



Sugar and Sweeteners Outlook: February 2024

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Mexico Production Lowered; U.S. Ending Stocks Raised

In the February 2024 *World Agricultural Supply and Demand Estimates (WASDE)*, the forecast for Mexico's 2023/24 sugar production is reduced from last month by 141,000 metric tons (MT), actual weight, to 4.875 million MT. This is the lowest in more than a decade and the first time that production would fall below 5 million MT since 2010/11. Consequently, exports to the U.S. are reduced by 105,000 MT to 684,000, also the lowest since 2010/11. With deliveries unchanged and ending stocks set to a 2.5-months' worth of target ending stocks, Mexico's total sugar imports are residually increased by 36,000 MT to 547,000, the highest in 14 years.

The U.S. 2023/24 sugar supply is lowered from last month by 23,000 short tons, raw value (STRV) to 14.520 million on lower beet sugar production and imports from Mexico offsetting the higher forecast for cane sugar production and high-tier sugar imports. Deliveries for human consumption are reduced by 75,000 STRV to 12.450 million based on pace, bringing down total use by the same magnitude to 12.715 million STRV. With a larger downward revision in use offsetting the supply reduction, ending stocks are increased by 52,000 STRV to 1.805 million. The corresponding stocks-to-use ratio is 14.2 percent, up by half a percentage point from last month's 13.7 percent.

U.S. Outlook Summary

U.S. Ending Stocks Raised on Lower Use Offsetting Reduced Supply

In the February 2024 *WASDE*, the U.S. 2023/24 sugar supply is lowered from last month by 23,000 short tons, raw value (STRV) to 14.520 million on lower beet sugar production and imports from Mexico offsetting the higher forecast for Florida and Louisiana cane sugar production and high-tier sugar imports (table 1). The 79,000-STRV reduction in beet sugar production to 5.327 million—which would still be a record ahead of 2017/18's 5.279 million—is partially offset by the 39,000-STRV combined increases in Florida and Louisiana cane sugar production.

Both raw and refined sugar high-tier duty imports are raised—75,000 STRV to 475,000 and 65,000 STRV to 240,000, respectively—for a total increase of 140,000 STRV to 715,000, a record since 2000/01 when data was first published by USDA. With the increase, the volume of high-tier imports is drawing near to expected imports from Mexico, which was reduced by 123,000 STRV to a 15-year low of 799,000 STRV.

Domestic deliveries for human consumption are reduced by 75,000 STRV to 12.450 million based on pace to date, bringing down total use by the same magnitude to 12.715 million STRV. U.S. exports, which are forecast to include beet sugar, are unchanged at 160,000 STRV. With a larger downward revision in use offsetting the supply reduction, ending stocks are increased by 52,000 STRV to 1.805 million. The corresponding stocks-to-use ratio is 14.2 percent, up by half a percentage point from last month's 13.7 percent.

Beet Sugar Production Reduced

U.S. beet sugar production in fiscal year 2023/24 is lowered from last month by 79,000 STRV to 5.327 million STRV—140,000 STRV higher (3 percent) than last year's 5.187 million and 49,000 STRV higher (1 percent) than the record 5.279 million in 2017/18.

The reduced outlook is largely based on a higher *WASDE* sugarbeet shrink forecast, up from last month's 6.56 percent to 7.88 percent, in line with the processors' forecast published in the Farm Service Agency (FSA) *Sweetener Market Data (SMD)* report (table 2). The increased

shrink forecast reflects the unseasonably warm December and subsequent weeks of fluctuating temperatures between cold and warm that can negatively affect outdoor beet piles.

Table 1: U.S. sugar supply and use by fiscal year (October–September), February 2024

	2021/22		2022/23		2023/24		
	Final	January (estimate)	February (estimate)	Monthly change	January (forecast)	February (forecast)	Monthly change
	1,000 short tons, raw value						
Beginning stocks	1,705	1,820	1,820	0	1,843	1,843	0
Total production	9,157	9,250	9,250	0	9,391	9,352	-40
Beet sugar	5,155	5,187	5,187	0	5,407	5,327	-79
Cane sugar	4,002	4,063	4,063	0	3,985	4,024	39
Florida	1,934	1,985	1,985	0	2,037	2,045	8
Louisiana	1,944	2,001	2,001	0	1,904	1,935	32
Texas	124	76	76	0	44	44	0
Total imports	3,646	3,614	3,614	0	3,310	3,326	16
Tariff-rate quota imports	1,579	1,862	1,862	0	1,613	1,612	0
Other program imports	298	141	141	0	200	200	0
Non-program imports	1,769	1,611	1,611	0	1,497	1,514	17
Mexico	1,379	1,156	1,156	0	922	799	-123
High-duty	390	455	455	0	575	715	140
Total supply	14,508	14,685	14,685	0	14,544	14,520	-23
Total exports	29	82	82	0	160	160	0
Miscellaneous	81	171	171	0	0	0	0
Total deliveries	12,578	12,589	12,589	0	12,630	12,555	-75
Domestic food and beverage use	12,470	12,473	12,473	0	12,525	12,450	-75
To sugar-containing products re-export program	80	94	94	0	80	80	0
For polyhydric alcohol, feed, other alcohol	27	22	22	0	25	25	0
Commodity Credit Corporation (CCC) for ethanol	0	0	0	0	0	0	0
Total use	12,688	12,843	12,843	0	12,790	12,715	-75
Ending stocks	1,820	1,843	1,843	0	1,754	1,805	52
Private	1,820	1,843	1,843	0	1,754	1,805	52
Commodity Credit Corporation	0	0	0	0	0	0	0
Stocks-to-use ratio (percent)	14.3	14.3	14.3	0.0	13.7	14.2	0.5

Note: Totals and monthly changes may not add due to rounding.

Source: USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates (WASDE)*.

Table 2: U.S. beet sugar production, 2022/23–2023/24

	2021/22 Final	2022/23 Final	2023/24 January	2023/24 February	Monthly change
Sugarbeet production (1,000 short tons) 1/	36,772	32,644	35,226	35,226	0
Sugarbeet shrink (percent)	7.95	6.39	6.56	7.88	1.32
Sugarbeet sliced (1,000 short tons)	33,850	30,558	32,916	32,450	-466
Sugar extraction rate from slice (percent)	14.63	15.35	15.28	15.26	-0.02
Sugar from beets sliced (1,000 STRV) 2/	4,954	4,690	5,030	4,951	-79
Sugar from molasses (1,000 STRV) 2/	341	372	360	360	0
Crop year sugar production (1,000 STRV) 2/	5,294	5,061	5,390	5,311	-79
Aug.–Sep. sugar production (1,000 STRV)	676	537	663	663	0
Aug.–Sep. sugar production of subsequent crop (1,000 STRV)	537	663	644	644	0
Sugar from imported beets (1,000 STRV) 3/	N/A	N/A	35	35	0
Fiscal year sugar production (1,000 STRV)	5,155	5,187	5,407	5,327	-79

STRV = short tons, raw value; N/A = not applicable.

Note: Totals and monthly changes may not add due to rounding.

1/ USDA, National Agricultural Statistics Service.

2/ August–July.

3/ Sugar from imported beets are already included in the final crop year production. Typically, this component is separated for projection purposes and included in the total once the full crop year slice is available.

