



# Sugar and Sweeteners Outlook

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## Higher Estimated Imports from Mexico in 2014/15 More Than Offset Lower Expected Imports from Quota Programs.

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Approved by the  
World Agricultural  
Outlook Board.

Total U.S. sugar supplies in the USDA's October *World Agricultural Supply and Demand Estimates* (WASDE) for 2014/15 are increased by 42,000 short tons, raw value (STRV) from the September estimate to 13.941 million STRV. Production is estimated to be 8.588 million STRV, fractionally lower than the previous month's estimate, with no changes to beet sugar production estimates and relatively small adjustments to cane sugar production. Estimates for imports under quota programs are lowered 45,000 STRV but are more than offset by a 79,000 STRV increase to the estimate of imports from Mexico due to increased pace of shipments. Estimated domestic deliveries are raised 60,000 STRV based on the increased pace of direct consumption imports (DCI), primarily from Mexico. U.S. sugar exports are also increased based on pace-to-date figures. Ending stocks for 2014/15 are lowered 32,000 STRV as a result of the changes to the estimates, with a stocks-to-use ratio of 13.9 percent.

U.S. sugar production in 2015/16 is increased 26,000 STRV from the September projection to 8.760 million STRV. Beet sugar production is raised 41,000 STRV based on improved forecast yields and a higher sugar extraction rate. Cane sugar production is lowered 15,000 STRV based on lower projections for production in Hawaii. Domestic deliveries for 2015/16 are lowered 90,000 STRV to 11.920 million STRV, all of which is expected to come from fewer deliveries for food and beverage use. Due to the higher levels of DCI in 2014/15, more sugar is expected to be held in inventories by entities that do not report stocks to the USDA. As a result, this sugar will not be recorded in ending stocks, but will result in a deduction of deliveries in 2015/16 as it is likely to be marketed in early 2015/16. Ending stocks for 2015/16 are projected to be 87,000 STRV higher than the September projection, resulting in a stocks-to-use ratio of 14.3 percent.

The only changes to forecasts for the Mexican sugar market are related to trade. Exports in 2014/15 are estimated to be 49,000 metric tons, actual value (MT), higher than the previous month, to account for additional shipments to the United States and fewer to other countries. Imports are estimated to be 11,000 MT more than the previous month due to higher estimated supplies coming from the United States for the IMMEX program. Ending stocks for 2014/15 are lowered 38,000 MT, which is carried over into the 2015/16 beginning stocks and represents the only change to 2015/16 projections. The stocks-to-consumption ratios are forecast to be 17.2 percent and 17.0 percent for 2014/15 and 2015/16, respectively. Each of those is lower than the previous month and below the historical target level of 22 percent.

## United States Sugar Supply and Use for FY2015

Total domestic sugar deliveries for 2014/15 are estimated at 12.064 million STRV, an increase of 60,000 STRV compared with the September estimate. The change is due entirely to a 60,000 STRV increase in food and beverage deliveries, which is estimated at 11.935 million STRV. The increased estimate is motivated by the increases seen in direct consumption imports (DCI) in the last quarter of FY2015. This increase was likely driven by imports from Mexico entering the country during the current Export Limit Period, which ended on September 30, as defined by the agreement to suspend the Countervailing Duty investigation (CVD). Some of these deliveries are not expected to be marketed immediately, however, and will likely be held as inventory by entities that are not required to report to the USDA. Consequently, their inventories are not accounted for in the ending stock figure and are instead simply counted as deliveries for the year in which they are imported in the WASDE balance table. As a result, FY2016 deliveries are reduced by 90,000 STRV to account for the FY2015 DCI deliveries that are expected to be marketed in the next fiscal year.

Table 1 -- U.S. sugar: supply and use, by fiscal year (Oct./Sept.), October 2015.

