USDA Attachés' Global Agricultural Information Network (GAIN) Reports 2021

Government Intervention in Sugar Markets

ARGENTINA (4-26-21)

Ethanol blend requirement

"However, …ethanol prices for the official mandate are projected to be better than the low levels seen in 2020. The current biofuels mandate law expires in May 2021 and the legislative intention for renewal or modification has not been announced."

CHINA (4-16-21)

State-owned enterprises; Direct payments; Input subsidies; Import tariff; Import licensing; Alternative sweetener restrictions

"In order to stabilize cane production levels, the Guangxi government has provided financial incentives to encourage planting and promote mechanization. Cane farmers receive support for instituting mechanized seed and harvesting practices. Other sugar-producing provinces offer sugar growers similar forms of support."

"In order to protect the interests of sugar growers, many of which are smallholder farmers, the local government sets an annual reference price for sugar cane. Both the millers and farmers respect this reference price in settling contracts."

"China applies a tariff-rate quota (TRQ) on imported sugar. The within-quota tariff is 15 percent on 1.945 million metric tons. About 70 percent of the quota is allocated to state-owned enterprises (SOEs). The out-of-quota tariff is 50 percent. From 2017-2020, China imposed an additional safeguard duty on top of the out-of-quota rate. This safeguard measure was lifted in May 2020 and the out-of-quota tariff has since returned to 50 percent. In July 2020, after the safeguard was removed, China announced that all out-of-quota sugar imports would now be subject to an automatic import licensing system, which the government uses to monitor imports of other bulk commodities, such as palm oil, soybeans, and meat. This system requires importers to apply and receive advance approval prior to import."

"China's government restricts the development of the saccharine industry in order to protect the domestic sugar market and to address environmental, food safety and consumer health concerns. The government imposes controls on production and domestic sales, conducts an annual document review and site inspection, and only allows saccharine to be used as a food additive. Only three plants are licensed for saccharine production in China."

COLOMBIA (4-21-20)

Price stabilization; Price band

"Since January 2001, local sugar prices in Colombia are subject to a price stabilization system called FEPA. The Colombian government designed FEPA as a mechanism to protect local producers from fluctuations in international sugar prices. According to some academics, FEPA has succeeded in shielding domestic prices from international prices."

"Imports from outside the CAN(Agreement with Bolivia and Peru for duty-free trade preferences) are subject to a variable duty under the price band system. The basic duty rate on imports of raw and refined sugar from non-CAN countries is 15 percent."

COSTA RICA (4-19-21)

Import tariff; Safeguard measures against Brazilian imports

"By law, Costa Rican Sugar League (LAICA) is the institution that regulates the relationship between producers and millers. LAICA is also involved in the marketing and sales of sugar and sugar products for domestic consumption and for export."

"Imports have continued to grow despite the high tariff that protects the local industry"

"The sugar sector requested that the Costa Rican government impose additional duties on Brazilian sugar to limit import growth. As a result, the Costa Rican government imposed a safeguard measure in August 2020 raising the import duty by 27.68 percent to 72.68 percent on sugar imports."

ECUADOR 4-30-21

Price band system; Import tariff; Ethanol blend mandate

"An example of government intervention in favor of Ecuador's sugar producers includes COMEX Resolution 030-2017 from December 2017, which effectively stops the preferential treatment (zero tariffs) granted to sugar imports from Andean Community members Colombia, Peru, and Bolivia. This Resolution established a quota for Colombian exports, with zero tariffs, up to 30,000 MT. All sugar imports from other Andean Community countries were made subject to the Andean Price Band System. In November 2018, Resolution 030 was replaced with COMEX Resolution 020-2018. Resolution 020 further restricted access to the Ecuadorian market by reducing the quota for Colombian exports to 17,229 MT."

"All-origin raw and refined sugar imports are assessed a 15 percent base tariff. In addition, countries are levied the Andean Price Band System's variable tariff. The variable levy for raw and refined sugar during the first half of April 2021 is set at 15 percent. Sugar imports have a World Trade Organization approved bound tariff rate of 45 percent, which includes price band-related duties."