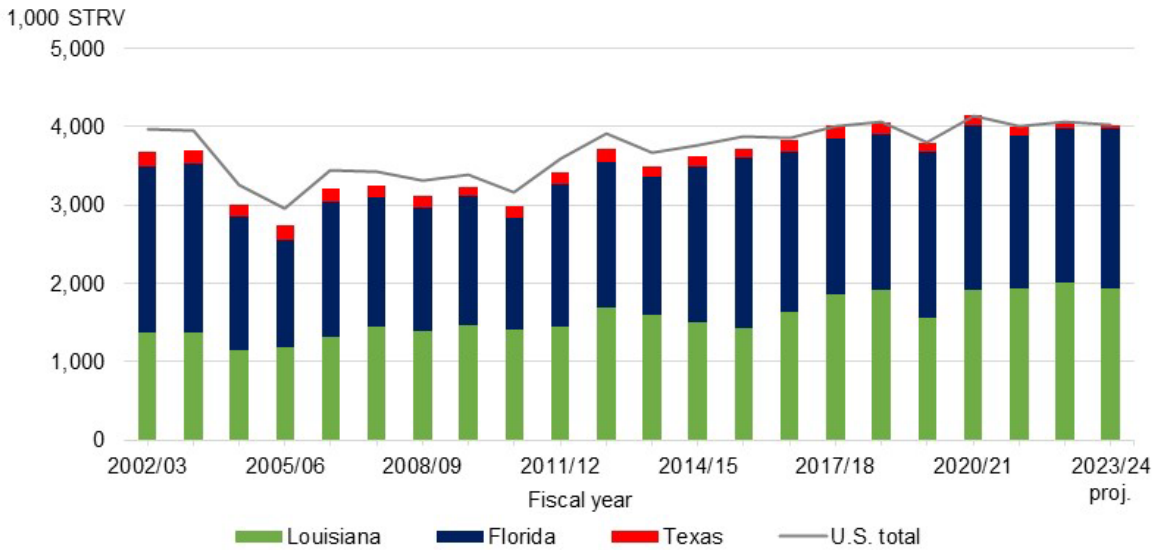
Source: USDA, Economic Research Service; USDA, World Agricultural Outlook Board; USDA, Farm Service Agency.

U.S. Cane Sugar Production Raised

Louisiana fiscal year 2023/24 sugar production is increased by 32,000 STRV to 1.935 million based on industry reporting, a reduction of 66,000 STRV (3 percent) from last year's record (2.001 million STRV). Prior to the onset of drought conditions, the State was poised to continue its 3 successive years of strong production, overtaking Florida for the first time in 2 consecutive years (2021/22 and 2022/23).

Florida sugar production in 2023/24 is increased from last month by 8,000 STRV to 2.045 million on processor reporting in the *SMD*. With the forecast unchanged in Texas (44,000 STRV), U.S. cane sugar production is increased by 39,000 STRV to 4.024 million, 39,000-STRV lower (1 percent) than last year's 4.063 million (figure 1).

Figure 1
U.S. production of cane sugar by State, fiscal year 2002/03–2023/24



STRV = short tons, raw value; proj. = projected.

Source: USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates (WASDE)*.

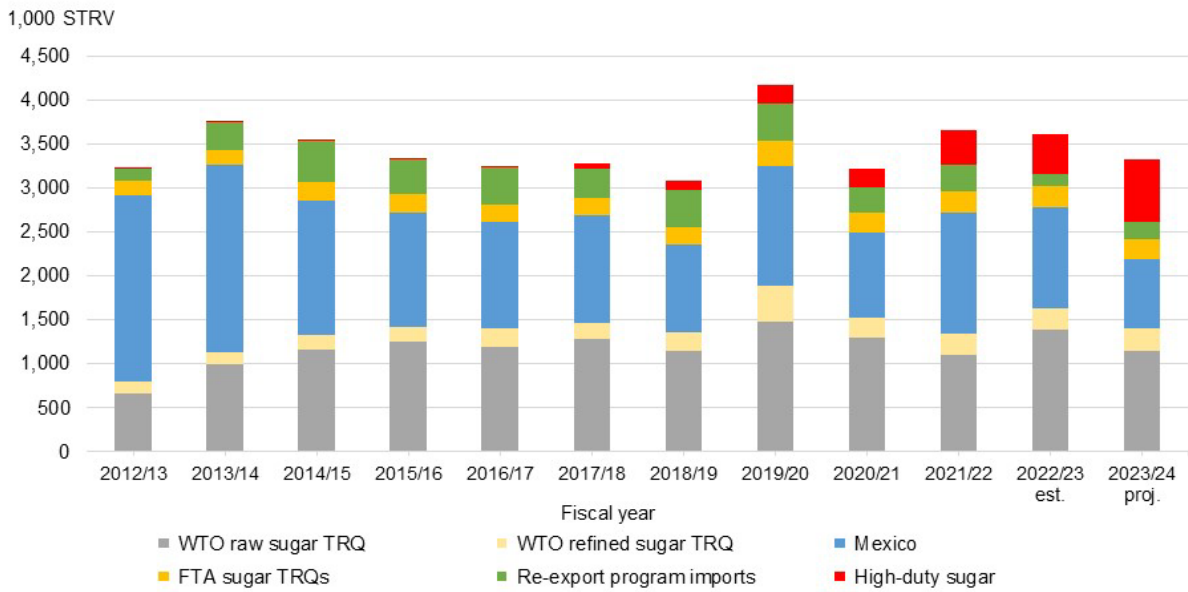
Total Imports Raised But Still Lower Than Recent Years

U.S. 2023/24 sugar imports are raised from last month by 16,000 STRV to 3.326 million as a 140,000-STRV increase in high-tier tariff imports¹ based on strong pace offset the 123,000-STRV decrease of imports from Mexico (figure 2). Despite the 16,000-STRV increase, total imports in 2023/24 would be 288,000-STRV less (8 percent) than last year.

High-tier imports between October 2023–January 2024 amounted to 279,000 STRV, a sharp increase relative to prior years over the same period (figure 3). It is also the first time during this 4-month period since 2018/19 that high-tier imports surpassed imports from Mexico and the WTO refined sugar TRQ. Noticeably, except for a nominal increase in imports under the free trade agreements (FTA), only high-tier imports reflect an over-the-year increase over this period.

¹ High-tier tariff imports are also known as “high-tier duty” or “high-tier” imports.

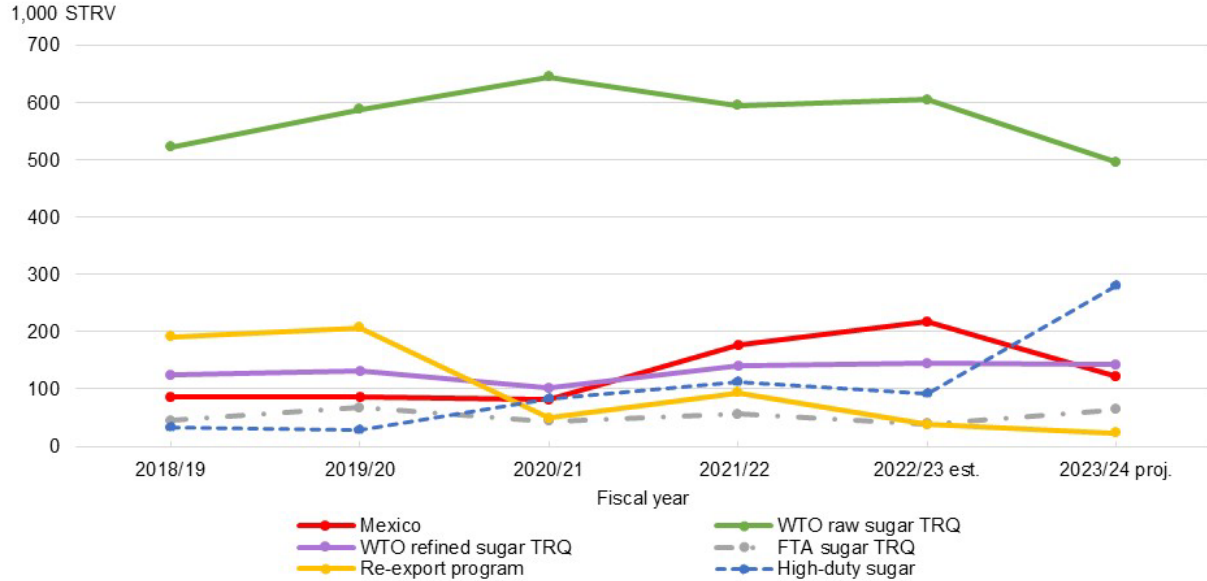
Figure 2
U.S. sugar imports by type, fiscal year 2012/13–2023/24



STRV = short tons, raw value; FTA = free trade agreement; WTO = World Trade Organization; TRQ = tariff-rate quota; est. = estimated; proj. = projected.