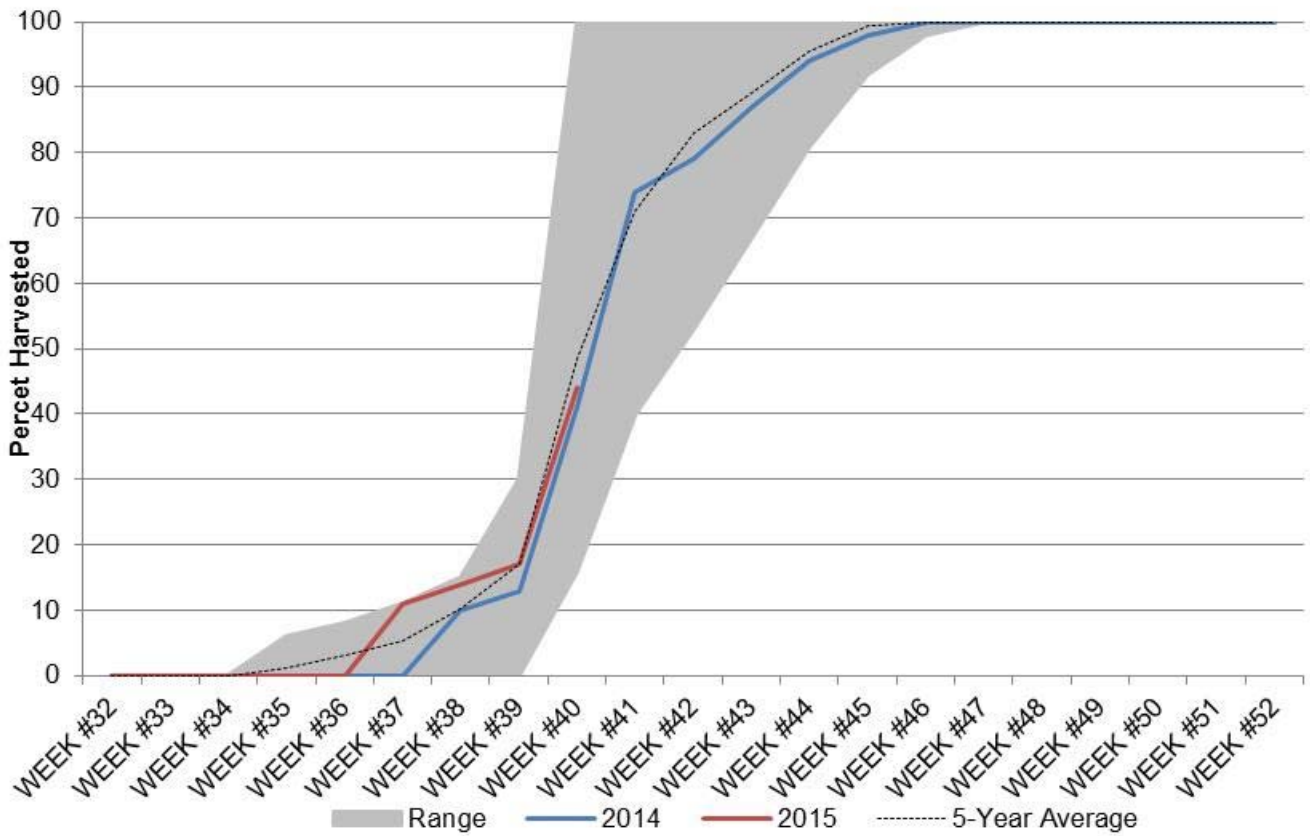
| Items  | 2013/14<br>(estimate)       | 2014/15<br>(estimate) | 2015/16<br>(forecast) | 2013/14<br>(estimate)        | 2014/15<br>(estimate) | 2015/16<br>(forecast) |
|--|-----------------------------|-----------------------|-----------------------|------------------------------|-----------------------|-----------------------|
|  | 1,000 Short tons, raw value |                       |                       | 1,000 Metric tons, raw value |                       |                       |
| Beginning stocks   | 2,158                       | 1,810                 | 1,697                 | 1,958                        | 1,642                 | 1,540                 |
| Total production   | 8,462                       | 8,588                 | 8,760                 | 7,676                        | 7,791                 | 7,947                 |
| Beet sugar   | 4,794                       | 4,825                 | 5,075                 | 4,349                        | 4,377                 | 4,604                 |
| Cane sugar   | 3,667                       | 3,763                 | 3,685                 | 3,327                        | 3,414                 | 3,343                 |
| Florida  | 1,763                       | 1,975                 | 1,940                 | 1,599                        | 1,791                 | 1,760                 |
| Louisiana  | 1,591                       | 1,505                 | 1,450                 | 1,444                        | 1,365                 | 1,315                 |
| Texas  | 145                         | 123                   | 130                   | 132                          | 112                   | 118                   |
| Hawaii   | 168                         | 160                   | 165                   | 153                          | 145                   | 150                   |
| Total imports  | 3,742                       | 3,544                 | 3,398                 | 3,394                        | 3,215                 | 3,083                 |
| Tariff-rate quota imports  | 1,302                       | 1,540                 | 1,528                 | 1,181                        | 1,397                 | 1,386                 |
| Other program imports  | 305                         | 459                   | 315                   | 277                          | 417                   | 286                   |
| Non-program imports  | 2,135                       | 1,544                 | 1,555                 | 1,937                        | 1,401                 | 1,411                 |
