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Nicaragua

2015 Sugar Annual Report

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Report Highlights:

For 2014/2015, the Nicaraguan Sugar Commission (CNPA) anticipates a sugar cane harvest of sugar 7.2 million MT with a total sugar production of 728,042 MT, a 4 percent decreased compared to the previous year. The decrease in production is attributed to the prolonged drought that affected Nicaragua in 2014. For 2015/2016, the Nicaraguan Sugar Industry expects an increase of 7 percent in sugar production reaching over 770,000 MT.

Executive Summary:

For the 2015/2016, the Nicaraguan Sugar Industry expects an increase in sugar cane production of seven percent as a result of an increase in planted areas and higher yields, assuming good weather conditions. For 2014/2015, the Nicaraguan Sugar Commission (CNPA) forecasts a sugar cane harvest of 7.2 million MT with a total sugar production of 728,042 MT, a 4 percent decrease compared to the previous year. The decrease in sugar cane production is attributed to the prolonged drought that affected Nicaragua in 2014. The average cane production yield per hectare (HA) was 91MT/HA, a 7 percent decrease compared to the previous year. Sugar exports reached a record 428, 926 MT. Major export destinations included Venezuela, the United States, Ghana, Taiwan and Spain. For FY 2015, Nicaragua plans to ship its full U.S. WTO and DR-CAFTA sugar quota allocation. The Nicaraguan sugar industry is also in a good position to supply any additional sugar quota reallocation from the United States.

Commodities:

Sugar Cane for Centrifugal

Production:

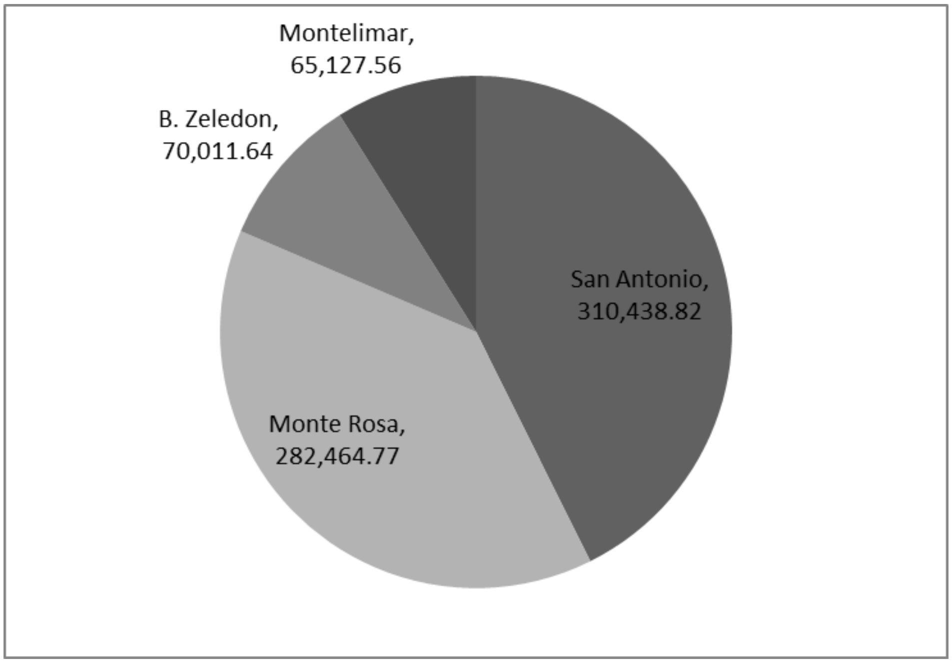
Preliminary data from CNPA for the 2014/2015 season projects a total sugarcane harvest of 7.2 million MT, with total sugar production of 728, 042 MT, a four percent decrease compared to the previous year. The decrease in sugar production is attributed to the prolonged drought that affected Nicaragua in 2014. The drought that Nicaragua experienced in the first crop cycle of 2014 had devastating effects for many crops and livestock, and brought the country's dry corridor region close to food insecurity. Luckily, Nicaragua received substantial rain between August and November, which led to a much stronger second harvest and alleviated some of the immediate concerns about food security.

