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ISO MECAS Studies

MECAS(11)17 – Thailand's Sugar and Fuel Ethanol Outlook

ABSTRACT

Thailand took the global sugar market by surprise in early 2011 when it became known that the country would deliver a record sugarcane crop allowing much higher sugar production and exports than originally anticipated. Sugarcane production reached 95.4 mln tonnes in 2010/11 (November-October) - up 39.3%; whilst sugar production was sharply boosted to 9.66 mln tonnes tel quel - up 47.7% on the previous year. Exports rose dramatically by 50% to a record 7.4 mln tonnes.

Indeed, Thailand, the world's second-biggest sugar exporter, is poised in 2011/12 for its second straight year of record production and shipments, but can Thailand continue to further expand its sugarcane production and milling capacity over the longer term? At the same time, prospects for the country's fuel ethanol industry - using mostly molasses and cassava as feedstocks - are not especially bright, with actual consumption lagging far behind initial government goals and a surplus of production capacity blighting the sector.

In this study recent developments and key drivers of Thailand's sugar and ethanol complex are identified and assessed and projections of production, consumption and exportable surplus are prepared to the year 2018/19.

The outlook for cane production is positive, compounded in the next 2-3 years by the likelihood of continuing lower yields for cassava (because of a serious pest problem). The level of world sugar prices is crucial in determining the price Thailand's independent cane farmers receive for their crop. World prices above USD0.20/lb would likely support cane prices at remunerative levels as against those farmers may receive for cassava, the key competing crop, especially in the North East region of the country.

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* Please note this report is also available in French, Russian and Spanish.
