Current Development and Outlook of China’s Sugar Industry

Kai MA
E-mail: bjmakai@163.com
Research Center for Rural Economy, Ministry of Agriculture, P.R. China
2017 Sep
1. Current Development of China’s Sugar Industry

China's sugar production

Total output: decrease for the second year

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Sugarcane</th>
<th>Beet</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>1152</td>
<td>1051</td>
<td>101</td>
</tr>
<tr>
<td>2012/13</td>
<td>1307</td>
<td>1198</td>
<td>109</td>
</tr>
<tr>
<td>2013/14</td>
<td>1332</td>
<td>1257</td>
<td>75</td>
</tr>
<tr>
<td>2014/15</td>
<td>1056</td>
<td>982</td>
<td>74</td>
</tr>
<tr>
<td>2015/16</td>
<td>870</td>
<td>785</td>
<td>85</td>
</tr>
</tbody>
</table>

Unit: 10,000 tons
1. Current Development of China’s Sugar Industry

China's sugar production

Production structure:

Cane sugar account for the vast majority of production structure, and the proportion of been sugar increase in product structure.
1. Current Development of China’s Sugar Industry

China's sugar consumption

- **Increased consumption with slowing growth.** In 2015/16 China’s sugar consumption has risen 0.7% to 1,522,000 tons. Compared with 2014/15, the growth dropped by 1.3 percentage points.

- **Consumption structure:** Mainly in industrial consumption (61%). Industrial consumption of 9.27 million tons, a decrease of 4% over the previous year, civilian consumption of 5.93 million tons, an increase of 9% over the previous year.
1. Current Development of China’s Sugar Industry

China's sugar consumption
1. Current Development of China’s Sugar Industry

China's sugar prices

- In 2015/16, Chinese sugar average price was 5457 yuan per ton, up 11.9% over the previous year.
- The price gap between home and abroad had been narrowed.
1. Current Development of China’s Sugar Industry

China's sugar prices

Note: before September 2013, the international price was calculated on the basis of the post-tax price at the tariff rate of 15% within the quota of Thai sugar; after this date, it is the calculated on the basis of the post-tax price at the tariff rate of 15% within the quota of Brazilian sugar.
1. Current Development of China’s Sugar Industry

China's sugar trade

In 2015/16, China imported 3.73 million tons of sugar, decreased 1.08 million tons over the previous year; export 150,000 tons of sugar, increased 90,000 tons compared to the previous year.

Main source of imports:
- Brazil: 68%
- Cuba: 13%
- Other: 6%
2. Outlook for China’s Sugar Market

Production

Planting area:

◆ Agricultural resources to strengthen the constraints of resources and environment, arable land resources, sugar planted area has a decline in risk.
◆ Sugar crop comparative income (sugar purchase price, production costs)

Sugar crop yield:

◆ Planting conditions gradually improved. Cultivation techniques, irrigation conditions, and level of mechanization will be improved somewhat.
◆ Limited number of varieties, aging of sugarcane and low self-sufficiency rate of sugar beet will still draw people’s attention.
2. Outlook for China’s Sugar Market

Production

It is estimated that China's sugar planting area will be 1.35 million hectares in 2016/17, sugar production is 9.29 million tons (sugarcane sugar 82.4 million tons, sugar beet sugar 1.05 million tons).

It is projected that China’s sugar production will be 10.62 million tons in 2019/20; and reach 11.53 million tons in 2025/26.
2. Outlook for China’s Sugar Market

Consumption

The main factor of influence:

- **Per capita increase in sugar consumption**: accelerated urbanization and economic development (*China's urbanization rate will reach 60% in 2020*)
- **Population policy has been relaxed and population is expanding**: (*China's population will peak in 2026 with around 1.42 billion people, an increase of 50 million over 2015*)
- **Sugar applications are expected to further widen**: (*food processing, paper, medicine, fermentation*)
- **The development of alternatives**: (*starch sugar*)

It is projected that China’s sugar consumption will reach 15 million tons in 2016/17 and 18.47 million tons in 2025/26.
2. Outlook for China’s Sugar Market

Trade

The main factor of influence:

◆ Since China’s production could not meet increasing domestic consumption demand, sugar import becomes a rigid demand.
◆ Yet it is predicated that domestic and foreign price difference will exist for long, China will still face big sugar import pressure.

It is projected that China will import about 3 million tons of sugar in 2016/17 and the import will increase to 8 million tons in 2025/26.
2. Outlook for China’s Sugar Market

**Price**

The main factor of influence:
- China domestic sugar was under supplied with big production gap, estimated at more than 5 million tons.
- Major producing regions raised the down payment of sugar-making sugarcane purchase and raw material costs of sugarmaking enterprises continued to rise.
- The Chinese government has stepped up its crackdown on agricultural smuggling
- World sugar market is insufficient to produce

China’s sugar price will maintain an upward trend in short term.
Thanks!