 | 710 | 710 |
| Taiwan | 577 | 543 | 636 | 595 | 570 | 710 |
| Cambodia | 671 | 458 | 627 | 697 | 681 | 661 |
| Somalia | 287 | 420 | 700 | 618 | 720 | 620 |
| Sri Lanka | 542 | 620 | 621 | 611 | 660 | 615 |
| Other | 12,530 | 11,922 | 12,829 | 12,715 | 10,944 | 10,999 |
| Total | 51,450 | 50,198 | 54,570 | 54,981 | 51,338 | 53,626 |

World Centrifugal Sugar: Ending Stocks

1,000 Metric Tons, Raw Value

| | 2013/14 | 2014/15 | 2015/16 | 2016/17 | May 2017/18 | Nov 2017/18 |
|----------------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Ending Stocks | | | | | | |
| India | 8,227 | 10,607 | 9,294 | 6,694 | 6,532 | 8,034 |
| China | 9,977 | 10,390 | 9,591 | 7,811 | 7,466 | 6,666 |
| Thailand | 5,254 | 5,263 | 5,281 | 5,114 | 4,531 | 5,094 |
| Pakistan | 1,270 | 1,270 | 1,470 | 2,120 | 3,720 | 2,755 |
| United States | 1,642 | 1,647 | 1,863 | 1,664 | 1,392 | 1,610 |
| Indonesia | 1,299 | 949 | 1,098 | 1,300 | 1,225 | 1,300 |
| Philippines | 1,032 | 997 | 1,054 | 1,254 | 1,064 | 1,234 |
| European Union | 3,066 | 4,151 | 1,241 | 241 | 524 | 1,141 |
| Mexico | 881 | 860 | 1,099 | 1,062 | 775 | 875 |
| Brazil | 350 | 950 | 750 | 850 | 460 | 850 |
| Iran | 700 | 400 | 450 | 560 | 450 | 590 |
| Bangladesh | 394 | 400 | 440 | 430 | 440 | 580 |
| Japan | 560 | 584 | 585 | 540 | 545 | 545 |
| Malaysia | 350 | 400 | 400 | 380 | 390 | 420 |
| United Arab Emirates | 300 | 380 | 320 | 300 | 300 | 400 |
| Ecuador | 363 | 398 | 395 | 395 | 414 | 390 |
| Russia | 370 | 100 | 150 | 360 | 210 | 380 |
| Korea, South | 390 | 390 | 380 | 370 | 380 | 375 |
| Saudi Arabia | 275 | 300 | 320 | 330 | 350 | 360 |
| Vietnam | 214 | 300 | 320 | 330 | 330 | 330 |
| Sudan | 275 | 400 | 320 | 320 | 310 | 320 |
| South Africa | 460 | 424 | 304 | 465 | 277 | 316 |
| Colombia | 150 | 205 | 215 | 255 | 190 | 265 |
| Morocco | 230 | 250 | 250 | 255 | 240 | 255 |
| Belarus | 210 | 210 | 210 | 245 | 250 | 250 |
| Other | 6,564 | 6,551 | 6,248 | 5,389 | 5,480 | 5,486 |
| Total | 44,803 | 48,776 | 44,048 | 39,034 | 38,245 | 40,821 |