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Abstract

This is the first ISO paper ever to provide in-depth analysis into sugar and ethanol developments in South America excluding Brazil– the SAEB region. The SAEB region encompasses a total of 11 countries - Argentina, Bolivia, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay, and Venezuela - and the overseas European department of French Guyana. All but Suriname and French Guyana currently produce sugar.

This paper has the objective of assessing the recent developments and outlook in sugar production and consumption in the SAEB region, including the dynamics of the regional caloric and non-caloric sweeteners market compared to sugar, in order to ascertain the future role of the region in the world sugar trade. In this regard, the paper also presents a collection of studies on the SAEB region's largest sugar industries, discussing issues such as policy framework, sugarcane farming arrangements, sugar pricing structures and future production capacity investments.

The study also investigates the future potential for production in the SAEB region to rise to the extent of satisfying the projected increase in regional demand (as calculated by the ISO sugar consumption model) as well as higher volumes of exports to both preferential markets (like the US and the EU) and to the world free market. While the SAEB region has two of the world's top 10 sugar exporters - Colombia and Argentina – and fast rising producers like Bolivia, Peru and Ecuador, it also hosts large net importers such as Venezuela and Chile, whose import dependency is set to rise over the coming years.

This study also presents the latest developments on fuel ethanol, including ethanol pricing and production quotas, as well as cogeneration from the cane bagasse in the region. Production of fuel ethanol from sugarcane is booming in the region, particularly in the major markets of Argentina and Colombia, where E-5 to E-10 blends in petrol are already in place, following aggressive recent government legislation.

In summary, the paper concludes that, while SAEB gross sugar exports are projected to continue to rise from the record 2.4 mln tonnes achieved in 2009, the region's net exports are unlikely to go much beyond 500 thousand tonnes by 2020.