

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Swaziland

Sugar Annual

The report focuses on the production and usage of sugar in Swaziland

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Report Highlights:

For the 2012/13 season, post forecasts that sugarcane production in Swaziland will increase to 5.2 million tons, as additional land will be planted to sugarcane in the next few years. As a result, sugar production in the 2012/13 season could reach 650,000 tons Tel Quell (672,750 MTRV), an increase of four percent from the previous season. Swaziland's sugarcane production for the 2011/12 season stayed constant at an estimated five million tons, while sugar production increased by seven percent from the previous year's 582,019 tons Tel Quell (602,390 MTRV) to an estimated 625,000 tons Tel Quell (646,875 MTRV), due to better cane-to-sugar yields.

Executive Summary

For the 2012/13 season (April to March), post forecasts that sugarcane production in Swaziland will increase to 5.2 million tons, as additional land will be planted to sugarcane, especially under expanded irrigation. Swaziland's sugarcane production for the 2011/12 season is estimated at five million tons. This is marginally less than the 2010/11 season's revised figure of just over five million tons.

Post forecasts that sugar production in Swaziland in the 2012/13 season could reach 650,000 tons Tel Quell (672,750 metric tons raw value (MTRV)) on the back of more land being utilized for the cultivation of sugar. In the 2011/12 season, sugar production increased by seven percent from the previous year of 582,019 tons Tel Quell (602,390 MTRV) to an estimated 625,000 tons Tel Quell (646,875 MTRV), due to better cane-to-sugar yields.

Swaziland's exports to the EU markets are expected to grow in the 2012/13 season due to higher sugar production, while sales in the SACU and regional markets are expected to stay constant as South Africa's sugar production is expected to increase by about 15 percent on better climatic conditions. Swaziland is expected to deliver on its United States tariff-rate sugar allocation in the 2012/13 season.

Sources:

<http://www.ssa.co.sz>

<http://www.illovo.co.za>

<http://www.huletts.co.za>

US\$1= R8.00 = E8.00 (04/11/2012)

Sugarcane

Production

Swaziland, Africa's fourth largest producer of sugar (after South Africa, Egypt and Sudan), is set to increase production in the next few years as more small-scale farmers take up sugarcane cultivation and access to irrigation increases. Furthermore, sugarcane farmers in Swaziland stand to benefit from a European Union's EUR19.5 million (US\$25.6 million) grant, which will finance sugarcane production for the next six years. The grant will be used for new sugarcane projects that will be implemented in Swaziland's "sugar belt", consisting of the Hhhohho, Manzini and Lubombo regions. A replanting program with higher-yielding varieties is also underway. Through the grant, the European Union aims at improving the productivity and efficiency of small and medium sugarcane growers and to improve provision of social services in the "sugar belt". The grants expected results include increasing yields of both new and existing small and medium growers as well as the efficient use of water resources, reduced transport costs and lower input costs.

For the 2012/13 season (April to March), post forecasts that sugarcane production in Swaziland will increase to 5.2 million tons as additional areas of land will be planted to sugarcane, especially under irrigation. Swaziland's sugarcane production for the 2011/12 season is estimated at five million tons. This is marginally less than the 2010/11 season's revised figure of just over five million tons. The 2012/13 season's crop will be produced on 53,000 hectares (forecast), compared to the 51,000 hectares (estimate) of the 2011/12 season and 50,473 hectares of the 2010/11 season.

Table 1 illustrates the production of sugar in Swaziland for 2010/11 (actual), 2011/12 (estimate) and 2012/13 (forecast) marketing years.

Table 1: The production of sugar in Swaziland from the 2010/11 season

Season	Area Planted (HA)	Area harvested (HA)	Yield (MT/HA)	Cane crushed (MT)	Sugar produced (MT*)	Cane/sugar ratio
2010/11	53,372	50,473	95.9	5,029,235	582,019	8.4
2011/12	54,000	51,000	98.0	5,000,000	625,000	8.0
2012/13	55,000	53,000	98.1	5,200,000	650,000	8.0

*Tel Quell x 1.035 = Raw value, Refined x 1.07 = Raw value

The structure of the industry

Sugar represents the single biggest industry in Swaziland and accounts for almost 60 percent of agricultural output, 35 percent of agricultural wage employment, and contributes about 18 percent to the country's Gross Domestic Product. The sugar industry in Swaziland consists of four components, namely, large millers and estates (77 percent of production); large growers (17 percent), medium size growers (5 percent) and small growers (1 percent). While accounting for a smaller volume of total production, the largest number of growers fall under the category of medium and small growers. South Africa's three biggest sugar companies, Illovo Sugar Ltd, Tongaat Hulett Sugar Ltd, and Tsb Sugar RSA Ltd are involved in the Swaziland sugar industry through their co-ownerships in production estates and mills. Sugarcane growing in Swaziland is only permissible through a quota issued by the Sugar Industry Quota Board.