Source: USDA, Foreign Agricultural Service.

Figure 3
Cumulative U.S. sugar imports from October to January by sources, fiscal year 2018/19–2023/24



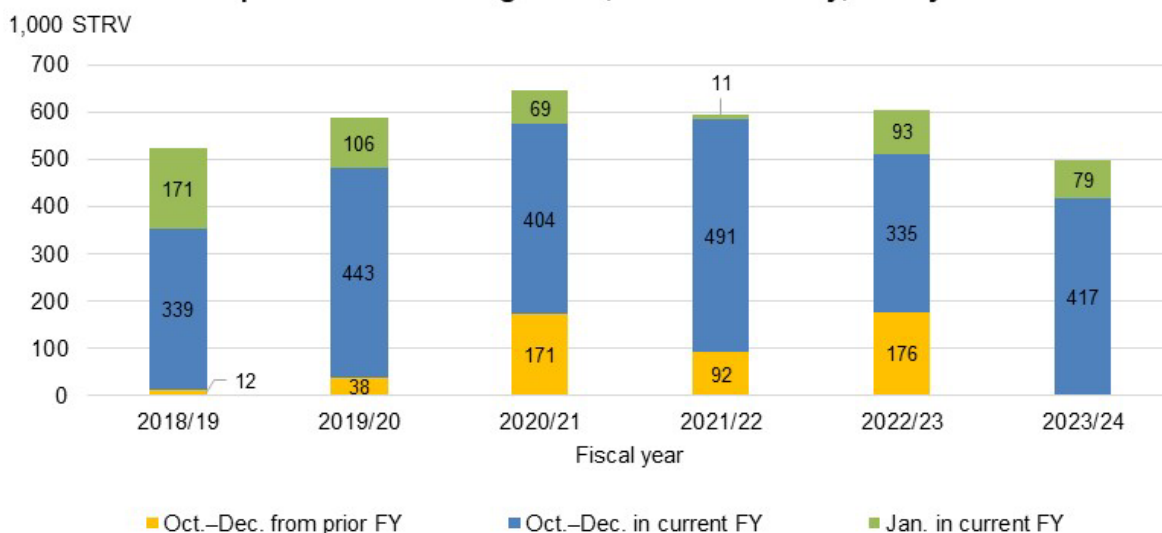
STRV = short tons, raw value; WTO = World Trade Organization; TRQ = tariff-rate quota; est. = estimated; proj. = projected.

Source: USDA, Foreign Agricultural Service.

The category with the largest decrease in volume compared with last year's October–January period is observed in raw sugar TRQ (down 109,000 STRV or 18 percent), followed by Mexico (down 95,000 STRV or 44 percent) (figure 3). The decline of imports to date from Mexico is a consequence of the drought-affected crop (see Mexico outlook section).

The decrease in the volume of raw sugar TRQ entered through January 2024 relative to recent years can be partly explained by the entries of sugar that were allowed in those years from the previous fiscal year allocations (figure 4). For example, on September 9, 2022, USDA provided an extension of the fiscal year 2021/22 raw cane sugar TRQ through December 31, 2022, which added about 176,000 STRV in fiscal year 2022/23 imports that started on October 1, 2022. Extensions can reduce the TRQ shortfall due to logistics efficiency. For example, the extra time may encourage exporters, especially the relatively smaller ones, to send both fiscal year quotas on the same ship.

Figure 4
Cumulative U.S. imports of WTO raw sugar TRQ, October–January, fiscal year 2018/19–2023/24



WTO = World Trade Organization; TRQ = tariff-rate quota; STRV = short tons, raw value; FY = fiscal year.

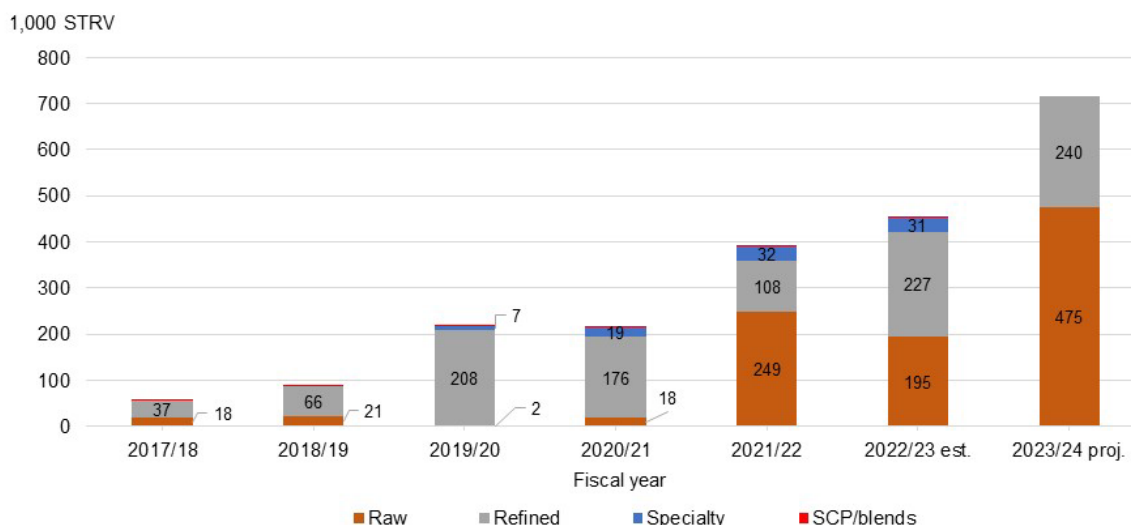
Source: USDA, Economic Research Service calculations using data from USDA, Foreign Agricultural Service.

High-Tier Raw and Refined Sugar Imports Increased; Drawing Closer to Expected Imports from Mexico

The 140,000-STRV increase in high-tier tariff imports to a record 715,000 comes from both the raw and refined sugar² category (figure 5). The former is increased by 75,000 STRV to 475,000—almost double the record in 2021/22 (249,200 STRV)— and the latter by 65,000 to 240,000—only second to last year’s 260,000 (227,000 of refined sugar, plus 31,000 of specialty and 2,000 of sugar-containing products/blends).

This year would mark the sixth consecutive year of sustained growth of high-tier imports, which have been increasing by around 100,000 STRV per year. Thus, while historically the smallest import category, 2023/24 high-tier imports are projected to comprise about 22 percent of total imports compared with the 5-year average (8 percent) (table 3). If the 2023/24 forecast is realized, high-tier imports would be the third largest source behind raw sugar TRQ and Mexico in 3 consecutive years.

Figure 5
U.S. high-tier duty sugar imports, by type of sugar, fiscal year 2017/18–2023/24



STRV = short tons, raw value; SCP = sugar-containing products; est. = estimated; proj. = projected.

Note: The Harmonized Tariff Schedule (HTS) lines are 1701.12.5000, 1701.13.5000, and 1701.14.5000 for raw sugar; 1701.91.3000, 1701.99.5025, 1701.99.5050 for refined sugar; 1701.99.5015 and 1701.99.5017 for specialty sugar including organic; and 1702.90.2000 and 2106.90.4600 for SCP/blends. In 2023/24, the 240,000-STRV forecast for the "Refined" category includes "Specialty" and "SCP/blends." The values provided in the chart are for "Raw", "Refined", and "Specialty" categories; the values for "SCP/blends" are too small to show.

Source: USDA, Economic Research Service calculations using U.S. Department of Commerce, Bureau of the Census trade data from the U.S. International Trade Commission's *DataWeb*.

² For simplicity, the projected 2023/24 "refined sugar" of 240,000 STRV in figure 5 includes the categories: "refined"; "specialty"; and "sugar-containing products/blends".

In addition, the 715,000-STRV forecast for high-tier imports is drawing near to the 799,000-STRV expected volume from Mexico (table 3). This market trend reflects the growing role of high-tier sugar imports, particularly in filling U.S. raw sugar requirements of import-based refiners. This role has been highlighted this year due to drought-reduced raw cane sugar production from domestic sources (Louisiana and Texas) and Mexico, and sustained high prices, which makes it economical to bring in the sugar despite the high-duty.