| Mexico   | 2,130                       | 1,530                 | 1,540                 | 1,932                        | 1,388                 | 1,397                 |
| Total supply   | 14,362                      | 13,941                | 13,856                | 13,029                       | 12,647                | 12,570                |
| Total exports  | 306                         | 180                   | 200                   | 278                          | 163                   | 181                   |
| Miscellaneous  | 0                           | 0                     | 0                     | 0                            | 0                     | 0                     |
| Deliveries for domestic use  | 12,246                      | 12,064                | 11,920                | 11,109                       | 10,944                | 10,814                |
| Transfer to sugar-containing products<br>for exports under re-export program | 82                          | 100                   | 100                   | 74                           | 91                    | 91                    |
| Transfer to polyhydric alcohol, feed, other alcohol                          | 29                          | 29                    | 35                    | 27                           | 26                    | 32                    |
| Commodity Credit Corporation (CCC) sale for ethanol, other                   | 316                         | 0                     | 0                     | 287                          | 0                     | 0                     |
| Deliveries for domestic food and beverage use                                | 11,819                      | 11,935                | 11,785                | 10,722                       | 10,827                | 10,691                |
| Total Use  | 12,552                      | 12,244                | 12,120                | 11,387                       | 11,108                | 10,995                |
| Ending stocks  | 1,810                       | 1,697                 | 1,736                 | 1,642                        | 1,540                 | 1,574                 |
| Private  | 1,810                       | 1,697                 | 1,736                 | 1,642                        | 1,540                 | 1,574                 |
| Commodity Credit Corporation (CCC)   | 0                           | 0                     | 0                     | 0                            | 0                     | 0                     |
| Stocks-to-use ratio  | 14.42                       | 13.86                 | 14.32                 | 14.42                        | 13.86                 | 14.32                 |

