

Required Report: Required - Public Distribution

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Report Name: Sugar Semi-annual

Country: Pakistan

Post: Islamabad

Report Category: Sugar

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Report Highlights:

With the outlook for the sugar industry largely unchanged from the previous report, no significant changes are made to the supply and demand tables. Despite expectations for some build up in stocks, the government's focus on maintaining domestic price and supply levels will limit sugar exports in 2024/25.

Production:

The 2024/25 sugarcane production forecast remains unchanged at 83.5 million metric tons, which is two percent higher than the 2023/24 estimate. This increase in production is attributed to a rise in cane area. Over the past two years, sugarcane has proven to be more profitable than competing crops such as maize and cotton. Additionally, the support prices have encouraged growers to expand their sugarcane planting. Area has increased in Punjab province. Overall weather conditions have been favorable for sugar cane in 2024, with abundant rains and suitable temperatures.

Table 1: Sugar Cane Production, Supply and Distribution (1000 HA), (1000 MT)

Sugar Cane for Centrifugal	2022/2023		2023/2024		2024/2025	
Market Year Begins	Oct 2022		Oct 2023		Oct 2024	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	1,300	1,300	1,175	1,175	1,210	1,210
Area Harvested (1000 HA)	1,300	1,300	1,175	1,175	1,210	1,210
Production (1000 MT)	87,900	87,900	81,500	81,500	83,500	83,500
Total Supply (1000 MT)	87,900	87,900	81,500	81,500	83,500	83,500
Utilization for Sugar (1000 MT)	87,900	87,900	81,500	81,500	83,500	83,500
Utilization for Alcohol (1000 MT)	0	0	0	0	0	0
Total Utilization (1000 MT)	87,900	87,900	81,500	81,500	83,500	83,500

GM Sugarcane Clears First Step for Domestic Planting

The Environmental Protection Agency (EPA) approved planting of two high-yielding genetically modified (GM) varieties of sugarcane. The insect-resistant (CABB-IRS) and the herbicide-tolerant (CABB-HTS) sugar cane traits were developed by the University of Agriculture, Faisalabad. The Technical Advisory Committee (TAC) has already given its approval for these two varieties, and they are now awaiting final approval from the National Biosafety Committee (NBC). If the NBC grants this final approval, sugarcane will become the second GM crop cultivated in Pakistan after cotton.

Production Policy

The government has yet to announce the 2024/25 sugarcane support price, with the crushing season expected to begin at the end of November. To boost production, the government increased support prices in the past two years (See table below). Provincial governments set minimum sugarcane prices, ensure price controls, and monitor factories. In the 2023/24 season, the Punjab government set the minimum support price (MSP) at 400 rupees/40 kg (\$35.8/ton), marking a 33 percent increase from the previous year. During 2024/25, farmers are expecting a similar jump in support prices.

Table 2: Sugarcane Minimum Support Price (MSP) by Province (Rs/40kg)

Year	Punjab	Sindh	KPK
2013-14	170	172	170
2014-15	180	182	180
2015-16	180	172	180
2016-17	180	182	180
2017-18	180	182	180
2018-19	180	182	180
2019-20	190	192	190
2020-21	200	202	200
2021-22	225	227	225
2022-23	300	302	300
2023-24	400	425	400

Source: Provincial Agriculture Departments and PSMA

SUGAR, CENTRIFUGAL

Production:

The 2024/25 production forecast is unchanged at 6.8 million tons.

Consumption:

The 2024/25 sugar consumption forecast is unchanged at 6.6 million tons. Growth in sugar demand continues to be driven by population growth and incorporation of sugar in new products, mainly snacks and beverages.

Trade:

Despite expectations for an exportable surplus in 2024/25, the export forecast remains unchanged. The government's primary focus is to stabilize domestic prices and prevent any potential price and supply shocks. In May 2024, the government approved 150,000 tons of sugar exports, which is nearly complete. The industry is now seeking approval for a second tranche of 500,000 tons. Exporters have requested the State Bank of Pakistan (SBP) to direct domestic banks to accept export proceeds from third parties for exports to Afghanistan.

With expectations for sufficient sugar supplies in the domestic market, no imports are forecast for 2024/25.

Policy

The increases in taxes in the 2024/25 budget will have significant impact on sugar the industry. A new excise duty of Rs15/kg sugar was imposed on sugar manufacturers. This will directly increase production costs, which will be translated to higher prices for confectionary and other sugar containing products at the retail level.