Table 3: U.S. sugar imports by category, fiscal year 2018/19–2023/24

Fiscal year	2018/19	2019/20	2020/21	2021/22	2022/23 est.	2023/24 proj.	5-year average	Over-the-year change		
	1,000 short tons, raw value (STRV)							STRV	Percent	
Mexico	1,000	1,376	968	1,379	1,156	799	1,176	-357	-30.9	
WTO raw sugar TRQ	1,144	1,468	1,296	1,096	1,384	1,140	1,278	-245	-17.7	
WTO refined sugar TRQ	207	408	217	237	241	252	262	11	4.6	
FTA sugar TRQ	190	276	236	246	237	220	237	-16	-6.9	
Re-export program	438	432	292	298	141	200	320	59	41.4	
High-duty sugar	91	206	212	390	455	715	271	260	57.2	
Total	3,070	4,165	3,221	3,646	3,614	3,326	3,543	-288	-8.0	
Share of category in fiscal year								Percentage point		
	Percent									
Mexico	32.6	33.0	30.0	37.8	32.0	24.0	33.1	-8.0		
WTO raw sugar TRQ	37.3	35.2	40.2	30.1	38.3	34.3	36.2	-4.0		
WTO refined sugar TRQ	6.7	9.8	6.7	6.5	6.7	7.6	7.3	0.9		
FTA sugar TRQ	6.2	6.6	7.3	6.7	6.5	6.6	6.7	0.1		
Re-export program	14.3	10.4	9.1	8.2	3.9	6.0	9.2	2.1		
High-duty sugar	3.0	4.9	6.6	10.7	12.6	21.5	7.6	8.9		
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0			
Pace-to-date: Oct.–Jan.								STRV		Percent
	1,000 short tons, raw value (STRV)									
Mexico	86	85	81	177	218	123	129	-95	-43.7	
WTO raw sugar TRQ	522	587	644	594	605	496	591	-109	-18.0	
WTO refined sugar TRQ	124	131	101	142	146	142	129	-4	-2.7	
FTA sugar TRQ	45	68	44	57	39	64	50	25	64.7	
Re-export program	191	207	50	94	38	24	116	-14	-37.3	
High-duty sugar	33	29	83	112	93	279	70	186	199.9	
Total	1,001	1,107	1,003	1,175	1,139	1,127	1,085	-11	-1.0	
Share of pace-to-date in fiscal year								Percentage point		
	Percent									
Mexico	8.6	6.2	8.4	12.8	18.8	15.3	11.0	-3.5		
WTO raw sugar TRQ	45.7	40.0	49.7	54.2	43.7	43.5	46.7	-0.2		
WTO refined sugar TRQ	60.0	32.2	46.6	59.7	60.4	56.2	51.8	-4.2		
FTA sugar TRQ	23.6	24.6	18.7	23.0	16.4	29.0	21.3	12.6		
Re-export program	43.7	47.8	17.0	31.6	26.9	11.9	33.4	-15.0		
High-duty sugar	36.0	14.0	39.0	28.6	20.5	39.0	27.6	18.6		
Total	32.6	26.6	31.1	32.2	31.5	33.9	30.8	2.4		

WTO = World Trade Organization; TRQ = tariff-rate quota; FTA = free trade agreement; est. = estimated; proj. = projected.

Note: Totals may not add due to rounding.

Source: USDA, Economic Research Service calculations using data from USDA, Foreign Agricultural Service.

Total Use Lowered on Reduced Deliveries for Human Consumption

Sugar deliveries for food and beverage use in 2023/24 are lowered from last month by 75,000 STRV to 12.450 million based on pace. This would imply a 23,000-STRV reduction (0.2 percent) from last year's record high of 12.473 million, and a flattening of the trend since the 2.5-percent surge in 2021/22 post-COVID.

The beet sugar deliveries for the first fiscal year quarter (Q1) (October–December) of 1.243 million STRV are 36,000-STRV lower (3 percent) than last year over the same period; cane sugar deliveries amounting to 1.686 million are 18,000-STRV higher (1 percent) (table 4). When combined, deliveries from *SMD* reporters equal 2.929 million STRV, down 18,000 STRV (1 percent) from last year's record Q1 volume (2.947 million). Cumulative non-reporter deliveries amounted to 78,000-STRV, down 118,000 STRV (60 percent) from last year's 196,000.

Table 4: U.S. sugar deliveries for food and beverage use, October–December, fiscal year 2018/19–2023/24

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	5-year average	Annual change (2023/2024 versus 2022/23)	
	1,000 short tons, raw value (STRV)							Percent	
Beet sugar processors	1,222	1,277	1,242	1,319	1,279	1,243	1,268	-36	-3
Cane sugar refiners	1,597	1,612	1,590	1,559	1,668	1,686	1,605	18	1
Total reporters	2,818	2,889	2,832	2,878	2,947	2,929	2,873	-18	-1
Non-reporter (direct consumption)	221	107	95	311	196	78	186	-118	-60
Total	3,039	2,995	2,927	3,189	3,143	3,007	3,059	-135	-4
	Percent share in total								
Beet sugar processors	40	43	42	41	41	41	41		
Cane sugar refiners	53	54	54	49	53	56	53		
Total reporters	93	96	97	90	94	97	94		
Non-reporter (direct consumption)	7	4	3	10	6	3	6		
Total	100	100	100	100	100	100	100		

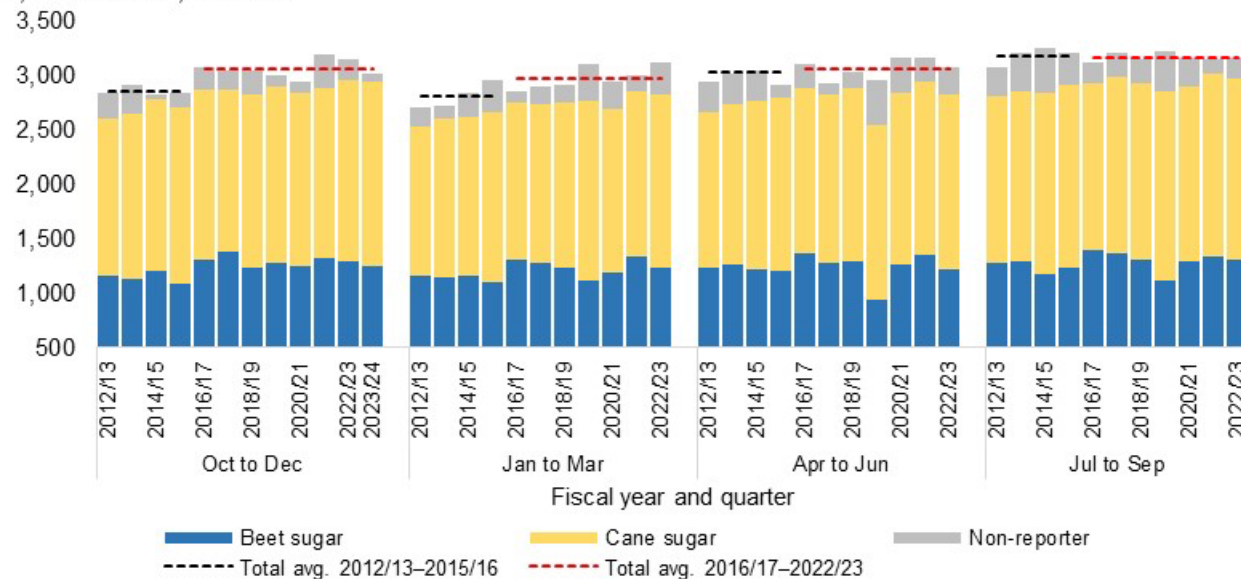
Note: Totals may not add due to rounding. "Reporters" refer to beet processors and cane refiners that report their data to the Farm Service Agency, which in turn publishes the monthly *Sweetener Market Data* (*SMD*).

Source: USDA, Economic Research Service calculations using data from USDA, Farm Service Agency.

Figure 6

U.S. sugar deliveries for food and beverage use, by category, quarterly, 2012/13–2023/24

1,000 short tons, raw value



avg. = average.