Source: U.S. Dept. of Agriculture, Economic Research Service, Sugar and Sweetener Outlook.

Other deliveries in 2014/15 remain unchanged from the previous month, totaling 129,000 STRV. Estimated exports for 2014/15 are increased 15,000 STRV to 180,000 STRV based on pace-to-date reporting through August in the Farm Service Agency's *Sweetener Market Data* (SMD). Total sugar use in 2014/15 is estimated to be 12.244 million STRV, a 75,000-STRV increase from the September estimate.

Total domestic sugar production for 2014/15 is estimated to be 8.588 million STRV, essentially unchanged from the previous month's estimate. Beet sugar production remains unchanged from the previous month's estimate, at 4.825 million STRV. There have been indications that early production expectations from the 2015/16 sugarbeet crop have come to fruition. Harvest progress, particularly through mid-September, was well ahead of the previous year and the 5-year average. Additionally, beet sugar production in August was reported at 171,000 STRV, nearly three-times as large as the same period the previous year and comparable with the volumes produced in 2012 and 2010, which also had strong early-season production. Harvest progress data from NASS show that the harvest pace has moved from near record-high pace to closer to average in the latter half of September, however, resulting in no adjustments to the 2014/15 production estimate despite an increased production outlook for the current crop.

Figure 1  
**U.S. total sugarbeet harvest progress, 2000 to 2015**



Source: National Agricultural Statistics Service, USDA.

Cane sugar production for 2014/15 is estimated to be 3.763 million STRV, fractionally lowered from the previous month. Cane sugar production in Texas is estimated at 123,000 STRV for the year, nearly 5,000 STRV higher than the previous month's estimate, to reflect additional late-season sugar production for the region. Poor weather conditions during the spring hampered the region's harvest progress and production. As a result, producers were in the field and processing cane at a time of the season that was unprecedentedly late. Cane sugar production in Hawaii is estimated at 160,000 STRV, down 5,000 STRV from the previous month based on pace-to-date data reported by processors. Cane sugar production in Florida and Louisiana remains unchanged from the previous month's estimate at 1.975 million STRV and 1.505 million STRV, respectively.

Total sugar imports are estimated to be 3.544 million STRV in 2014/15, 43,000 STRV more than the September estimate. Imports under quota programs are estimated to be 1.540 million STRV, a 45,000-STRV decrease from the

previous month's estimate. The current estimated shortfall for the raw TRQ is slightly more than 65,000 STRV, compared with the previous month's estimate of about 28,000 STRV.

Imports from Mexico are estimated to be 1.530 million STRV, a 79,000-STRV increase from the September estimate. The increase is due to the pace of shipments from Mexico based on data provided by Customs. The current estimate is above the Export Limit of 1.526 million STRV set by the Department of Commerce (USDOC), based on the estimates from the March 2015 WASDE report, as defined in the agreement to suspend the CVD investigation signed by the USDOC and the Government of Mexico. The current WASDE estimate reflects the imports based on the methodology for reporting official import figures. Enforcement of the suspension agreements is the responsibility of the USDOC, which officially tracks entries coming in under the agreements. Nonetheless, shipments sent in the last quarter of FY2015 and incentives for Mexican shippers to fill volumes issued through export licenses have resulted in imports from Mexico reaching volumes that are very close to the Export Limit for the FY2015 Export Limit Period.

Ending stocks for 2014/15 are estimated to be 1.697 million STRV, a 33,000-STRV decline from the September estimate, as the increase in supplies were eclipsed by higher estimated use. The resulting stocks-to-use ratio is 13.9 percent, compared with 14.2 percent the previous month.

### ***United States Sugar Supply and Use for FY2016***

Domestic sugar deliveries in 2015/16 are projected to be 11.920 million STRV, a 90,000 STRV decline from the previous month's projection. Deliveries for food and beverages accounted for the full 90,000-STRV decline, projected at 11.785 million STRV for 2015/16. As described for 2014/15 food and beverage deliveries, large flows of DCI have been reported thus far in the last few months of 2014/15. While these are recorded as deliveries in the same month they are imported for the purposes of the sugar balance table, there are indications that entities that do not report to the USDA will likely hold these imports in inventories and market them in FY2016. As a result, it is expected that these DCI will impact 2015/16 deliveries to account for the increase 2014/15 deliveries due to higher levels of DCI later in the year, lowering 2015/16 deliveries by approximately 90,000 STRV.