"The Ecuadorian government is evaluating the inclusion of a higher rate of ethanol in the gasoline blend, from five percent to ten percent. Right now, gasoline blended with ethanol is sold in half of the country at the same price as "EXTRA" gasoline (88 octane)."

EL SALVADOR (4-8-21)

Price controls; Import tariff; Vitamin A enrichment requirement (non-tariff import barrier); Safety seal requirement

"Under the national sugar law, [the] Salvadorian Sugar Council (CONSAA) is in charge of regulating the sector. CONSAA has a board of directors that includes members from the government, sugar producers, and sugar mills."

"Grower prices continue to be set according to the sugar content of the cane. In 2019, CONSAA agreed to increase the share of total sugar sales that producers receive from 54.5 to 56 percent, with the other 44 percent going to the sugar mills. The mills distribute this sales income among sugar producers based on the amount of sugarcane provided"

"The Government of El Salvador (GOES) imposes a 40 percent ad-valorem import tariff on all sugar. The bound rate is 70 percent, as the GOES considers sugar politically sensitive because it is an important driver of rural income and employment"

"The national sugar law states that all sugar sold locally must carry a safety seal provided by CONSAA."

"The GOES continues to require that all sugar sold in the local market be fortified with vitamin A."

EGYPT (4-13-21)

Government ownership; Price control; Food subsidies (consumption subsidy); Import control, ban and tax

"In MY 2016/17, the government increased the sugarcane procurement price to EGP 620/MT ($35.10) at the behest of the syndicate. The updated rate was 55 percent higher than the MY 2015/16 procurement price of EGP 400/MT. In 2019, the syndicate requested that the price be EGP 900/MT ($57) but it was declined by the government. The current price of EGP 700/MT ($44.53) is up by 13 percent as compared to the MY 2016/17 procurement price."

"In MY 2019/20, a new one-billion-dollar sugar beet investment project from the United Arab Emirates commenced and is still under construction. The Egyptian government allocated 180,000 feddans (76,000 ha) to the company for sugar beet production. The company is targeting the production of 450,000 MT of sugar beets in its initial phase."

"Every season, the Ministry of Agriculture and Land Reclamation distributes between 20-30 different [beet seed] varieties to avoid the risk of crop failure due to the susceptibility of a single variety to biotic or abiotic stresses."

"In Egypt, there are 15 sugar processors, eight processing sugarcane and seven processing sugar beet, plus one under development. All eight sugarcane processors are state-run companies affiliated with Ministry of Supply and Industrial Trade's (MoSIT) Holding Company for Food Industries (HCFI). Of the seven sugar beet processors, three are private sector and the rest are state-run companies. The processor under development will be private sector-owned."

"The Egyptian government in fiscal year (FY) 2020/21 (July-June) allocated 84 billion EGP ($5.36 billion) to food subsidies. Of this amount, roughly 48 billion EGP ($3.06 billion) alone is earmarked for the bread subsidy program (EGP 15.65 = $1.00). The other 36 billion EGP ($2.3 billion) is for supply commodities (i.e. rice, cooking oil, sugar, beef, chicken, etc.)."

"The majority of sugar imports are usually imported through the Egyptian Sugar and Integrated Industries Company (ESIIC), which operates as a subsidiary of HCFI."

"In June 2020, the Ministry of Trade and Industry issued a decree to temporarily ban sugar imports, including refined and raw sugar, for three months, subject to renewal. The decision was renewed and is still in effect…Sugar importers declared however that they are still able to import, given that they obtain an import permit from the Ministry of Trade. This permission to import that the Egyptian government requires guarantees that sugar quantities are imported equally by a number of importers, and not monopolized by a few. Therefore, even with the ban on sugar imports, Post's forecast of imports remains unchanged. Imported sugar is subject to a 25 percent tax and a shipping cost of $25/MT."

