

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Jamaica

Sugar Annual

Jamaica Sugar Annual Report 2013

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Report Highlights:

Post estimates that Jamaica's production for the 2012/2013 crop will be 140,000 MT of raw sugar – a marginally higher volume than the previous year. Jamaica is expected to use its production to fulfill its commitments to Britain's Tate & Lyle Limited and Sucres & Denrées. The remaining sugar production will be used to supply the domestic market.

Executive Summary:

With the completion of the privatization of Jamaica's sugar industry in 2011, sugar production has remained flat while, export destinations are based on international prices and more sugar will be used domestically. For the sugar crop 2011/2012 Jamaica did not fulfill its sugar quota to the U.S. Furthermore, Jamaica is not expected to fulfill its sugar quota to the U.S. for the sugar crop 2012/2013. Jamaica will consume more of its own production and rely less on imports. It should be noted that for the 2011/2012 sugar crop, Jamaica exported 103,168 MT of raw sugar valued at USD 97 million. The European Union (EU) accounted for this entire amount due to the high price that the EU offered.

The 2012/2013 crop is projected to produce about 140,000 MT of raw sugar – a marginally higher volume than the previous year. Jamaica is expected to use its production to fulfill its commitments to Britain's Tate & Lyle Limited and Sucres & Denrées. The remaining sugar production will be used to supply the domestic market. In addition, the Government of Jamaica (GOJ) policy includes strategies for the diversification of the industry to embrace cogeneration and the production of ethanol, rum and specialty sugar.

Consumption of raw and refined sugar in Jamaica has remained relatively flat over the last three years and is expected to remain flat until the economy improves.

Statistical data

Sugar Cane for Centrifugal Jamaica	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Dec 2011		Market Year Begin: Dec 2012		Market Year Begin: Dec 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	35	34	37	35		37
Area Harvested	33	30	35	32		35
Production	2100	1500	2300	1700		1900
Total Supply	2100	1500	2300	1700		1900
Utilization for Sugar	2092	1492	2292	1692		1892
Utilization for Alcohol	8	8	8	8		8
Total Utilization	2100	1500	2300	1700		1900
1000 HA, 1000 MT						

Source: Industry & post estimate

Sugar, Centrifugal Jamaica	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Dec 2011		Market Year Begin: Dec 2012		Market Year Begin: Dec 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

Beginning Stocks	4	4	4	4	0	4	(1000 MT)
Beet Sugar Production	0	0	0	0	0	0	(1000 MT)
Cane Sugar Production	150	132	150	140	0	160	(1000 MT)
Total Sugar Production	150	132	150	140	0	160	(1000 MT)
Raw Imports	35	34	35	12	0	15	(1000 MT)
Refined Imp.(Raw Val)	73	75	73	73	0	73	(1000 MT)
Total Imports	108	109	108	85	0	88	(1000 MT)
Total Supply	262	245	262	229	0	252	(1000 MT)
Raw Exports	120	103	120	87	0	110	(1000 MT)
Refined Exp.(Raw Val)	0	0	0	0	0	0	(1000 MT)
Total Exports	120	103	120	87	0	110	(1000 MT)
Human Dom. Consumption	138	138	138	138	0	138	(1000 MT)
Other Disappearance	0	0	0	0	0	0	(1000 MT)
Total Use	138	138	138	138	0	138	(1000 MT)
Ending Stocks	4	4	4	4	0	4	(1000 MT)
Total Distribution	262	245	262	229	0	252	(1000 MT)

Source: Industry & post estimate

Commodities:

Sugar, Centrifugal

Production:

The dry weather conditions since the start of 2012/2013 crop year has bolstered crop quality and increased overall productivity to an estimated 140,000 MT of 96 degree sugar, an increase of 6 percent from the 132,000 MT produced during the previous crop. On April 1, 2013, sugar production was on target with 105,000 metric tons (MT) produced; the normal harvest is January – July so by April, the harvest should be more than half way done. The current crop, despite being affected by severe factory down time period, is still projected to perform better than the previous crop.

The 2011/2012 production of 132,000 MT of 96-degree sugar was significantly lower than the forecast of 150,000 MT. Furthermore, the 132,000 MT that was produced is a six percent reduction over the previous year's production of 140,000 MT. The unfavorable weather condition was regarded as the main factor responsible for the decrease in production.

Approximately 34,000 hectares of land is cultivated with sugarcane each year with, on average, 85 percent harvested. The other 15 percent is not harvested because of illicit cane fires, poor weather conditions, labor supply disruptions, and strategic increase in stand-over fields.

Consumption:

Consumption of raw and refined sugar and molasses continues to be relatively flat.

Total consumption of raw sugar in Jamaica during 2011/12 was 54,000 MT. This figure was the same for the 2010/11 period. Consumption of refined sugar, which is used mostly for manufacturing purposes, grows proportionately with the non-alcoholic beverage and bakery industries. Given that the Jamaican economy is still recovery from a protracted recession and disposable consumer incomes remain limited, it is expected that the bakery industry and non-alcoholic beverages will not experience robust growth for the short to medium term. The alcoholic beverage industry consumes about 100,000 MT of molasses and about 5,000 MT of raw sugar per year.

Artificial and herbal sweeteners are present in the Jamaican market, but have not penetrated the retail sector.

Trade:

Since the EU and U.S. quota prices are so close to world market prices, the economic advantage of exporting at a high price and importing at a lower price no longer exists. Therefore, Jamaica will export very little, consume its own sugar, and import very little.

The European Union Sugar Protocol, which allowed Jamaica and other African, Caribbean and Pacific (ACP) countries guaranteed preferential prices, has been replaced by the ACP Economic Partnership Agreement (EPA) an attractive differential no longer exists between world market prices and the EU /ACP Economic Partnership Agreement on sugar. In addition, for the first time in recent history, the U.S. quota price is at the world market price.