Other domestic deliveries for 2015/16 remain unchanged from the previous month's projection, totaling 135,000 STRV. Exports also remain unchanged from the previous month at 200,000 STRV. There have been reports that Mexico may significantly alter its IMMEX program, which would likely negatively impact U.S. sugar export prospects. There have been no official announcements regarding such a policy change, however. Therefore, the current export forecast reflects the market outlook with the IMMEX program continuing as it presently does.

Total imports for 2015/16 are projected to be 3.398 million STRV. Imports under quota programs are projected to be 1.528 million STRV, a 4,000-STRV increase from the previous month. The increase is due to shipments from several free-trade agreements (FTAs) with calendar-year-based quotas having shipments coming in the October to December quarter rather than the July to September quarter, moving imports out of FY2015 and FY2016.

Imports from Mexico are projected at 1.540 million STRV, unchanged from the previous month and reflecting the calculation of U.S. Needs based on the September WASDE.

Domestic sugar production for 2015/16 is projected to be 8.760 million STRV, an increase of 26,000 STRV from September's projection. Beet sugar production for 2015/16 is projected to be 5.075 million STRV, up 41,000 STRV from the previous month's projection. The latest *Crop Production* report showed increased yield forecasts for several sugarbeet-producing States, lifting the national sugarbeet yield forecast to 30.4 short tons per acre compared with 30.2 short tons per acre in September. If realized, the current sugarbeet forecast of 34.759 million short tons would be the second highest crop, behind 2012/13. Beet sugar production for the 2015/16 crop year (August to July) is currently forecast at 5.234 million STRV. With above-average production still forecast for August and September—before the October 1 start of FY2016—and an average assumed early-crop production figure expected for next year's 2016/17 crop, the increased production outlook for the current crop resulted in higher production for FY2016 beet sugar.

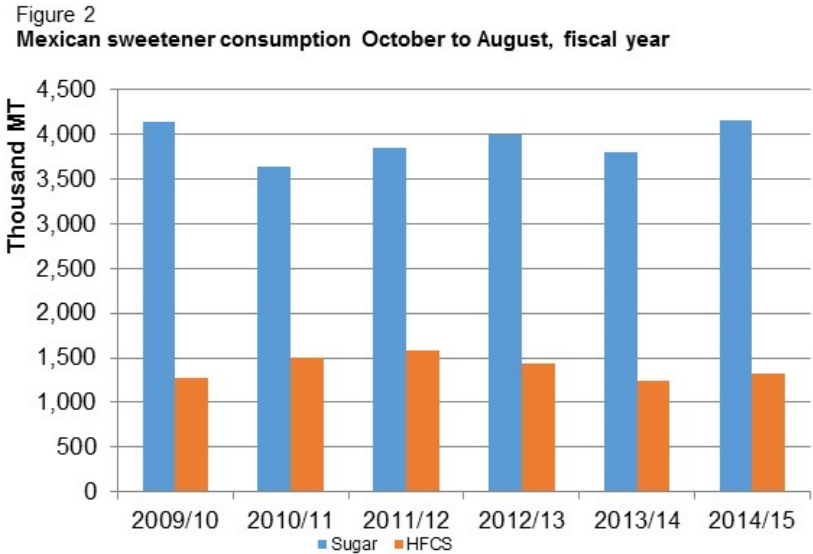
Cane sugar production is projected at 3.685 million STRV, down 15,000 STRV from the previous month. The decrease is due to a 15,000-STRV decline in projected production in Hawaii, now projected at 165,000 STRV. Florida production remains unchanged from the previous month at 1.940 million STRV, although the October NASS *Crop Production* report indicated a small increase in acreage (up 1,000 acres to 415,000 STRV) and sugarcane yields (up 0.2 short tons per acre to 39.0 tons). Production in Louisiana and Texas also remains unchanged at 1.450 million STRV and 130,000 STRV, respectively.

U.S. sugar ending stocks for 2015/16 are projected to be 1.736 million STRV. The slight decline in total supplies and use results in an 88,000-STRV increase from the previous month, and the stocks-to-use ratio increased to 14.3 percent, compared with 13.5 percent in September.