Source: USDA, Economic Research Service calculations using data from USDA, Farm Service Agency.

U.S. Beet and Cane Sugar Both Exported

U.S. total exports for 2023/24 are unchanged from last month at 160,000 STRV, which is almost double (94 percent) last year’s 82,000 STRV and, if realized, will be the largest in 6 years. About 88 percent (140,000 STRV) is projected to go to Mexico where sugar production has fallen to a 14-year low (figure 7). This level of U.S. exports to Mexico would be on par with those during 2007/2008–2012/13, the period of the North American Free Trade Agreement (NAFTA) before the sugar suspension agreements. During this time, sugar trade between the United States and Mexico could occur without tariffs or quotas, and U.S. sugar exports to Mexico averaged 167,000 STRV. Most of the volume was imported by manufacturers that participated in the Industria Manufacturera, Maquiladora y de Servicios de Exportación (IMMEX) program, which incentivizes Mexico-based companies to use the sugar in a food product that would be “re-exported” within a certain amount of time.

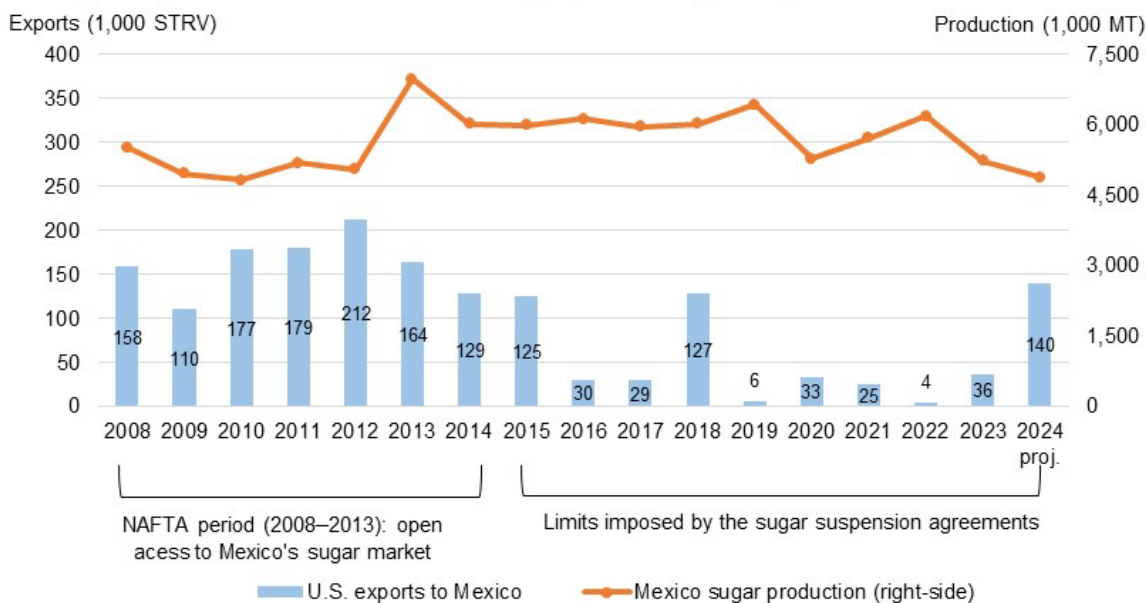
After the 2014 suspension agreements the United States and Mexico put in place, Mexico declared that sugar imported from the United States would no longer qualify for duty-free treatment if that sugar was the beneficiary of the U.S. version of a re-export program. Since then, U.S. sugar exports to Mexico declined noticeably.

The 2023/24 relatively strong outlook for domestic beet and cane sugar production is one factor enabling the United States to export to Mexico where additional supplies are needed after back-to-back years of low production stemming from suboptimal fertilizer use and drought. The strong pace of sugar exports going primarily to Mexico is expected to continue in the following months.

While largely composed of cane sugar in the last decade, this year's U.S. exports are expected to include beet sugar. SMD reported that in December alone, about 3,000 STRV of beet sugar was exported, which would be about 8 percent of the 40,000 STRV total U.S. exports to date since October. While relatively less than the volume of beet sugar exports between fiscal year 2003/04–2012/13, which averaged about 45,000 STRV a year, this single month of beet exports is already close to matching the two largest fiscal year beet sugar exports since 2013/14 (about 3,800 STRV in 2016/17, followed by 3,200 STRV in 2013/14).

Figure 7

U.S. sugar exports to Mexico and Mexico sugar production, fiscal year 2008–2024



STRV = short tons, raw value; MT = metric tons; proj. = projected; NAFTA = North American Free Trade Agreement.

Note: The WASDE only publishes the total volume of U.S. exports. Data on U.S. exports by country are published by the U.S. Department of Commerce, Bureau of the Census. The percent share of U.S. exports to Mexico is calculated using the Census data and is multiplied to the total U.S. exports in the WASDE.

Source: USDA, Economic Research Service calculations using total U.S. exports data from USDA, *World Agricultural Outlook Board*, *World Agricultural Supply and Demand Estimates (WASDE)* and U.S. exports by destination from the U.S. Department of Commerce, Bureau of the Census (downloaded from USDA, Foreign Agricultural Service, Global Agricultural Trade System database).

Mexico Outlook

Mexico's Sugar Production Lowered

In the February *World Agricultural Supply and Demand Estimates (WASDE)*, Mexico's 2023/24 sugar production is reduced by 141,000 metric tons (MT), actual weight from last month to 4.875 million MT (table 5). The forecast is based on interim analysis of production data through week 18 (through February 3) published by Mexico's National Committee for the Sustainable Development of Sugarcane (CONADESUCA). If realized, this drought-reduced production would be lower than last year (5.224 million MT) by 349,000 (7 percent) and the lowest since 2009/10's 4.825 million. It would be the first time that production would fall below 5 million MT in 14 years (figure 8).

Table 5: Mexico sugar supply and use by fiscal year (October–September), February 2024

Items	2022/23			2023/24		
	January (estimate)	February (estimate)	Monthly change	January (forecast)	February (forecast)	Monthly change
	1,000 metric tons, actual weight					
Beginning stocks	964	964	0	835	835	0
Production	5,224	5,224	0	5,016	4,875	-141
Imports	285	285	0	511	547	36
Imports for consumption	267	267	0	486	522	36
Imports for sugar-containing product exports (IMMEX) 1/	18	18	0	25	25	0
Total supply	6,473	6,473	0	6,362	6,257	-105
Disappearance						
Human consumption	4,193	4,193	0	4,248	4,248	0
For sugar-containing product exports (IMMEX)	405	405	0	400	400	0
Other deliveries and end-of-year statistical adjustment	29	29	0	0	0	0
Total	4,627	4,627	0	4,648	4,648	0
Exports	1,011	1,011	0	814	709	-105
Exports to the United States and Puerto Rico	989	989	0	789	684	-105
Exports to other countries 2/	22	22	0	25	25	0
Total use	5,638	5,638	0	5,462	5,357	-105
Ending stocks	835	835	0	900	900	0
Stocks-to-human consumption (percent)	19.9	19.9	0	21.2	21.2	0
Stocks-to-use (percent)	14.8	14.8	0	16.5	16.8	0
High-fructose corn syrup (HFCS) consumption (dry weight)	1,392	1,392	0	1,407	1,407	0

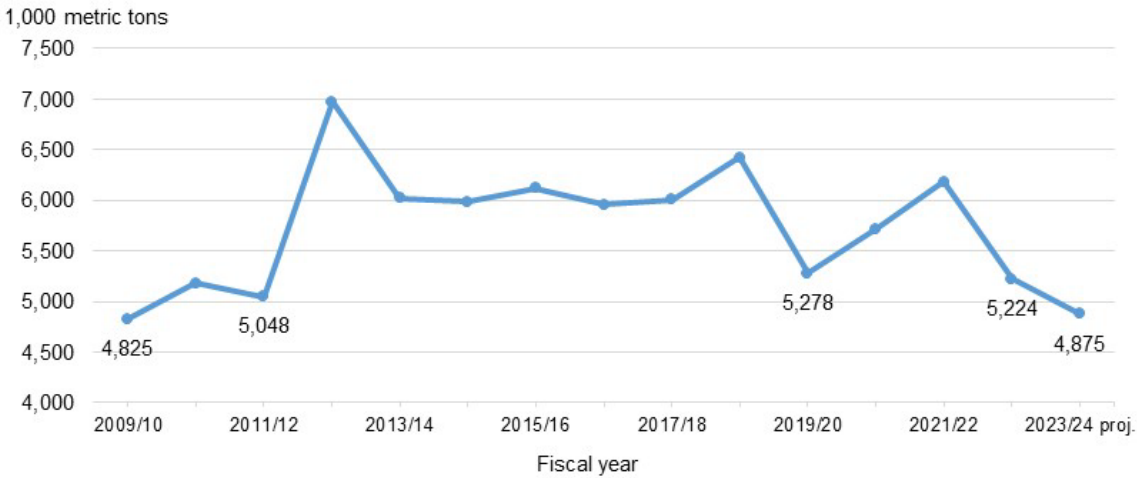
Note: Totals and monthly changes may not add due to rounding.