ESWATINI (4-15-21)

Government irrigation project (infrastructure subsidy); Single-desk marketing and exports

"The Eswatini sugar industry is undergoing an expansion of area planted driven by new dams being built by the Eswatini Water and Agricultural Development Enterprise (Eswade). Eswade is a government company established by the Government of Eswatini in 1999 to facilitate the planning and implementation of large water and agricultural development projects including building dams and irrigation infrastructure that Government may assign. The impact of building dams and irrigation infrastructure is evident on the growth of area planted to sugar cane and production as shown on Figure 3."

“The Eswatini Sugar Association (ESA) is the highest decision making authority in the industry on common issues for sugar cane growers and sugar millers. ESA provides support services to the entire industry’s value chain which includes marketing of all the sugar and molasses, agricultural research and extension, cane testing, warehousing and distribution, and policy advocacy.”

“The Eswatini Sugar Association is responsible for exporting all the raw sugar produced in Eswatini.”

“The Eswatini Sugar Association is responsible for the marketing of all the sugar (both raw and refined) produced in Eswatini. The revenue obtained through the sale of sugar and molasses is shared between growers and millers based on an agreed process and formula guided by the Sugar Act of 1967 and Eswatini Sugar Agreement. The Eswatini Sugar Association provides a rebate (discount) to value adding industries located within Eswatini to encourage and support domestic sugar sales.”

EU (4-22-21)

Coupled support payments to producers

“For the sugar sector, it is expected that the voluntary coupled supports (VCS) from the previous CAP will be maintained to some level. Some members in the EP, supported by the International Confederation of European Beet Growers (CIBE), have suggested to revive the intervention storage for sugar given the continued sugar crisis since the end of the EU sugar quota regime in 2017. This led the EU sugar users association CIUS to publish a warning against reversing the EU sugar market liberalization because of the impact on the EU food industry.”

GUATEMALA (4-21-21)

Vitamin A enrichment requirement (non-tariff import barrier); Minimum price; Production goals; Export allocations

“The Sugar Board of Guatemala, which includes representatives from the Ministry of Economy, sugarcane producers, and sugar mills, establishes production goals, sets sugarcane prices, and allocates the U.S. sugar quota to the different sugar mills. The allocation of the quota to each mill is based on past production, previous quotas, and milling capacity. Sugar in Guatemala is protected by Presidential Decree 15-1998 and its regulation through Presidential Decree 021-2000, making fortification of sugar mandatory for its consumption in Guatemala.”

[HONDURAS (4-20-21)]

Import tariff; Vitamin A requirement (non-tariff import barrier)

"The import tariff for raw sugar and plantation white (standard) is 40 percent (consumption tax is not charged). The import tariff for refined sugar is 15 percent plus a 15 percent consumption tax. By law, quality restrictions require vitamin A to be added to sugar for human consumption, which is done by the Honduran sugar industry."

[INDIA (4-15-21)]

Minimum federal price support; State price supports; Export subsidy; WTO challenge; Import tariffs; Stocks buffering; Government supported R&D and input subsidies; Ethanol mandate

"The Union Cabinet increased the Fair and Remunerative Price (FRP) for sugarcane in MY 2020/2021 by Indian Rupees (INR) 10.0 (USD $0.135) to a total of INR 285/quintal (100 kilograms) (USD $3.80). There will be a premium of INR 2.85/quintal for each 0.1 percent increase in recovery over and above ten percent (see Press Information Bureau [PIB]). Sugar mill payment of the FRP sets cane prices paid to sugarcane producers. The FRP is determined based on recommendations of the Commission for Agricultural Costs and Prices (CACP) and after consultation with state governments and other stakeholders."

"The Government of India typically facilitates payments in a no-lien bank account, usually in a public/cooperative bank operated by the respective sugar mills. The banks credit the amount owed to farmers on behalf of the sugar mills against payable cane dues and any remaining balance is credited back to the sugar mills account."