Sugarcane growers and millers are represented by the Swaziland Cane Growers Association and the Swaziland Sugar Millers Association. The interests of the different industry players are reconciled within the framework of the Swaziland Sugar Association. The Swaziland Sugar Association was formed in 1964 and is governed by the Sugar Act of 1967. The Swaziland Sugar Association is responsible for providing the services necessary for the general development of the industry and the marketing of Swaziland's sugar.

The Swaziland Cane Growers Association and the Swaziland Sugar Millers Association are equally represented on the Swaziland Sugar Association's Council, the highest policy making body in the sugar industry. The Council is chaired by an independent person, who has no interest in the growing, milling, and marketing of sugar.

Sugarcane for Centrifugal Swaziland	2010/2011		2011/2012		2012/2013	
	Market Year Begin: April 2010		Market Year Begin: April 2011		Market Year Begin: April 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	53	53		54		55
Area Harvested	51	50		51		53
Production	5,100	5,030		5,000		5,200
Total Supply	5,100	5,030		5,000		5,200
Utilization for Sugar	5,100	5,030		5,000		5,200
Utilization for Alcohol	0	0		0		0
Total Utilization	5,100	5,030		5,000		5,200

1000 HA, 1000 MT

Sugar

Production

Swaziland has three sugar mills (Mhlume, Simunye and Ubombo) with a combined annual production capacity in excess of 600,000 tons. The industry produces raw, refined and brown sugar.

Post forecasts that sugar production in Swaziland in the 2012/13 season could reach 650,000 tons Tel Quell (672,750 MTRV) on more irrigated land being utilized for sugar cultivation. In the 2011/12 season, sugar production increased by seven percent from the previous year to 582,019 tons Tel Quell (602,390 MTRV) to an estimated 625,000 tons Tel Quell (646,875 MTRV), due to better cane-to-sugar yields.

Consumption

The South African Customs Union (SACU) market is the primary destination for Swaziland sugar. The SACU market comprises South Africa, Botswana, Lesotho, Namibia and Swaziland. Access to the market is regulated by the Southern African Development Community Sugar Cooperation Agreement.

South Africa and Swaziland are the only sugar producers in SACU and together produce in excess of the region's sugar demand, which is estimated at 2.0 MMT or 34kg per capita.

The demand for sugar in the SACU market is expected to grow by only two percent in the 2012/13 season. High sugar prices and a slower than expected economic growth rate of only 2.7 percent for South Africa in 2012 are the main reasons for weakened demand for sugar. However, the long-term prospects for increased sugar consumption remain good as the South African economy is expected to accelerate by 3.6 percent in 2013 and by 4.2 percent in 2014, led by robust household consumption and stronger public and private sector investments. It is expected that the South African sugar industry will supply about 1.6 MMT and Swaziland about 340,000 tons to the SACU market in the 2012/13 season.

Post estimates that Swaziland supplied 340,000 tons of sugar to the SACU market in the 2011/12 season on higher production and supply restrictions in South Africa due to drought. In the 2010/11 season, Swaziland supplied 333,125 tons of sugar to the SACU market.

Trade

The Swaziland Sugar Association is responsible for all sales and marketing of sugar produced in Swaziland. The four main export markets for Swaziland's sugar are the European Union (EU), the United States, Southern African Customs Union (SACU) and other regional markets, with 95 percent of the sugar being sold to the SACU and European Union market.

Table 2 shows the different sugar export markets for Swaziland for the 2010/11 (actual), 2011/12 (estimate) and 2012/13 (forecast) marketing years. Sales to the EU markets are expected to grow in the 2012/13 season due to higher sugar production, while sales in the SACU and regional markets are expected to stay constant as South Africa's sugar production is expected to increase by about 15 percent on better climatic conditions. Swaziland will be able to deliver on a possible United States tariff-rate sugar allocation in the 2012/13 season.

Table 2: The different sugar export markets for Swaziland for the 2010/11 (actual), 2011/12 (estimate) and 2012/13 (forecast) marketing years

Year	SACU market	EU market	United States	Regional market	Total sales
2010/11	333,125	278,686	15,700	6,348	633,859
2011/12	340,000	280,000	17,000	5,000	642,000
2012/13	340,000	300,000	18,000	5,000	663,000

Source: Swaziland Sugar Association

Sugar, Centrifugal Swaziland	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Apr 2010		Market Year Begin: Apr 2011		Market Year Begin: Apr 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	60	60	48	21		25
Beet Sugar Production	0	0	0	0		0
Cane Sugar Production	674	602	680	650		675
Total Sugar Production	674	602	680	650		675
Raw Imports	0	0	0	0		0
Refined Imp.(Raw Val)	0	0	0	0		0

Total Imports	0	0	0	0		0
Total Supply	734	662	728	671		700
Raw Exports	335	300	340	300		320
Refined Exp.(Raw Val)	30	20	30	20		30
Total Exports	365	320	370	320		350
Human Dom. Consumption	320	320	325	325		325
Other Disappearance	1	1	1	1		1
Total Use	321	321	326	326		326
Ending Stocks	48	21	32	25		24
Total Distribution	734	662	728	671		700
1000 MT						