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

2/ Includes exports participating in the U.S. re-export programs.

Source: USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates (WASDE)*; Mexico's National Committee for the Sustainable Development of Sugarcane (CONADESUCA).

Figure 8
Mexico sugar production, fiscal year 2009/10–2023/24



proj. = projected.

Source: USDA, World Agricultural Outlook Board; Mexico's National Committee for the Sustainable Development of Sugarcane (CONADESUCA).

The *WASDE*'s 4.875-million MT forecast is 84,000-MT lower than the second estimate (4.959 million) that CONADESUCA published on January 31 (table 6). USDA adopted CONADESUCA's updated harvested area of 776,408 hectares (ha)—which is down 21,878 ha from its first estimate of 798,286—but projects a higher yield than the latter (62.60 MT/ha versus 59.71) and a lower sugar recovery (10.03 percent versus 10.70).

Table 6: Mexico sugar production, fiscal year 2017/18–2023/24

Fiscal year	Harvested area (1,000 ha)	Yield (MT per ha)	Sugarcane processed (1,000 MT)	Recovery (percent)	Sugar production (1,000 MT)
2017/18	785	67.97	53,336	11.27	6,010
2018/19	804	70.94	57,037	11.27	6,426
2019/20	783	62.89	49,274	10.71	5,278
2020/21	790	64.93	51,293	11.14	5,715
2021/22	800	68.37	54,681	11.31	6,185
2022/23	806	58.99	47,564	10.98	5,224
5-year average (2018/19–2022/23)	797	65.22	51,970	11.08	5,766
2023/24 proj. <i>WASDE</i> (11/09/2023)	800	61.30	49,040	10.90	5,330
2023/24 proj. CONADESUCA (11/10/2023)	798	58.46	46,668	11.12	5,188
2023/24 proj. <i>WASDE</i> (02/08/2024)	776	62.60	48,603	10.03	4,875
2023/24 proj. CONADESUCA (01/31/2024)	776	59.71	46,362	10.70	4,959

ha = hectares; MT = metric tons; proj. = projected.

Source: USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates (WASDE)*; Mexico's National Committee for the Sustainable Development of Sugarcane (CONADESUCA).

CONADESUCA's report through week 18 indicates 1 of the 48 mills (El Carmen in the Center region) was projected to start on December 16 but has not. In aggregate, the 47 mills produced 1.571 million MT of sugar, behind last year (1.815 million) and the 5-year average (1.913 million) over the same period (table 7). This year's cumulative area harvested (240,000 ha) is relatively behind with late unseasonal rainfall in all regions except the drought-hit Northeast reportedly preventing some mills from harvesting. Except for the current campaign's sugarcane yield (71.14 MT/ha), the rest of the production parameters, particularly sugar recovery, are below last year and the 5-year average.

Table 7: Mexico sugar production as of week 18, fiscal year 2019/20, 2022/23, 2023/24, and 5-year average

	As of week 18				Difference (2023/24 versus 2022/23)		Difference (2023/24 versus 5-year average)	
	2019/20	2022/23	2023/24	5-year average ^{1/}	Level	Percent	Level	Percent
Area harvested (1,000 ha)	253	253	240	249	-12	-5	-9	-3
Sugarcane processed (1,000 MT)	16,694	17,921	17,088	18,806	-833	-5	-1,718	-9
Sugarcane yield (MT per ha)	73.55	70.95	71.14	75.54	0.19	0	-4.40	-6
Extraction rate (percent)	9.69	10.12	9.19	10.16	-0.93	-9	-0.97	-10
Total factory yield (MT sugar per ha)	7.12	7.18	6.54	7.68	-0.64	-9	-1.14	-15
Sugar production (1,000 metric tons)	1,617	1,815	1,571	1,913	-244	-13	-342	-18
By type:								
Refinada	355	341	330	419	-11	-3	-88	-21
Estándar	1,015	1,145	1,053	1,203	-92	-8	-149	-12
Polarity less than 99.2	180	293	168	238	-125	-43	-70	-29
Blanco especial and mascabado	67	35	19	54	-15	-44	-35	-64

ha = hectares; MT = metric tons.

^{1/}Years included are 2018/19–2022/23.

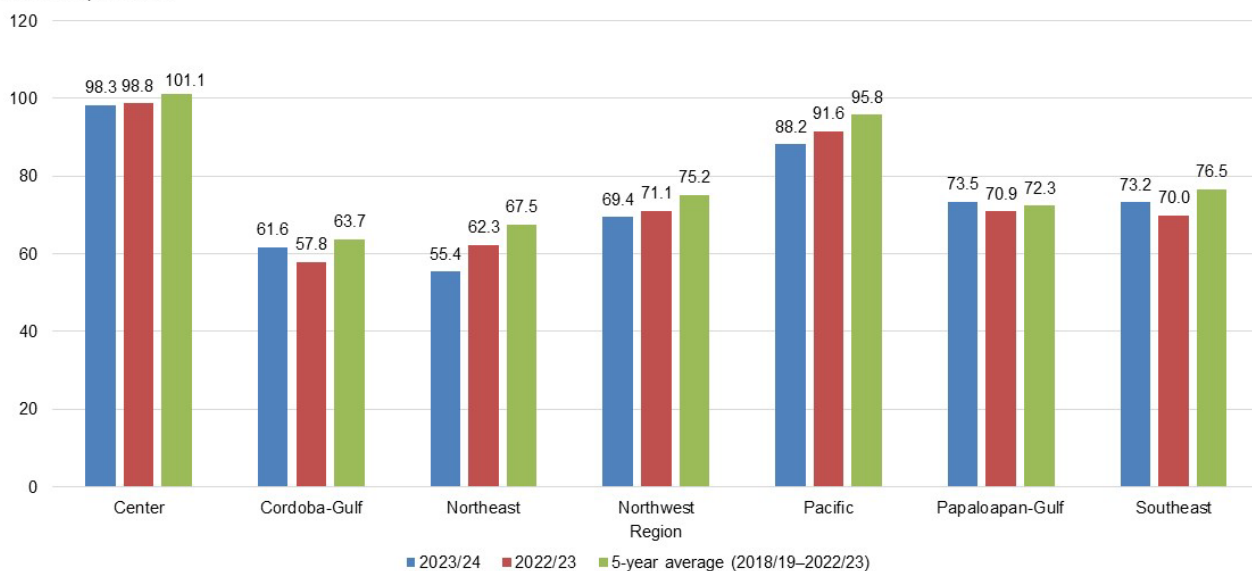
Source: USDA, Economic Research Service calculations using data from Mexico's National Committee for the Sustainable Development of Sugarcane (CONADESUCA).

The over-the-year improvement observed in yields is one of the bases for increasing the *WASDE* 2023/24 yield forecast from 61.3 MT/ha in November to this month's 62.6 MT/ha. Except for the regions of Northeast and Pacific that were the hardest hit by drought, yields elsewhere through week 18 are either above last year, such as in Cordoba-Gulf, Papaloapan-Gulf, and Southeast, or just below, like in the Center and Northwest (figure 9).