**Mexico Sugar Supply and Use in FY2015**

Sugar supplies for Mexico in 2014/15 are estimated to be 6.967 million metric tons, actual value (MT), 11,000 MT higher than the September estimate. Mexican production remains unchanged at 5.985 million MT, with the crop production season complete. The only change from the previous month’s supply estimates is an 11,000-MT increase in IMMEX imports to 141,000 MT, resulting in total imports estimated at 151,000 MT. The increase in IMMEX imports is directly due to the increased estimate for U.S. sugar exports.

Estimated domestic deliveries in Mexico for 2014/15 are 4.764 million MT—unchanged from the previous month’s estimate. Deliveries for human consumption and for the IMMEX program remain unchanged at 4.441 million MT and 324,000 MT, respectively. Deliveries for human consumption continued to register strong pace to date through August, according to data from the *Comité Nacional Para Desarrollo de la Caña de Azúcar’s* (Conadesuca), coming in 9.2 percent above the same period the previous year. Deliveries of high fructose corn syrup (HFCS) for human consumption are also unchanged from the previous month, estimated at 1.446 million MT.



Source: Conadesuca.

Table 2 -- Mexico sugar supply and use, 2012/13 - 2013/14 and projected 2014/15, October 2015

| Items   | 2013/14                          | 2014/15 (estimate) | 2015/16 (forecast) |
|---|----------------------------------|--------------------|--------------------|
|   | 1,000 metric tons, actual weight |                    |                    |
| Beginning stocks  | 1,460                            | 831                | 762                |
| Production  | 6,021                            | 5,985              | 6,000              |
| Imports   | 131                              | 151                | 155                |
| Imports for consumption                                 | 9                                | 10                 | 10                 |
| Imports for sugar-containing product exports (IMMEX) 1/ | 123                              | 141                | 145                |
| Total supply  | 7,613                            | 6,967              | 6,917              |
| Disappearance   |                                  |                    |                    |
| Human consumption                                       | 4,098                            | 4,441              | 4,501              |
| For sugar-containing product exports (IMMEX)            | 324                              | 324                | 324                |
| Statistical adjustment                                  | -151                             | 0                  |                    |
| Total   | 4,271                            | 4,764              | 4,825              |
| Exports   | 2,511                            | 1,441              | 1,328              |
| Exports to the United States & Puerto Rico              | 1,823                            | 1,309              | 1,318              |
| Exports to other countries                              | 689                              | 131                | 10                 |
| Total use   | 6,782                            | 6,205              | 6,153              |
| Ending stocks   | 831                              | 762                | 764                |
|   | 1,000 metric tons, raw value     |                    |                    |
| Beginning stocks  | 1,548                            | 881                | 808                |
| Production  | 6,383                            | 6,344              | 6,360              |
| Imports   | 139                              | 160                | 165                |
| Imports for consumption                                 | 9                                | 11                 | 11                 |
| Imports for sugar-containing product exports (IMMEX)    | 130                              | 149                | 154                |
| Total supply  | 8,069                            | 7,385              | 7,332              |
| Disappearance   |                                  |                    |                    |
| Human consumption                                       | 4,344                            | 4,707              | 4,771              |
| For sugar-containing product exports (IMMEX)            | 343                              | 343                | 343                |
| Statistical adjustment                                  | -160                             | 0                  | 0                  |
| Total   | 4,527                            | 5,050              | 5,114              |
| Exports   | 2,662                            | 1,527              | 1,408              |
| Exports to the United States & Puerto Rico              | 1,932                            | 1,388              | 1,397              |
| Exports to other countries                              | 730                              | 139                | 11                 |
| Total use   | 7,189                            | 6,578              | 6,522              |
| Ending stocks   | 881                              | 808                | 810                |
| Stocks-to-human consumption (percent)                   | 20.3                             | 17.2               | 17.0               |
| Stocks-to-use (percent)                                 | 12.3                             | 12.3               | 12.4               |
| High fructose com syrup (HFCS) consumption (dry weight) | 1,372                            | 1,446              | 1,446              |

1/ IMMEX = Industria Manufacturera, Maquiladora y de Servicios de Exportación.