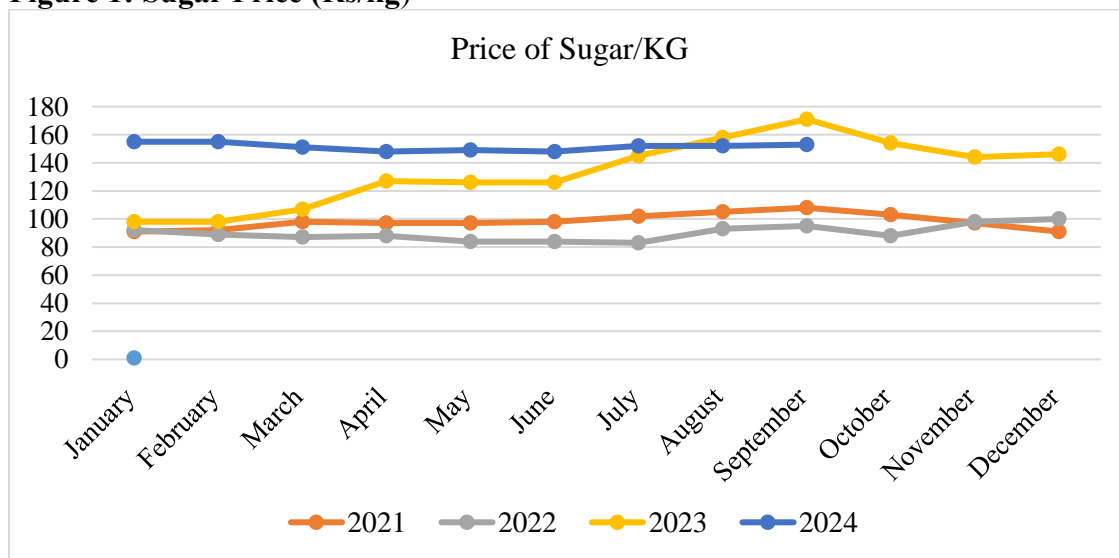
Table 3: Sugar Production, Supply and Distribution (1000 HA), (1000 MT)

Sugar, Centrifugal Market Year Begins Pakistan	2022/2023		2023/2024		2024/2025	
	Oct 2022		Oct 2023		Oct 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	3,812	3,812	3,472	3,472	3,542	3,492
Beet Sugar Production (1000 MT)	60	60	60	60	60	60
Cane Sugar Production (1000 MT)	6,800	6,800	6,600	6,500	6,800	6,800
Total Sugar Production (1000 MT)	6,860	6,860	6,660	6,560	6,860	6,860
Raw Imports (1000 MT)	0	0	0	0	0	0
Refined Import. (Raw Val) (1000 MT)	0	0	10	10	0	0
Total Imports (1000 MT)	0	0	10	10	0	0
Total Supply (1000 MT)	10,672	10,672	10,142	10,042	10,402	10,352
Raw Exports (1000 MT)	0	0	0	0	0	0
Refined Exp. (Raw Val) (1000 MT)	1,000	1,000	200	200	150	150
Total Exports (1000 MT)	1,000	1,000	200	200	150	150
Human Dom. Consumption (1000 MT)	6,200	6,200	6,400	6,350	6,600	6,600
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	6,200	6,200	6,400	6,350	6,600	6,600
Ending Stocks (1000 MT)	3,472	3,472	3,542	3,492	3,652	3,602
Total Distribution (1000 MT)	10,672	10,672	10,142	10,042	10,402	10,352

Table 4: Retail Sugar Prices (Rs. /Kg)

Months	2020	2021	2022	2023	2024
January	76	91	92	98	155
February	80	92	89	98	155
March	81	98	87	107	151
April	81	97	88	127	148
May	81	97	84	126	149
June	81	98	84	126	148
July	84	102	83	145	152
August	95	105	93	158	151
September	98	108	95	171	
October	99	103	88	154	
November	99	97	98	144	
December	83	91	100	146	
Average	87	98	90	133	151
Dollar	\$=Rs.160	\$=Rs.176	\$= Rs 226	\$= Rs 283	\$=279

Source: Pakistan Bureau of statistics and Agriculture Market Information System (AMIS)

Figure 1: Sugar Price (Rs/kg)

Source: Pakistan Bureau of statistics and Agriculture Market Information System (AMIS)

Attachments:

No Attachments