Data from the Jamaican Sugar Industry Authority (SIA) revealed that sugar imports were up to a high of 75,000 metric tons of refined sugar annually and approximately 60,000 metric tons of raw sugar.

It should be noted that up until 2009, Jamaica's EU quota was 127,000 MT with an additional 24,000 MT exported under the Special Preferential Sugar (SPS) agreement.

The total exports of raw sugar from Jamaica during the crop year 2011/2012 decreased by 7 percent from 110,000 MT (crop year 2010/11) to 103,000 MT, valued at US\$64 million and US\$97 million, respectively. The entire 103,000 MT exported went to the European Union. Jamaica did not fulfill their U.S. sugar tariff rate quota (TRQ).

In order to fulfill local demand for raw sugar, Jamaica consumed 28,421 MT of domestically produced sugar and imported 25,475 MT to make up for the short fall. While for refined sugar the country imported 70,000 MT during 2011/12 crop year, a slight decrease in the quantities over the 72,000 MT imported during the previous year. With retail consumption remaining flat and inventory minuscule, increased imports of refined sugar typically varies with manufacturing demand. Despite the liberalization of the refined sugar market in Jamaica, Guatemala and Colombia continue to be the dominant suppliers to the local market on the basis of price and availability.

Stocks:

The liberalization of refined sugar imports allows the Jamaica Cane Product Sales Limited (JCPS), private brokers and manufacturers to import and hold stocks of refined sugar. The JCPS previously handled all raw sugar imports and exports but they now share marketing agent status with the Chinese locally-owned Pan Caribbean Sugar Company (PCSC) Limited. As of November 30, 2012 the JCPS held 4,000 MT of raw sugar in stock. With the deregulation of refined sugar imports and increasing storage cost, independent importers do not hold significant stocks of refined sugar.

Policy:

In July 2009, the Jamaican Ministry of Agriculture & Fisheries reviewed its main policy document on the sugar industry of Jamaica, "The Jamaica Country Strategy for the Adaptation of the Sugar Industry 2006 to 2015". The revised sugar strategy document is now entitled, "The Jamaica Country Strategy for the Adaptation of the Sugar Industry: 2006 to 2020." The document outlines three (3) strategic objectives which are as follow:

1. The development and maintenance of a sustainable private sector-led sugar cane industry based on multiple products;

2. Strengthening of the social resilience, economic diversification and environmental sustainability of Sugar Dependent Areas (SDA);
3. Maintaining progress towards the Government of Jamaica's (GOJ) macro-economic goals.

The Jamaican sugar industry has been completely privatized since August 2011 when the GOJ completed its sale agreement with Complant (International Sugar Industry Company Limited), a company jointly owned by the Government of China and private interests in China on the purchase of the remaining three state-owned sugar factories. It should be noted that the Jamaican Government had no other alternative apart from divesting the state-owned sugar factories given the huge losses these entities have incur over many years.

The government of Jamaica in June 2010 appointed a Commission of Enquiry into the sugar industry sector. According to the GOJ, the Enquiry was necessary given the important changes taking place in the Jamaican Sugar Industry, particularly in relation to adjustments in the European Union's sugar importation policy and the full privatization of the industry. The Commission was given the mandate to ascertain if modifications were required in the regulatory, marketing, pricing and institutional arrangements. Twelve main recommendations were made by the Commission and it was felt that these recommendations would have provided the framework for a new, prosperous, multi product sugar cane industry, led by the private sector. However, to date nothing has been done in terms of implementation of these recommendations. Additionally, the policy environment emphasizes diversification as a necessary risk mitigating and revenue generating mechanism. The predominant thought on diversification within the industry relates to the creation of a sugarcane (as opposed to sugar) industry, focusing on cogeneration, and the production of ethanol, refined, specialty and raw sugar, rum and other alcoholic beverages.

Marketing:

In November 2012 PCSC was granted marketing agent status by the GOJ as part of the sale agreement between the Chinese company Complant, which bought the three remaining state-owned sugar factories and the government. JCPS is a local cooperative marketing firm composed of sugarcane growers and local sugar manufacturers while PCSC is the Jamaican subsidiary of the Chinese government company, Complant International. It should be noted that PCSC will not be a part of the local raw sugar pooling arrangement that JCPS carries out on behalf of the industry for the current crop but will operate independently of the local formula by which estates pool their product for the European market.

Since 1994 the marketing function for Jamaican raw sugar was assigned under an agency agreement to JCPS Limited, a private company which is jointly owned by the Jamaican sugar manufacturers and the Jamaican sugarcane farmers. As marketing agent of the state-owned Sugar Industry Authority (SIA), JCPS undertakes the commercial functions associated with the marketing of sugar destined for export. Although sugar manufacturers are free to sell privately that portion of raw sugar not required to fill contractual agreements. JCPS at present undertakes the marketing of locally produced sugar and molasses for approximately one half of the industry and distributes the total revenues to its sugar manufacturers and sugar cane farmers. The Chinese-owned PCSC markets the sugar and molasses produced by their sugar factories.

In addition, the retail distribution of imported refined sugar in Jamaica for the retail market is handled exclusively by the JCPS. However, refined sugar used in the manufacturing of valued-added products, such as beverages, is imported by independent manufacturers. But JCPS always remains concerned that the duty-free refined sugar for manufacturing maybe diverted to the retail trade with price and demand effects. The Government of Jamaica believes that the heavy involvement of the JCPS in the domestic market serves as a means of stabilizing local retailed sugar prices.

Author Defined: