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Report Name: Sugar Annual

Country: Venezuela

Post: Caracas

Report Category: Sugar

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Report Highlights:

Marketing year (MY) 2024/2025 Venezuelan sugar production is forecast to increase to 373,000 metric tons due to favorable yields, increased access to quality inputs, improved prices for producers and better sugar industry profit margins. While Venezuela's sugar production has consistently grown over the past several years, many constraints persist in further expanding sugar production, including the lack of accessing credit and acute shortages of gasoil (diesel). FAS forecasts no changes in raw sugar imports in MY 2024/2025 due to increased domestic sugarcane production and an anticipated drop in refined sugar imports. Brazil continues remains the main exporter of both raw and refined sugar to Venezuela.

Commodities:
Sugar centrifugal

Table 1. Centrifugal Sugar (Raw Value Basis) (Thousand Metric Tons [TMT])

Sugar, Centrifugal	2022/2023		2023/2024		2024/2025	
Market Year Begins	Oct 2022		Oct 2023		Oct 2024	
Venezuela	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	270	270	300	339	0	373
Total Sugar Production (1000 MT)	270	270	300	339	0	373
Raw Imports (1000 MT)	215	215	250	250	0	250
Refined Imp. (Raw Val) (1000 MT)	175	175	130	80	0	50
Total Imports (1000 MT)	390	390	380	330	0	300
Total Supply (1000 MT)	660	660	680	669	0	673
Raw Exports (1000 MT)	0	0	0	0	0	0
Refined Exp. (Raw Val) (1000 MT)	0	0	0	0	0	0
Total Exports (1000 MT)	0	0	0	0	0	0
Human Dom. Consumption (1000 MT)	660	660	680	669	0	673
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	660	660	680	669	0	673
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	660	660	680	669	0	673

Note: Virtually no centrifugal sugar is utilized for alcohol, feed, or other non-human consumption. All figures in raw value. To convert raw value to refined/crystal white sugar, divide by a factor of 1.07.

Data Source: Post historical data series. Forecast for MY 2024/2025; MY 2022/2023 and MY 2023/2024 are estimates.

Production

In MY (October-September) 2024/2025, FAS (Post) forecasts Venezuelan sugar production upward to 373,000 metric tons (MT) raw value (RV) basis, a 10 percent increase year-on-year on a harvested area of 66,000 hectares (ha).¹ This estimate assumes continued normal rainfall patterns in the sugar producing states. Venezuelan sugar production has consistently grown over the past several years, and due to improved margins, sugarcane is among the most remunerative crops for farmers. Improved access to quality inputs and higher sugar prices are encouraging larger investments in the industry and leading to improved yields. Sugarcane tonnage per ha is forecast at 66 MT/ha in the outyear, 10 percent higher year-on-year (60 MT/ha). There are approximately 4,000 sugarcane growers, including 3,500 smallholder producers who rely on machine operations for field preparation, planting, and harvest. Venezuela’s sugarcane crop is grown on a 12-month cycle.

¹ Planted and harvested area have remained the same in current year and for outyear forecasts.

Venezuela typically produces two sugarcane crops, with the first cycle occurring from October through April, and the second from June to October. Portuguesa is the largest sugarcane growing state, representing 85 percent of total production, followed by Aragua and Lara states (Figure 1).

Figure 1. Sugarcane Fields in Papelon, Portuguesa



Data source: Molipasa Central Azucarero Toliman. March 2024 sugarcane field preparation (left) and harvest (right).

Sugar production for MY 2023/2024 is estimated at 339,000 MT, a 26 percent increase from the previous MY, with an average recovery rate of 8.3 percent. These increases come despite the continued economic challenges facing Venezuelan producers, including a lack of access to credit and diesel shortages, which have been partially offset by favorable domestic sugar prices. In addition, the Southern Oscillation (El Niño phenomena) has had a neutral impact on production in the current MY, with average rainfall experienced by producers.

Six private sector mills continue to supply most sugar production (Table 1).² There are presently 10 Venezuelan state-owned sugar mills (Table 2). In marketing year 2023/2024, sugar mills *Santa Elena* and *Batalla de Araure* (managed by private sector entities) are currently under operations (Table 3).³

² The private sector mills are all located in Portuguesa.