"On December 16, 2020, the Cabinet Committee on Economic Affairs (CCEA) approved the MY 2020/21 sugar subsidy of USD $475.8 million (INR 3,500 billion) to export six MMT of sugar under its Maximum Admissible Export Quota (MAEQ). The subsidy resulted in an export assistance of $78.60/MT (INR 5,833/MT), a 44 percent drop over the MY 2019/20 export assistance of $140.8/MT (INR 10,448/MT). The MAEQ subsidy covers marketing expenditures such as handling, quality upgrading, debagging, and other processing costs; internal transportation and freight charges including loading, unloading, and distribution services; and ocean freight (shipments to destination ports). Sugar mills typically direct credit subsidies to farmers' accounts for owed cane payments. The balance, if any, goes to the sugar mills accounts. The Indian Government provisioned a financial outlay of $875 million last season toward the MAEQ. The reduced allocations coincide with the World Trade Organization (WTO) dispute settlement challenge over India's 2019 distortionary subsidies given to its sugarcane farmers"

"Effective February 6, 2018, India maintains a 100 percent import duty on white and raw sugar, and there is no export tax since March 20, 2018."

"The Ministry of Consumer Affairs, Food and Public Distribution is responsible for the creation, implementation, and maintenance of the four MMT of buffer stocks for a one-year period starting August 1, 2019. Funds provided to the sugar mills as reimbursement of the carrying cost of the buffer stock are used for payments owed to farmers for cane supplied in the 2018/19 and 2019/20 sugar seasons and also for arrears of previous sugar seasons."

"To increase both yield and sugar recovery rates, the Government of India supports research, development, training of farmers, promotion of new varieties, and improved production technologies, including seeds, machinery, and pest management methods. The Indian Council of Agricultural Research conducts sugarcane research and development at the national level. At the regional and state level, agricultural universities, regional research institutions, and agricultural extension agencies support sugarcane growers in various capacities. State governments also support sugarcane growers through their own promotion policies."

"According to industry sources, the sugar industry remains under tight production controls by the state governments, which include sugar industry licensing, cane land reservation, minimum distance criteria, cane price formula adoption, specified cane procurement areas for sugar mills, and cane pricing."

"Consistent with India's 2018 National Biofuel Policy, the Indian government has advanced its 20 percent blending with gasoline (E-20) target by five years to 2025 from 2030. The ten percent (E-10) target ethanol blending rate in gasoline by 2022 remains in place. The blending rate for MY 2019/20 reached 5.2 percent. On December 30, 2020, the Government of India approved an interest subvention grant of $626 million (INR 45.73 billion) to augment ethanol distillation capacity. Under the program, the federal government would bear the interest subvention for five years and finalize interest disbursements for five years, including a one-year moratorium against the loan utilized by project proponents from banks at an interest rate of six percent annually, or 50 percent of the rate of interest charged by the banks, whichever is lower."

INDONESIA (4-15-21)

Government controls and ownership; Reference prices; Import controls; Safeguard against fructose syrup

"The timing and quantity of imported sugar is subject to considerable debate, with the government tightly controlling both total import volume and which companies receive import quota. In general, the GOI allows sugar refineries to import raw sugar to process into refined sugar for the food and beverage industry. Idle refining capacity is often used to partially assess the volume of imports allocated."

"As a result, the GOI authorized several state-owned companies to import up to 150,000 tons of white sugar for direct human consumption."

"Refined sugar produced from imported raw sugar is prohibited from being distributed to retail markets for human consumption."

"Indonesia's state-owned sugar mills are aging, with approximately 37 out of 43 over 100 years old."

"Despite increasing white sugar production costs, Ministry of Trade (MOT) maintains its retail reference price for sugar as stated in MOT regulation 7/2020 (ID2020-0008)."

"The GOI expects the food and beverage industry to consume domestically produced refined sugar, although industry with specific refined sugar requirements unavailable from domestic producers may still import a limited amount of refined sugar to meet demand. The GOI normally issues import allocations for raw sugar at the beginning of the calendar year. These allocations are subject to change when certain sugar products cannot be sourced domestically."