Source: USDA, *World Agricultural Supply and Demand Estimates* and Economic Research Service, *Sugar and Sweeteners Outlook*; Conadesuca.

Mexican sugar exports for 2014/15 are estimated to be 1.441 million MT, a 49,000 MT increase from the previous month's estimate. Exports to other countries are estimated at 131,000 MT based on totals reported by Conadesuca through the end of September. This adjustment lowered the estimate for the year by 19,000 MT. Exports to the United States are estimated to be 1.309 million MT, an increase of 68,000 MT compared with the September estimate, derived from the adjustments made to the 2014/15 United States balance sheet.

Ending stocks in Mexico for 2014/15 are estimated to be 762,000 MT. This is a 38,000-MT decrease from the previous month's estimate, as the increased use estimates exceeded the increased estimates for supplies. The stocks-to-consumption ratio is lowered to 17.2 percent compared with 18.0 percent in September, well below the 22-percent historical target.

### ***Mexico Sugar Supply and Use in FY2016***

Mexican sugar supplies in 2015/16 are estimated to be 6.917 million MT, a decrease of 38,000 MT from the previous month's estimate. The only change in the supply estimates came from a 38,000 MT decrease in beginning stocks, stemming from the changes to the 2014/15 balance table. Mexican sugar production is projected to be 6.000 million MT. Additional information regarding the 2015/16 sugarcane crop is expected to come later in the fall when Conadesuca typically releases its forecasts for the upcoming sugarcane crop, derived from surveys of sugar mills in Mexico. Total Mexican imports for 2015/16 are projected to be 155,000 MT, including 145,000 MT projected to come from the IMMEX program, both unchanged from the September projection.

Mexican sugar deliveries in 2015/16 are projected to be 4.825 million MT, unchanged from the previous month's projection, including 4.501 million MT projected to be delivered for human consumption. Projected HFCS deliveries for human consumption total 1.446 million MT. In total, projected per capita sweetener consumption is assumed to be unchanged from 2014/15, with growth stemming from increased population.

Projected Mexican exports for 2015/16 are projected to be 1.328 million MT. Exports to the United States are projected to be 1.318 million MT, reflecting the current calculation of U.S. Needs in the September WASDE, as specified in the agreement to suspend the CVD investigation, signed by the USDOC and Government of Mexico in December 2014. Exports to other countries are projected at 10,000 MT, unchanged from the previous month, as low world raw sugar prices and relatively high domestic prices within Mexico result in Mexican sugar being relatively uncompetitive in the world market.

Ending stocks for 2015/16 are projected to be 764,000 MT, down 38,000 MT from the previous month's projection, as the only changes to the 2015/16 market projections were due to changes in beginning stocks. The stocks-to-consumption ratio is lowered, as a result, to 17.0 percent compared with the previous month's estimate of 17.8 percent.

### ***Department of Commerce Makes Final Determination in AD/CVD Investigations***

On September 17, 2015, the USDOC's International Trade Administration (ITA) announced an affirmative final determination for the anti-dumping (AD) and CVD investigations of imports of Mexican sugar. The decision replaces the duty rates established by preliminary investigation. In the final determination, USDOC set AD rates between 40.48 percent and 42.12 percent, depending on the exporter. The agency also established CVD rates between 5.78 percent and 43.93 percent.

A ruling from the USITC is expected to come later in October. If the USITC determines that there is injury to the domestic industry, then the determination by USDOC will be put in place. The duty rates would not be applied, however, as the agreements to suspend the AD and CVD investigations remain in place. If the USITC has a negative determination, then the duty rates would not be implemented and the suspension agreements would no longer be in effect.

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