Sugarcane is produced along the Pacific coast of Nicaragua. The Nicaraguan sugarcane harvest runs from November through May. The main sugar mills are San Antonio, Monte Rosa, Benjamin Zeledon and Montelimar.

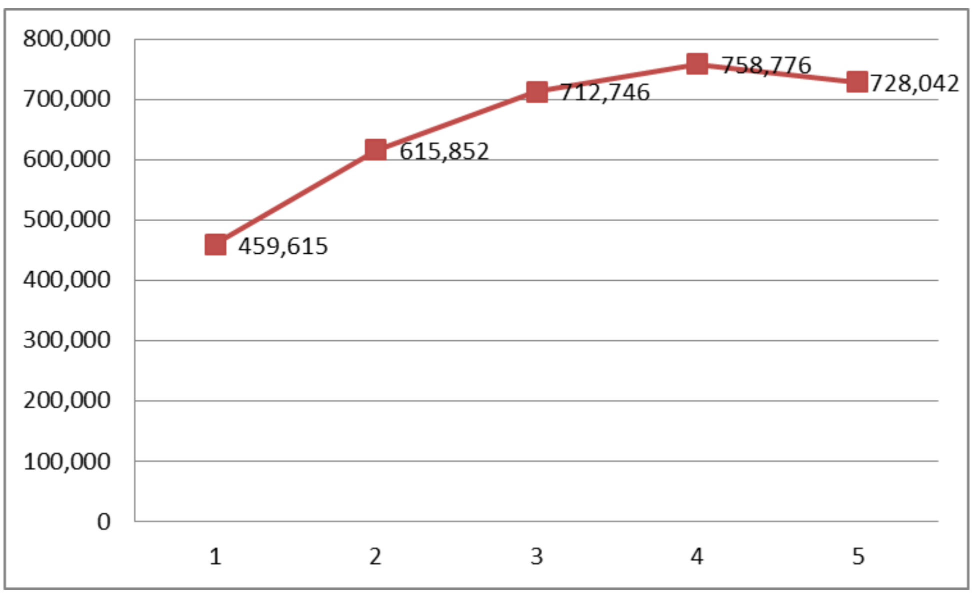
Over the last years, the Nicaraguan sugar industry has experienced substantial growth as a result of the expansion of cultivated areas. Cultivated areas have increased 30 percent since 2011. Some other factors that have contributed to the growth of the sugar industry are good international prices for sugar, diversification of the sugar industry into the production of energy (the two largest sugar mills of Nicaragua sell energy to the national grid), and good access to export markets. Nicaragua has sugar tariff quotas with the United States under the WTO and CAFTA-DR, the European Union and Taiwan. For 2015/2016, CNPA expects a seven percent increase in sugar cane production as a result of an increase in planted areas and higher yields.

Please refer to the graphs below to see sugar cane production by each sugar mill and the sugar production statistics of the last five years.

2014/2015 Sugar production by main sugar mills (In Metric Tons)



Raw Sugar production, Crop Year 2011-2015
(In metric tons)



Crop Area:

In 2014/2015 sugarcane planting totaled 71,798 hectares, a slight increase compared to the previous year. Most of the increase is attributed to the expansion of sugarcane plantations on the southwestern side of the country. Sugarcane areas are expected to grow 2 percent in 2015/2016. Analysts expect that sugarcane area will not increase as much in the northwest part of the country due to the rapid growth of groundnut plantations.

Yields:
Sugar cane yields in 2014/2015 are 91MT/HA, a seven percent decrease compared to the previous year. The decrease in production is attributed to the prolonged drought that affected Nicaragua in 2014. For the 2014/2015 season, CNPA expects to reach average yields of 98 MT/HA, assuming good weather conditions.