"A recent investigation by the Indonesian Trade Safeguard Committee (KPPI) found domestic industry suffered serious losses due to a surge in imports of fructose syrup products. As a result, on September 9, 2020, the Ministry of Finance issued regulation 126/2020 on the Imposition of Safeguard Duty on Imports of Fructose Syrup. All products under HS Code 172.60.20 are subject to the regulation. The safeguard duty is in addition to general the import duty (Most Favored Nation); or additional preference based on import duties for goods traded under international trade agreement schemes."

JAMAICA (4-14-21)

Government-supported R&D; Government marketing; Transportation subsidy

"In supporting the flailing sugar industry, the GoJ has subsidized the transport of farmer reaped sugar cane to factories to be processed."

"The Ministry of Agriculture and Fisheries (MOAF) governs the policies for the operation of Jamaica's sugar industry. The policies address land usage, irrigation, subsidies and other areas. The Sugar Industry Authority (SIA) is the regulatory body under MOAF which controls the industry in the areas of arbitration, research and development, monitoring and evaluation. The marketing of sugar and molasses is also regulated by the SIA."

KENYA (4-30-21)

Import quota, tariffs and safeguard measures; Government ownership and investment

"Sugar imports are forecast to decrease following the capping of an import quota on sugar by the Government of Kenya (GOK) in January 2021."

"In recent years, GOK and the private sector have invested heavily in enhancing mills."

“Kenya assesses a duty on unrefined sugar imports from Non-COMESA and East African Community (EAC) countries at 100 percent ad varolem. Refined sugar is assessed at 10 percent ad varolem and administered by the Tax Remission for Exports Office (TREO). TREO is a GOK program that promotes export manufacturing for key exporters of sugar to Kenya from non-COMESA countries such as India, Thailand, and Guatemala.”

“In December 2020, COMESA granted Kenya a two-year extension of a sugar import safeguard which began in March 2021 and lasts until February 2023. To maintain the safeguard, Kenya is required to share with other COMESA member states how it calculates its projected sugar deficit and prioritize imports from COMESA in offsetting the deficit. COMESA also requires Kenya to meet other conditions to maintain the safeguard. This includes providing COMESA a detailed roadmap on how it intends to enhance its sugar sector competitiveness during the extended safeguard period; ensuring that the issuance process for import permits is transparent, fast, and efficient; and sending COMESA a projected deficit in January of each year which uses production and consumption data.”

“At the farm level, sugar cane prices are determined and set by GOK’s Sugarcane Pricing Committee (SPC). Currently, SPC has approved a price of Ksh 4,040 ($37.06) per MT of cane.”

“In July 2020, GOK started a revitalization program to make the sugar industry more efficient, diversified, and competitive. Under the program, GOK committed to write-off all debt and tax liabilities owed to the Government for state mills and growers by June 30, 2009. Under the program, GOK also intends to lease five state-owned mills on long-term leases to parties who agree to re-develop them. As a condition for redevelopment, lessees will have to commit to raising incomes for farmers and increasing profits at the mill by diversifying the production of ethanol, co-generating electricity, and producing other value-added products such as industrial and pharma-sugar. GOK has also published new regulations to strengthen regulatory measures in the sugar sector.”

MEXICO (4-15-21)

Direct payments

“However, an increase in planted area is expected due to government cash support to cane producers through the Production for Wellbeing Program.”

“In MY 2020/21, the Government of Mexico gave economic support of $7,300 pesos (U.S. $340) total per sugar cane producer (up to 20 hectares) through the "Production for Wellbeing" program, aimed to strengthen the income of producer families and to sustain and promote production. The support was conditioned on producers investing in actions that would improve orchards' productivity, and funds had to be dedicated to the renewal of plants, fertilizer application, investment in irrigation or other water management systems, phytosanitary management, and agronomic practices. The program is expected to continue indefinitely.”