³ Due to certain inefficiencies (lack of infrastructure, maintenance), most state-owned mills are presently inoperable whereas the private sector mills retain the majority of sugar milling operations in the country. Most of the mills were occupied or expropriated by the state beginning in 2005.

Table 2. Venezuela: Private Sugar Mill Production, MY 2023/2024 (MT)

Private Sector Mills	Sugar Cane Production Received	Yield % (Recovery)	Refined Sugar Production	Harvest Months
Portuguesa	1,600,000	9.16	146,640	Dec-April
Molipasa	800,000	8.63	69,000	Dec-April
El Palmar	330,000	8.30	27,390	Dec-April
La Pastora	620,000	8.00	49,630	January-August
Batalla de Araure	100,000	7.60	7,600	Dec-April
Santa Elena	500,000	7.70	38,500	Dec-April

Data Source: Venezuelan industry.

Table 3. Venezuela: Current State of Public Sugar Mill Operations

Public Sugar Mill	Operating Status as of April 2024
Batalla Araure (CABA)	<i>Operational this harvest</i>
Sucre Power Plant	Closed this harvest
Venezuela	Closed this harvest
Industrial Santa Elena	<i>Operational this harvest</i>
Central Cariaco	Closed this harvest
Santa Clara	Closed this harvest
CAAEZ (Central Ezequiel Zamora)	Closed this harvest
CAZTA (Central Táchira in Uruëña)	Closed this harvest
Central Turbio	Closed this harvest
Central Trujillo	Closed this harvest

Data Source: Venezuelan industry.

Consumption

In MY 2024/2025, Post forecasts domestic consumption at 673,000 MT, slightly higher compared to Post’s revised MY 2023/2024 estimate (669,000 MT). This figure represents approximately 24 kilograms (kg) per capita (2 kg/month). Sugar consumption in Venezuela is currently distributed as 80 percent for human consumption and 20 percent in food manufacturing. Due to modest economic recovery, demand for both sugar and artificial sweeteners in soft drinks is growing in Venezuela. In addition, approximately 20 percent of Venezuela’s total domestic refined sugar supply is consumed through the Maduro authority’s food subsidy program, commonly known as the Local Committee for Supply and Production (CLAP).⁴ The Maduro authority provides monthly CLAP boxes with basic food commodities and typically include at least 1 kg of refined sugar per box to approximately 1.6 million families. The CLAP program is supplemented by refined sugar typically imported from Brazil. Post sources indicate that in mid-2024, the program intends to increase up to 2 kg of sugar in each CLAP box and increase the number of recipients to upwards of 2.5 million families.⁵

⁴ The CLAP (Los Comités Locales de Abastecimiento y Producción), food program began in 2016, with infrequent food deliveries provided to food insecure households. In addition to 1 kg of sugar, recipients receive a mix of staple foods, including pasta, milk powder, and rice, among others.

⁵ Venezuela’s presidential elections are slated to be held in July 2024.

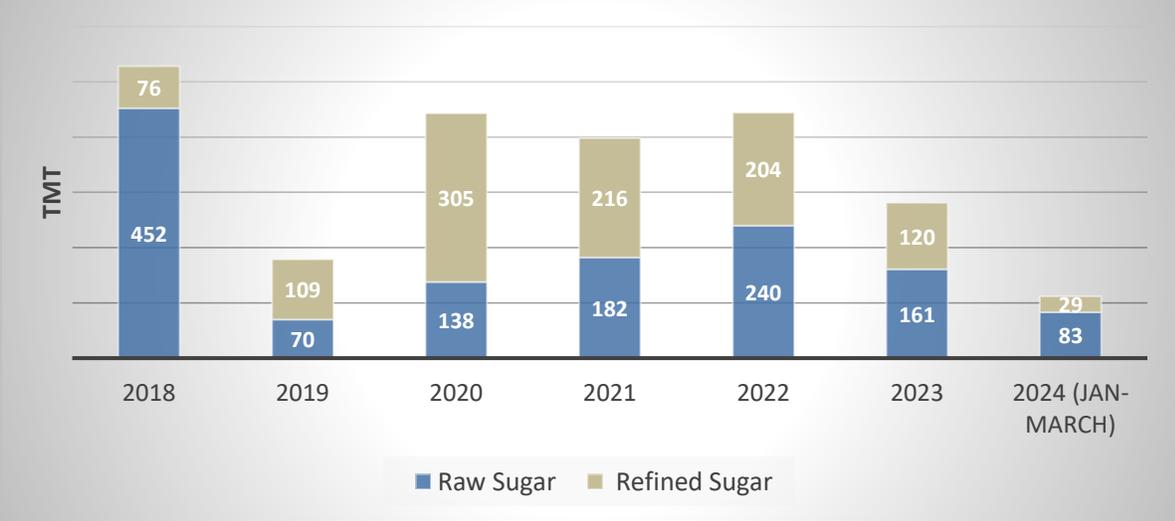
In MY 2023/2024, Post estimates domestic sugar consumption at 669,000 MT, 1 percent higher year-on-year as utilization will remain stable due to its relatively low cost and increased consumer purchasing power. An expected rebound in the economy and consumer purchasing power in the second half of 2024 is expected to increase sugar demand, particularly in processed food products (e.g., baked goods, sugar-based beverages).