Conversely, the *WASDE* 2023/24 forecast for recovery rate is reduced from 10.9 percent in November to a 6-year low of 10.03 percent based on the current rates showing all 7 regions below last year and the 5-year average (figure 10).

Figure 9
Mexico sugarcane yields by region, as of week 18

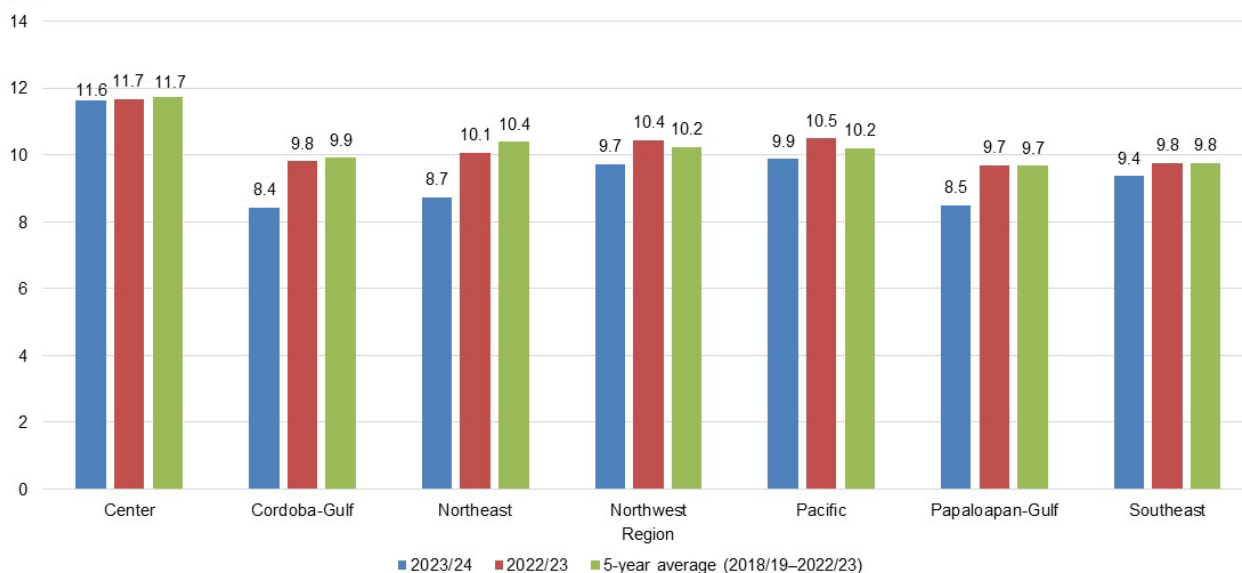
Metric tons per hectare



Source: USDA, World Agricultural Outlook Board calculations using data from Mexico's National Committee for the Sustainable Development of Sugarcane (CONADESUCA).

Figure 10
Mexico sucrose recovery rate by region, as of week 18

Percent



Source: USDA, World Agricultural Outlook Board calculations using data from Mexico's National Committee for the Sustainable Development of Sugarcane (CONADESUCA).

Record-Low Forecast of Low Polarity Sugar Production, Exports to the United States Reduced Accordingly

CONADESUCA's estimate of sugar production in its second forecast (4.959 million MT), which is lowered by 229,000-MT (4 percent) from its first forecast (5.188 million MT), stems from the low volume expected across the sugar types. CONADESUCA forecasts that 2023/24 volume of less than 99.2 polarity sugar (522,000 MT) and refined sugar (1.186 million MT) would be the lowest since 2017/18, and standard sugar (3.192 million MT) to be second lowest after 2019/20 (figure 11).

In terms of share, low polarity sugar, which Mexican mills only started producing in 2017/18 to comply with the terms of the amended suspension agreements, has the biggest reduction—from a projected 11.8 percent in CONADESUCA's first estimate to 10.5 percent (figure 12). In contrast, a higher priority for producing standard sugar, which is widely consumed in the domestic market, is reflected from the fact that while its projected volume was reduced in the second estimate, its corresponding share increased from 62.6 to 64.4 percent. Given the drought-reduced sugarcane crop and the historically high sugar prices, the production of standard and refined sugar for the domestic market would likely take precedence over that of low polarity that is destined for the United States.

Accordingly, USDA adopts the 10.5 percent³ forecast and multiplied it with the February *WASDE*'s sugar production projection for Mexico (4.875 million MT). This results in an estimate of 512,814 MT of low polarity sugar production presumably all destined to the United States. Assuming this 512,814-MT of low polarity sugar would comprise 75 percent of Mexico's total exports to the U.S.—same share as last year—the total exports from Mexico to the U.S. are expected to be 683,752 MT (i.e., 512,814 MT divided by 0.75), a reduction of 105,000 MT from last month's 789,080 and the lowest since 2007/08 (594,000 MT) (figure 13). Per the terms of the U.S.-Mexico Sugar Suspension Agreements, the final 2023/24 Mexican Export Limit will be calculated by the U.S. Department of Commerce next month using the information from the March *WASDE*.

With the forecast for Mexico's exports to other countries unchanged at 25,000 MT, total exports are also reduced 105,000 MT to 709,000⁴, the lowest in 15 years.

³ 10.5194881 percent to be exact.

⁴ To be exact, the projected 2023/24 Mexico total exports are 708,752 MT, which is lower than 2009/10's 708,897 MT.

Figure 11
Mexico sugar production by type, fiscal year 2017/18–2023/24

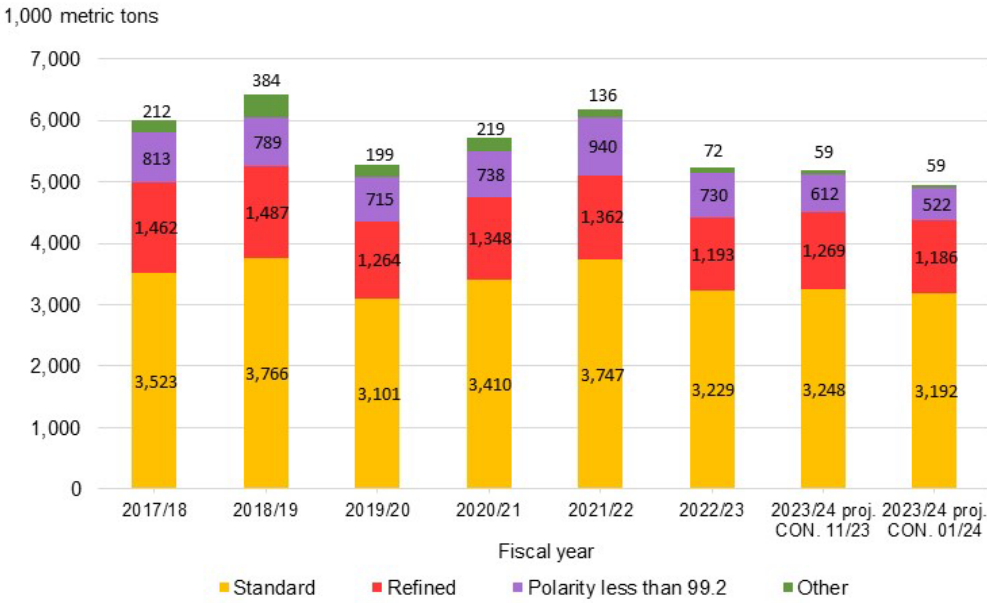


Figure 12
Share of Mexico sugar production to fiscal year total by type, 2017/18–2023/24