NICARAGUA (5-7-21)

Price support; Vitamin A enrichment requirement (non-tariff import barrier)

"Policy: The Government of Nicaragua does not set sugar prices, nor does it provide subsidies or special credit programs for sugar production or export. However, the sugar industry does benefit from relatively high domestic prices compared to sugar prices in the international markets.

Marketing: Sugar for national consumption is fortified with vitamin A and packaged in bags of 0.4, 0.8 and 2kg.."

NIGERIA (5-4-21)

Tax incentives; Import restrictions and taxes; Government bank preferential loans

"Nigeria's sugar industry is facing serious challenges despite efforts by the Government of Nigeria (GON) to create self-sufficiency in sugar production and reduce raw sugar imports."

"In 2012, the Government of Nigeria approved and launched the National Sugar Master Plan (NSMP), a policy document that contains the strategic road map for the development of the sugar sector as well as the enactment of the conducive policy environment for its implementation. The policy positions the sector to attract investments in domestic production through backward integration program, offering credit facilities and tax incentives to investors, while at the same time imposing duties on imported raw and refined sugar."

"Nigeria continues to employ trade restrictive measures despite being a member of the World Trade Organization (WTO). These burdensome policies include high tariffs and foreign exchange control, as well as levies, import bans, and other measures to protect its domestic agricultural production"

"The Central Bank of Nigeria (CBN) is also supporting the participating companies with long term funding through (Commercial Agricultural Credit Scheme (CACS) and Real Sector Support Finance 8 (RSSF)) to purchase equipment and Anchor Borrower Program window for the outgrowers to produce quality sugar cane."

"The National Sugar Development Council through the NSMP has pushed through the measure that requires raw sugar imports (For 2019-2021), raw sugar imports are assessed a 10 percent duty, plus an additional 30 percent levy. Refine sugar imports (2019-2021) are assessed a 20 percent duty, plus an additional 75 percent levy."

PAKISTAN (4-22-21)

Government price control; State/provincial price and Government-supported R&D; Strategic stockpiling

"Instability in sugar availability for end users and sugar prices is expected to continue mainly due to government pricing and management policies influencing the decisions of sugar producers to distribute product."

"This year, sugarcane farmers received good procurement prices. The government also supported farmers by directing sugar mill owners to pay sugarcane producers for the outstanding product that had been delivered to mills over the past few years. Based on the assurances of receiving a minimum support price (MSP) and on an increase in the procurement price…"

"The provincial governments set procurement prices for sugarcane in consultation with representatives from both the sugar industry and farmers' organizations and based on recommendations from MNFSR and the provincial ministries of agriculture, food, and industry."

"The provincial governments support research, development, training of farmers and transfer of new technologies to growers in order to raise cane yields and sugar recovery rates."

"The government is providing an untargeted subsidy through state-controlled Utility Stores by selling sugar to those members of the general public in geographic proximity to a Utility Store at Rs. 68 per Kg ($442 per ton) whereas industry end users and other members of the general public without access to a Utility Store, must pay significantly more -- approximately Rs. 98.12 per Kg ($637 per ton) at prevailing open market prices."

"The Trading Corporation of Pakistan (TCP), a government entity that supplies the state-owned Utility Stores Corporation (USC), maintains reserves by procuring sugar from domestic sources or through imports pursuant to government policy. This arrangement helps in maintaining adequate sugar supplies and in controlling sugar prices in the domestic market."

PERU (4-21-21)

Government ownership; Price band system

"The Government of Peru still owns shares in two sugar mills, Pomalca and Tuman. These mills have not found investment partners to finance improvements in efficiency and profits. In an effort to encourage investment in these companies, the government is auctioning its shares to interested private sector companies. In recent years, problems in these two companies have generated social unrest and accusations of corruption."

"Sugar is included in the Peruvian Price Band System. On March 28, 2016, the Government of Peru reduced the additional duty assessed on sugar by the price band when it published Supreme Decree 055- 2016-EF. As a result, the floor price of the band fell from $648 to $518, and the ceiling price decreased from $778 to $644."