Raw Sugar Trade

Post forecasts MY 2024/2025 raw sugar imports at 250,000 MT, unchanged from last year, based on an increase in domestic sugarcane production. However, domestic sugarcane production cannot meet demand and the private sector mills must continue to import raw sugar to cover demand. Since 2020, the Maduro authority has not imported sugar directly, and instead relies on the private sector to avoid national shortages.

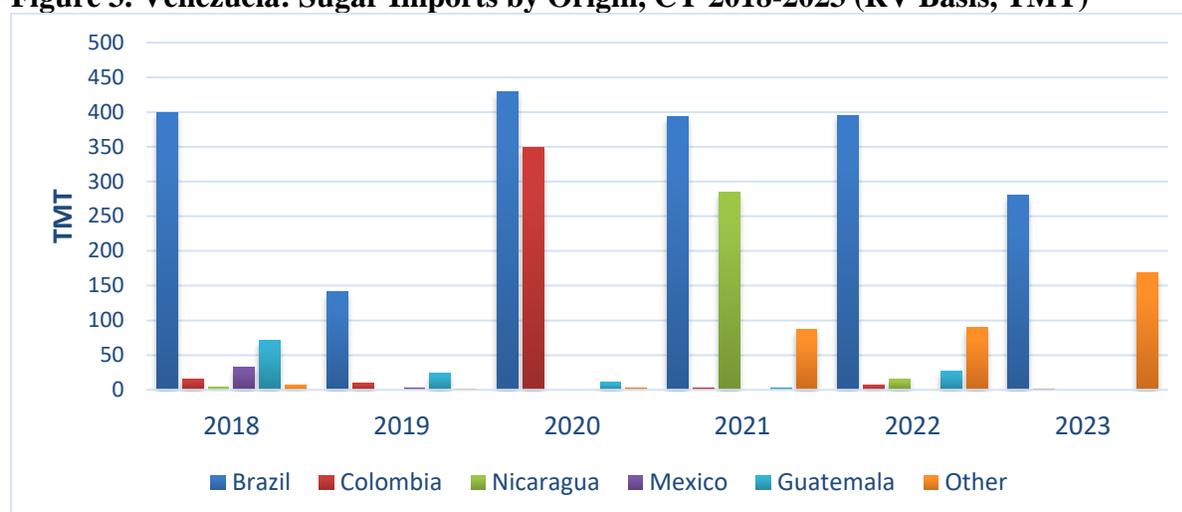
Raw sugar imports for MY 2023/2024 remain unchanged at 250,000 metric tons. In 2023, raw sugar imports constituted 57 percent of the sugar complex (raw and refined) (Figure 2). Brazil has overwhelmingly remained the main raw sugar exporter to Venezuela, with 96 percent share in 2023, followed by Costa Rica (4 percent). In the first half of MY 2023/2024 (October 2023 to March 2024), Venezuela imported 83,000 MT of raw sugar, nearly all from Brazil due to price competitiveness. In calendar year (CY) 2023, Venezuela’s sugar imports totaled approximately 448,000 MT RV, including 280,000 MT from Brazil, 60,000 MT from Costa Rica and 50,000 MT from El Salvador (Figure 3).

Figure 2. Venezuela: Imports of Raw Sugar Against Refined Sugar, CY 2018-2023 (TMT)



Data source: Trade Data Monitor.

Figure 3. Venezuela: Sugar Imports by Origin, CY 2018-2023 (RV Basis, TMT)⁶



Data source: Trade Data Monitor.