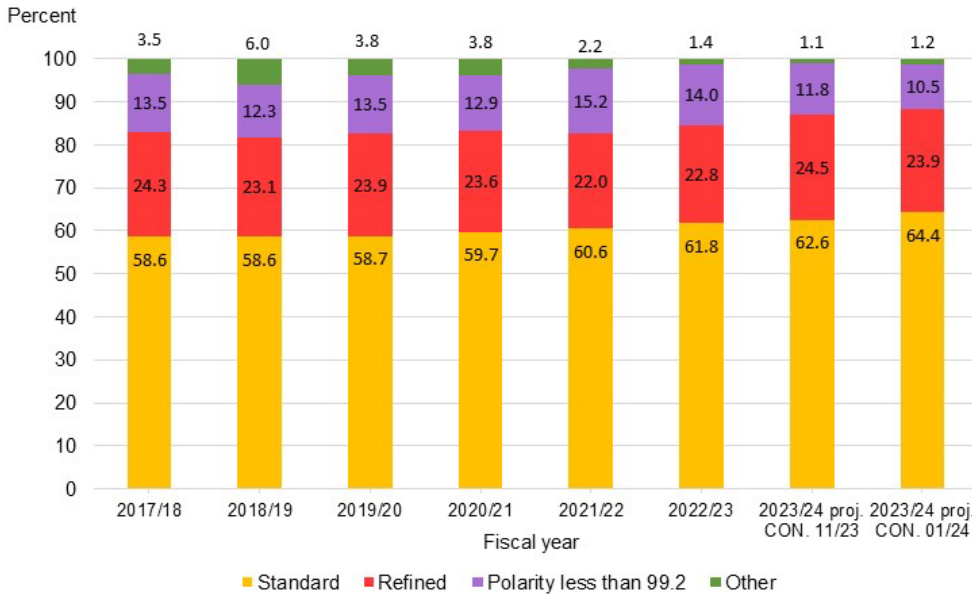
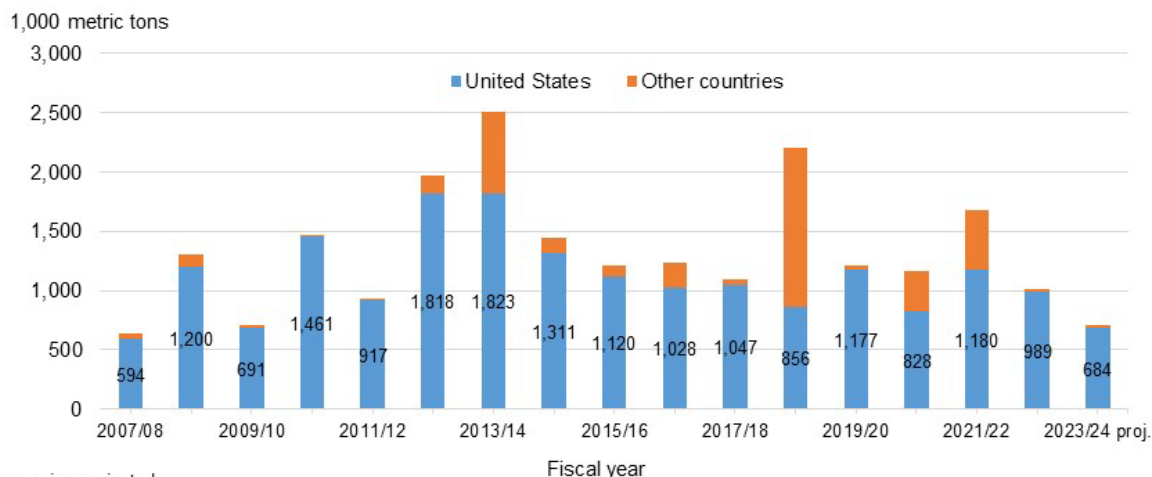


Figure 13
Mexico sugar exports by destination, fiscal year 2007/08–2023/24



proj. = projected.

Source: USDA, World Agricultural Outlook Board; Mexico's National Committee for the Sustainable Development of Sugarcane (CONADESUCA).

Mexico's Sugar Imports Residually Increased to a 14-Year High

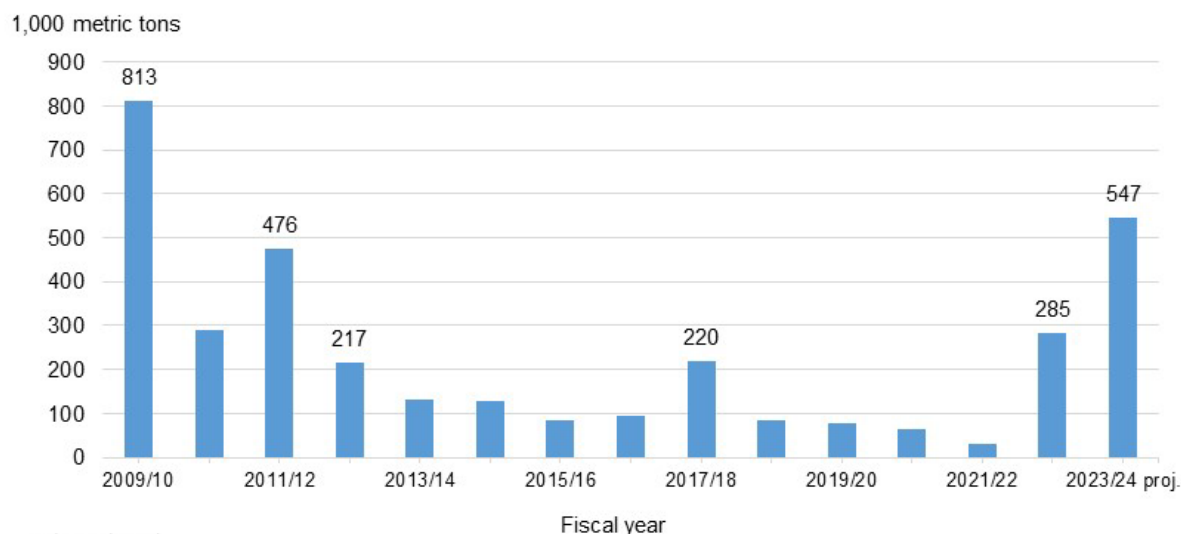
While the 2023/24 forecast for Mexico's total exports was lowered from last month by 105,000 MT to 709,000, the other use components are unchanged. Deliveries for domestic consumption and companies participating in the Industria Manufacturera, Maquiladora y de Servicios de Exportación (IMMEX) program remain at 4.248 million MT and 400,000 MT, respectively. Thus, total use is lowered from last month by the same amount (105,000 MT) to 5.357 million.

With a lower forecast for sugar production, unchanged total use, and the same 2.5-months' worth of target ending stocks, Mexico's 2023/24 imports for domestic consumption are residually increased from last month by 36,000 MT to 522,000 MT. With imports for IMMEX (25,000 MT) carried over from last month, total imports increased by the same magnitude to 547,000—almost double last year (285,000 MT) and a 14-year high (figure 14). The significant increase in imports can be mainly attributed to the poor prognosis for domestic production and current high internal prices that make high-tier imports into Mexico economical.

The increase in Mexico's sugar imports is supported by the actual pace of volume entered between October 2023 and January 2024 based on exported volume to Mexico reported by countries in the Trade Data Monitor (TDM). As of February 12, TDM data show that 315,000

MT of sugar have been exported to Mexico, about 58 percent of the 547,000-MT total imports forecast in the *WASDE*. Brazil is the top origin, supplying 62 percent of the total to date, followed by the United States (16 percent), Saudi Arabia (9 percent), and Guatemala (6 percent) (table 8).

Figure 14
Mexico total sugar imports, fiscal year 2009/10–2023/24



proj. = projected.

Source: USDA, World Agricultural Outlook Board; Mexico's National Committee for the Sustainable Development of Sugarcane (CONADESUCA).

Table 8: Cumulative countries' reported sugar exports to Mexico, October 2023–January 2024

Origin	Quantity (metric tons)	Share in total (percent)
Brazil	194,722	62
China	1	0
Ecuador	0	0
El Salvador	6,658	2
European Union (Brexit)	2,445	1
Guatemala	18,480	6
Honduras	2,770	1
India	1,176	0
Morocco	6,408	2
Paraguay	22	0
Saudi Arabia	28,651	9
South Korea	0	0
Thailand	2,000	1
United States	51,848	16
Total	315,179	100

Note: Brexit refers to the to the United Kingdom's decision in a June 23, 2016 referendum to leave the European Union.

Source: Trade Data Monitor.

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