SOUTH AFRICA (4-15-21)

Government control; Reference price; Import-duty authority; Consumption incentives; Single-desk exporting; Import tariff and minimum price control; Export control

"The South African Sugar Association (SASA) is funded by both growers and milling companies, and is the highest decision making authority in the industry on common issues for sugar cane growers and sugar millers. SASA provides support services to the entire industry's value chain including the export of all the raw sugar, cane testing, and policy advocacy. SASA was established by the Sugar Act of 1978 and is under the authority of the Department of Trade, Industry and Competition (DTIC). The South African Sugar Research Institute (SASRI) is a division of SASA and conducts scientific research on sugar cane varieties, pests, diseases, and crop protection. SASRI also provides extension and meteorology services for the industry."

"South Africa applies the Dollar Based Reference Price (DBRP) mechanism to ensure that, inclusive of the duty, the DBRP (currently US$680 per ton), is the lowest price that an importer will pay for imported sugar. In the event that the import prices are lower than the DBRP, an import duty is applicable, while an import price higher than the DBRP would result in no import duties payable."

"The objective of the Master Plan is to ensure the long-term sustainability and profitability of the sugar sector in South Africa. The masterplan aims to achieve this over the next three years by, among other things, increasing local market sugar by 300,000 MT through committing manufacturers to prioritize locally grown and manufactured sugar in their product ranges; improving import protection; the development of small-scale growers and increasing transformation in all sectors of the industry; production diversification support and the potential restructuring of the industry."

"The South African Sugar Association is by law the only organization permitted to export raw sugar produced in South Africa. Sugar milling companies are only permitted to export refined sugar. South Africa always exports its surplus raw sugar regardless of the global prices and sometimes at a loss because of the domestic sugar regulations that stipulate that the price of cane paid to sugar cane growers should be based on revenue obtained from the sugar sales in the local and export market for that specific season. The South African sugar industry provides a rebate (discount) to domestic manufacturers to promote the sale and use of locally produced sugar."

THAILAND (4-9-21)

Strategic stockpiling requirement; Price support; Retail price ceiling; Direct subsidies to growers

"Sugar mills are required to hold combined safety stocks of 250,000 metric tons per month, which is equal to a month of average monthly domestic sugar consumption."

"Domestic sugar price is derived from the combined average production cost of sugarcane and sugar including overhead costs and margin. Currently, the domestic average wholesale ex-factory price for white sugar is 17.25 baht/kg (25 cents/lb.). The government still maintains a sugarcane price support program under the Cane and Sugar Act B.E. 2527 (1984). For MY2020/21, the minimum price for sugarcane was set at 920 baht per metric ton."

"Sugar is still listed on the Ministry of Commerce's List of Controlled Goods and Services despite the deregulation of the ex-factory wholesale price of sugar. As a result, the retail ceiling price for sugar remains unchanged at approximately 23.5 baht per kilogram (34 cents/lb). The retail ceiling exists to protect consumers from upward price fluctuations. Even though the government has changed the method of computation, the market price of domestic wholesale sugar at 17.25 baht/kg (25 cents/lb.) remains higher than world market price, which is around 12-13 baht/kg. (17-18 cents/lb.) This price difference will be collected from sugar mills to fund the state-run Cane and Sugar Fund (CSF), which subsidizes cane growers when market prices of sugarcane are lower than the intervention prices."

TURKEY (4-16-21)

Production and marketing quotas; Ethanol blend requirement; Sugar and HFCS import tariffs; Export restriction; Stocks requirement; Government ownership, marketing, and support of R&D; Price controls; Input subsidies

"Production of sugar beets, and consequently sugar, is limited to the quotas specified by the Turkish Government."

"The regulation on blending ethanol produced from domestic agricultural products with gasoline was first introduced in 2013 to comply with renewable energy policies, reduce import dependency in energy, and support the agricultural sector, according to Turkey's Energy Market Regulatory Authority. The percentage of ethanol blended with gasoline types was raised to 3 percent from 2 percent in 2014."

