

**SUGAR**

## Millers see lowest cane output in five years

Thailand's 2015-16 sugar-cane crushing season has ended with cane and sugar production falling to the lowest level in five years.

The poor yield is a result of the severe drought, which cut cane production and the sugar content in the cane, said the Thai Sugar Millers Corporation Ltd (TSMC).

That has raised concerns among farmers, the government and sugar millers that cane and sugar production could drop even lower in the next crop if the drought lasts longer than expected and going into the second half of the year.

TSMC president Sirivuth Siamphakdee said this season produced only 94.1 million tonnes of sugar cane, down from 106 million in the 2014-15 crop, because of the severe drought hurting production in the central and northeastern regions, which are major plantation areas.

As a result, the country produced only 9.78 million tonnes of sugar in this crop, down 13% from 11.3 million tonnes last year.

"We fear if the drought lasts longer into the second half this year, which is the growing season, cane production would fall even lower than 90 million tonnes," he said, meaning only 9 million tonnes of sugar.

With lower output, Thailand's sugar exports are expected to drop as well. Thailand's ranking as the world's No.2 sugar exporter after Brazil could also drop. The country is failing to capitalise on rising global sugar prices caused by a lower supply.

Global sugar prices dropped substantially the past few years from a record high of 36 US cents per pound in 2012 to as low as 11 cents late last year as a glut and the weak global economy cut demand.

But prices have rebounded since earlier this year to 12-14 cents per pound because of an expected fall in supply from major sugar-producing countries.

The International Sugar Organization raised its global deficit forecast for 2015-16 to 5 million tonnes.

Brazil, the world's biggest sugar exporter, is also expected to be affected by the severe drought this year, hampering production.