Refined Sugar Trade

Post forecasts MY 2024/2025 refined sugar imports 62 percent lower to 50,000 MT on account of the predicted recovery in domestic sugarcane production, greater local refining, and steady imports of raw sugar. Marketing year 2023/2024 refined sugar imports are revised lower to 80,000 MT, caused by anticipated higher domestic sugarcane production. Post contacts have noted that much of the imported refined sugar early in the MY was used to supply the CLAP boxes. However, for the latter half of the MY, the Maduro authority has requested the national industry supply at least 10,000 MT of refined sugar for CLAP, following an agreement made by domestic industry. In the first half of MY 2023/2024 (October 2023 to March 2024), Venezuela imported 63,461 MT of refined sugar, with 99 percent supplied by Brazil.

Price

The system of payment to Venezuelan sugarcane growers is determined by 60 percent of the average sale price of sugar in the respective mill, after deducting distribution costs. The sugarcane growers also receive 50 percent of the sale price of the molasses.⁷

In 2023, sugar millers paid an average USD \$630/MT for imported raw sugar, while March 2024, the price has since dropped to \$620/metric tons. Since MY 2019/2020, refined sugar prices have steadily increased and coincided with an increase in domestic cane prices paid to growers (Table 4).

⁶ For CY 2023, “Other” category includes Costa Rica and El Salvador.

⁷ In 2020, private millers and the Maduro authority agreed to annual, gradual increase of sugarcane prices for producers.

Table 4. Venezuela: Mill Average Sales Price for Refined Sugar (MY, USD/kg, MT)

Market Year	\$/Kg	Total Production (MT)
2019/2020	0.85	160,000
2020/2021	1.00	194,000
2021/2022	1.00	229,000
2022/2023	1.05	303,000
2023/2024	1.10	339,000

Data source: Local Industry.

Stocks

Venezuelan stock levels tend to widely fluctuate widely and are thus omitted from Post estimates. According to Post sources, there are approximately 80,000 MT of sugar (refined) inventoried in the current marketing year. For MY 2024/2025, Post forecasts sugar mill inventories lower because of expected lower refined imports to prioritize domestic sugarcane.

Alcohol production

Venezuelan distilleries⁸ produce alcohol using molasses, which is sold to various industries, including for producing alcoholic beverages, vinegars, and non-food uses (e.g., paints and solvents). Venezuela maintains an annual installed capacity of 60 million liters of ethyl alcohol and consumption is close to 55 million liters. Currently, there is sufficient molasses to produce about 45 million liters, and the remaining deficit is imported. The domestic price of ethyl alcohol is not controlled, (i.e. set by market rates), and current competition from imported alcohol sets an average sale price of USD \$1.30/liter, as of April 2024. With this price, alcohol producers have a margin of close to 25 percent on the cost.

Policy

Raw sugar imports remain exempt from tariffs. In 2024, the Maduro authority also removed raw sugar imports from its value added tax (VAT).⁹ Since December 2020, refined sugar had an 8 percent basic customs duty with a 16 percent VAT.¹⁰ The Maduro authority sporadically grants import licenses and exempts VAT and import duties depending on economic conditions. Recently, the Maduro authority removed the raw sugar VAT to support domestic sugar plants that have fallen into arrears in worker payments and to increase domestic supply of the national sugar crop in a market flooded with refined Brazilian-origin sugar.

Brazil-origin raw sugar includes an 8 percent tariff, which, due to political considerations, is currently exempt at 0 percent. Prior to 2006, Colombia exported sugar to Venezuela through preferential tariffs through the Andean Community of Nations (CAN). Following Venezuela's departure of the CAN cooperation agreement, Colombian origin sugar incorporates a 20 percent basic customs duty. In addition, raw sugar from Guatemala, El Salvador,¹¹ Nicaragua, and Honduras includes a 20 percent import tariff.

⁸ The private sector sugar mills also operate distilleries, similar to Colombia and other parts of the world.

⁹ The Maduro authority rarely makes available relevant official data, notifications, or regulations to the general public. There is no information published in the Official Gazette of any recent policy decisions related to sugar.

¹⁰ Includes a 1 percent customs service fee.

¹¹ The 20 percent tariff also applies to refined sugar for El Salvador.

Attachments:

No Attachments