"If imported for the domestic market, the tariff on sugar is 135 percent. The high fructose corn syrup (HFCS) tariff is also 135 percent."

"Due to an export restriction on sugar which started in May 2020 as a measure related to Covid-19, Turkey exported only 773 MT of sugar."

"The government's quota system discourages stocking of sugar by the companies, except the security reserves ('B' quota)."

"The state-owned Turkseker, private producers, wholesalers, and retailers handle the marketing of sugar."

"At the beginning of the harvest period, the government announces a base procurement price (for a polarity rate of 16), and the factories pay the farmers according to the polarity rate (the amount of sugar obtained from a beet) of their beets, relative to the base price."

"The government also gives support for fertilizer (80 TL/ha), and gasoline (150 TL/ha) as announced in Official Gazette on November, 5, 2020."

"At the end of the production period, the factories market their allocated 'A' quota sugar within Turkey at the price announced by the Sugar Board, and any excess amount is either exported or sold at international market prices to exporting companies to be used in their confectionary products, which is called the 'C' quota."

"Turkiye Seker Fabrikalari A.S. (Turkseker) is a government entity and the largest sugar producer in Turkey, with 15 sugar factories, though not all of them operate every year. Under Turkseker there are also four alcohol/bioethanol plants, farm machinery plants, a seed treatment plant, and a Sugar Institute for research purposes."

UKRAINE (4-5-21)

Import tariff

"Ukraine maintains 50 percent import duty for all imported sugar both raw and processed (HS Code 1701 and all its subcodes)."

"Law #1115 decreases the VAT rate to 14 percent from the previous rate of 20 percent for several commodities intended for processing, including sugar beets. One may consider that sugar processors have been beneficiaries of Law #1115, because farm-gate prices for sugar beets will be 6 percent lower for processors"

VENEZUELA (4-26-21)

Government ownership; Import control; Consumption subsidy

"There are 10 public-owned sugar mills in the country; however, according to industry contacts, in MY 2020/21 only two are operational."

"The Maduro regime is currently prioritizing and authorizing raw sugar imports. Historically, Venezuelan state-owned firms imported raw sugar for domestic processing in public mills. The public firms then distributed the domestically produced sugar at a fixed price."

"At least 70,000 MT of Venezuela's total domestic supply of refined sugar (510,000 MT) is destined for the Maduro regime's food subsidy program, commonly known as Local Committee for Supply and Production (CLAP). The CLAP boxes provide monthly distributions of staple food products and generally include one kilogram of refined sugar, per box, to approximately 2.4 million families."

"Since December 2020, refined sugar pays a tariff of 17 percent ad-valorem plus 1 percent custom services, and an importation license is required."

ZIMBABWE (4-15-21)

Import tariff; Import controls; Price controls; Ethanol mandate; Vitamin A enrichment requirement (non-tariff import barrier)

"The 10 percent tariff plus US$100/MT on all sugar imports excluding from the Southern African Development Community (SADC) to protect the domestic industry has also resulted in minimal sugar imports."

"In 2014, the government also confirmed that no raw sugar import permits would be issued from countries other than members of SADC and COMESA. However, this import permit restriction, does not apply to sugar imports intended to satisfy the requirements for bottler grade sugar."

"Star Africa an independent refinery supplies the majority (at least 80 percent) of refined sugar in Zimbabwe. In order to maintain low retail prices for sugar in Zimbabwe, the government negotiates a fair price at which Star Africa buys raw sugar from the sugar mills. As a result, Star Africa is also required to obtain permission from the government to increase the wholesale and retail prices of refined sugar."

"Currently, minimum mandatory blending of vehicle fuels with ethanol is 20 percent, but varies depending on the domestic supply and availability of ethanol."

"The Zimbabwean government passed a regulation for the mandatory fortification of household sugar with Vitamin A effective July 12017."