Consumption:
Nicaragua's sugar consumption was 254,000 MT in 2014 and it is forecast to increase by two percent in 2015. Per capita sugar consumption is estimated at 46.64 kg. According to the Nicaraguan Central Sugar Association (NCSA), the entity responsible for trading sugar, the increase in sugar consumption is attributed primarily to the increase in population and not to a change in food habits of the Nicaraguan people.

Trade:
According to the Nicaraguan Center for Exports and Procedures (CETREX), Nicaraguan sugar exports in 2014 reached over 428, 926 MT, a 14 percent increase compared to the previous years. Major export destinations in 2014 include Venezuela, United States, Ghana, Taiwan, Spain and others. Please refer to table below.

2014 Sugar Export Trade Matrix

Countries	**MT**
Venezuela	221,389
United States	71,191
Ghana	39,209
Taiwan	22,965
Spain	22,039
Chile	18,879
Others	33,254
Total	428, 926

Source: Center for Exports and Procedures.

Sugar Quotas

Nicaragua has tariff rate quotas (TRQs) with the United States under the WTO (22,114 MT) and CAFTA-DR (25,960 MT), the European Union (22,812 MT) and Taiwan (20,942 MT of refined sugar and 10,308MT of raw sugar). Mexico also allocates an export quota to Nicaragua but only when there is a shortage of sugar in that country.

Policy

The Government of Nicaragua does not set sugar prices, nor does it provide subsidies or special credit programs. Moreover, Nicaragua lacks a legal framework that would support the consumption of bio-fuels, inhibiting the commercialization of ethanol domestically.

Marketing

The private sector of Nicaragua buys and sells all sugar. Sugar for national consumption is fortified with vitamin A and packaged in bags of 0.4, 0.8, and 2 kg.

NCSA reported the following wholesale and retail prices for refined and white plantation sugar in 2014.

Whole Sale Prices for refined and white sugar in 2014

Sugar prices per Pound (US dollars)	Jan.	Feb.	Mar.	Apr.	May.	June.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
White Plantation Sugar	0.30	.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Refined Sugar	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33

Retail Prices for Refined and White Sugar in 2014

Sugar prices per Pound (US dollars)	Jan.	Feb.	Mar.	Apr.	May.	June.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
White Plantation Sugar	0.35	0.35	0.35	0.36	0.35	0.34	0.34	0.34	0.36	0.36	0.36	0.34
Refined Sugar	0.39	0.39	0.39	0.40	0.39	0.39	0.38	0.38	0.40	0.40	0.40	0.38

Production, Supply and Demand Data Statistics:

Table 1: Sugarcane for centrifugal sugar: Supply and Utilization

Sugar Cane for Centrifugal	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2016	
Nicaragua	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted	71	71	74	72	0	74
Area Harvested	71	71	74	72	0	74
Production	7,158	7,012	7,444	6,578	0	7,400
Total Supply	7,158	7,012	7,444	6,578	0	7,400
Utilization for Sugar	7,158	7,012	7,444	6,578	0	7,400
Utilizatn for Alcohol	0	0	0	0	0	0
Total Utilization	7,158	7,012	7,444	6,578	0	7,400
1000 HA, 1000 MT						

Table 2: Centrifugal Sugar: Production, Supply and Demand (in thousands MT)

Sugar, Centrifugal	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2016	
Nicaragua	USDA Official	New post	USDA Official	New post	USDA Official	New post
Beginning Stocks	39	39	38	40	0	40
Beet Sugar Production	0	0	0	0	0	
Cane Sugar Production	759	745	790	728	0	770
Total Sugar Production	759	745	790	728	0	770
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	0	0	0	0	0	0
Total Imports	0	0	0	0	0	0
Total Supply	798	784	828	768	0	810
Raw Exports	280	244	299	278	0	288
Refined Exp.(Raw Val)	150	131	161	150	0	164
Total Exports	430	375	460	428	0	452
Human Dom. Consumption	254	249	258	260	0	266
Other Disappearance	76	120	75	40	0	52
Total Use	330	369	333	300	0	318
Ending Stocks	38	40	35	40	0	40
Total Distribution	798	784	828	768	0	790
1000 MT						