

S&P Global

Commodity Insights

Analysis of US Organic Sugar Imports & Consumption

Prepared for American Sugar Alliance

North America Agribusiness Consulting

July 2023



Executive Summary

- Project objectives: (1) evaluate US organic sugar imports; (2) estimate US organic sugar consumption using retail sales data and compare with imports; and (3) estimate US organic sugar supply and demand based on findings from the first two objectives.
- US organic sugar imports increased significantly since 2019. The biggest jump in imports was from 2019 to 2020 where imports increased by 72,242 MT. Imports were relatively flat from 2020 to 2022.
- About 36% of the increase in imports from 2019 to 2020 was the result of the two new HS organic import codes added in 2020.
- About 11% of that increase was from imports from Malawi, Mauritius, and Panama who do not likely produce organic sugar. Imports from those countries were zero prior to 2020 and 39 MT in 2022.
- There was also a sharp increase in imports in 2020, 2021, and 2022 from Argentina which doesn't appear to produce enough sugar to match US organic sugar imports from that country.
- The total average price for imported organic sugar had dropped from \$809/MT in 2019 to \$650/MT in 2022. Organic sugar imports lost their premium vis-à-vis conventional sugar in 2021 and only rebounded slightly in 2022 which could be a reason for selling imported organic sugar as conventional sugar in the domestic market.

Executive Summary continued

- US organic sugar consumption grew 4.7% per year from 2019 to 2022 based on derived consumption data.
- The increase in estimated domestic consumption of organic sugar from 2019 to 2022 was significantly smaller than the increase in US organic sugar imports over the same time period questioning whether some of the imports are actually organic sugar or more likely organic sugar sold on the domestic market as conventional.
- US organic sugar consumption based on retail sales data and estimated FSRs and QSRs sales of products containing organic sugar increased by 24,778 MT from 2019 to 2022 compared with an increase in organic sugar imports over the same time period of 75,203 MT.
- Seven product groups (sugar in bags; sauces, dressings and condiments; bakery products; nutrition bars and multi-serve products; dairy products and cereals) accounted for about 75% of finished products containing organic sugar in 2022.
- All products increased in sales from 2019 to 2022 except for primarily sugar substitutes.

Executive Summary continued

- Based on the S&D analysis the level of organic sugar imports appears to be too high when compared with estimated consumption.
- Imports also appear to be too high for the years 2020 to 2022 because some imports appear to be from countries that either do not produce organic sugar or do not produce enough organic sugar to match US imports from those countries.
- The increase in imports vis-à-vis consumption has created unrealistic residuals when developing the S&Ds for US organic sugar from 2020 to 2022.
- The study concludes from the S&D analysis that some organic sugar imported is either not organic sugar or more likely is imported as organic sugar but sold domestically as conventional sugar.

Executive Summary continued

Scenario 1: US organic sugar supply and demand in MT

Item	2018	2019	2020	2021	2022
Production 1/	5,760	6,840	7,920	9,000	9,315
Imports 2/	182,247	172,258	264,500	266,154	267,461
Exports	0	0	0	0	0
Consumption 3/	169,164	177,321	185,478	194,010	202,352
Cumulative Residual 4/	37,190	38,967	125,909	207,053	281,477
Annual Residual 5/	18,843	1,777	86,942	81,144	74,424

1/ Source: S&P Global Commodity Insights

2/ Source: US Census Bureau trade data

3/ Derived from NielsenIQ retail sales data (70% of sales 2019 & 65% of sales in 2022) plus estimates for QSR/FSR sales.

4/ Equals cumulative residual in previous year plus production in current year plus imports in current year minus consumption in current year.

5/ Equals production plus imports minus consumption.

- From 2020 onward US organic sugar imports sharply exceeded the growth in estimated organic sugar consumption.
- The organic sugar S&D residual estimates from 2020 onward increased sharply implying some imports were likely sold as conventional sugar in the domestic market.
- Regarding the high residual numbers, it is possible in any given year some of the residual is carried over into the next year as stocks and sold in the next year, but it is likely these quantities are relatively small.

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