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Swaziland

Sugar Annual

The report discusses sugar production in Swaziland

Approved By:
Scott Sindelar

Prepared By:
Dirk Esterhuizen

Report Highlights:
Swaziland's sugar cane production is forecast to increase to 5.100 million tons in the 2010/11 season which will produce 637,500 tons of sugar. Sugar cane production for the 2009/10 season is estimated at 5.044 million tons, 2.6 percent more than the 2008/09 season's revised figure of 4.913 million tons. The 2009/10 season sugar production is estimated at 636,134 tons, 1.40 percent more than the 2008/09 season's 626,984 tons.

Executive Summary:

There is a definite positive trend in sugar cane production in Swaziland. For the 2010/11 season it is forecast that, due to higher world sugar prices, sugarcane production in Swaziland will increase to 5.100 million tons. This is 1.1 percent more than the 2009/10 season's estimated of 5.044 million tons and 3.8 percent more than the 2008/09 season's revised figure of 4.913 million tons.

Sugar production for the 2010/11 season is forecast at 637,500 tons Tell Quell [659,813 metric tons raw value (MTRV)]. The 2009/10 season sugar production is estimated at 636,134 tons Tell Quell (658,399 MTRV). The 2009/10 season's sugar production is 1.40 percent more than the previous season's 626,984 tons Tell Quell (648,928 MTRV).

Exports of sugar by Swaziland to the European Union are expected to increase due to the new arrangements that provide for duty-free, quota-free access to the European Union sugar market for qualifying Least Developed Countries.

http://www.ssa.co.sz
http://www.illovo.co.za
http://www.huletts.co.za

US$1= R7.33 = E7.33 (04/15/2010)

Commodities:

Sugar cane

Production

For the 2010/11 season (April to March) it is forecast that, due to higher world sugar prices, sugarcane production in Swaziland will increase under normal climatic condition to 5.100 million tons. Swaziland's sugar cane production for the 2009/10 season is estimated at 5.044 million tons. This is 2.6 percent more than the 2008/09 season's revised figure of 4.913 million tons.

The 2010/11 season's crop will be produced on 51,000 hectares (forecast), compared to the 50,682 hectares of the 2009/10 season and 50,375 hectares of the 2008/09 season.

Table 1 illustrates the production of sugar in Swaziland for 2008/09 (actual), 2009/10 (estimate) and 2010/11 (forecast) marketing years.

Table 1: The production of sugar in Swaziland from the 2006/07 season

Season	Area Planted (HA)	Area harvested (HA)	Yield (MT/HA)	Cane crushed (MT)	Sugar prod. (MT*)	Cane/sugar ratio
2008/09	52,068	50,375	97,53	4,912,949	626,984	7.84
2009/10	52,619	50,682	99.5	5,044,420	636,134	7.93
2010/11	53,000	51,000	100.0	5,100,000	637,500	8.00

*****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 59 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, the 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 falls 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 belong respectively to 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 in particular, with a view to ensure optimum returns on investment for existing producers.

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. The Council is chaired by an independent person, who has no interest in the growing, milling, and marketing of sugar.

Sugar Cane for Centrifugal Swaziland	2009			2010			2011		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Apr 2009			Market Year Begin: Apr 2010			Market Year Begin: Apr 2011		
	USDA Official Data		New Post Data	USDA Official Data		New Post Data	USDA Official Data		New Post Data
Area Planted	0	52	52		52	53			53
Area Harvested	0	50	50		50	51			51
Production	0	5,100	4,913		5,060	5,044			5,100
Total Supply	0	5,100	4,913		5,060	5,044			5,100
Utilization for Sugar	0	5,100	4,913		5,060	5,044			5,100
Utilization for Alcohol	0	0	0		0	0			0
Total Utilization	0	5,100	4,913		5,060	5,044			5,100

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 VHP (brown) sugar. While all the mills produce raw sugar, only two of these produce both refined and VHP sugar (Mhlume and Ubombo). On the other hand, Simunye does not produce refined sugar.

Sugar production for the 2010/11 season is forecasted at 637,500 tons Tell Quell [659,813 metric tons raw value (MTRV)]. The 2009/10 season sugar production is estimated at 636,134 tons Tell Quell (658,399 MTRV). The 2009/10 sugar production is 1.40 percent more than the previous season's 626,984 tons Tell Quell (648,928 MTRV).

Molasses is a by-product of the sugar production process. It is produced at all three mills. For the 2009/10 season molasses production is estimated at 189,860 tons. This is

5.0 percent more than the 180,653 tons of the 2008/09 season. The two main distillers, USA Distillers and RSSC Distillers, use most of the molasses for the production of alcohol. The remainder is sold to small local and foreign customers who use it as an input for food production as well as for animal feed.

Consumption

The South African Customs Union (SACU) market is of major significance for Swaziland sugar industries. The demand for sugar in SACU has continued to grow in the past few years and long-term prospects for increased sugar consumption remain good. However, in the short term the demand for sugar and sugar products in SACU is expected to increase only moderately due to a slow recovery of the economy after the 2008 financial crisis.

Trade

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

EU: Reform of the EU Sugar Regime has been completed via a process of structural reform which has seen the reduction of EU export subsidies and the lowering of domestic farm support for European beet farmers. The net result of the reform is that the European sugar market will move from a surplus into a deficit. This will enable traditional exporters of sugar to the EU, mainly Least Developed Countries (LDCs) and member states of the African, Caribbean and Pacific (ACP) trade group, to continue to export to the EU on preferential terms such that the EU sugar market maintains equilibrium. Imports into the EU from these traditional suppliers are projected to reach 3.5 to 4.0 million tons by 2015, with new market access arrangements that came into force from 1 October 2009. These arrangements provide duty-free, quota-free access to the EU sugar market for qualifying LDC/ACP suppliers on the basis of unrestricted access for LDCs, with ACP access being limited by a safeguard ceiling of 3.5 million tons. Previous quality restrictions which limited imports to bulk raw sugar for refining has also been relaxed from 1 October 2009, and exporters to the EU will in future be entitled to supply sugar of various qualities as required by different customers. The new

EU sugar arrangements have been incorporated into the terms of new Economic Partnership Agreements (EPAs) currently being negotiated between the EU and the supplying regions. These market access changes are positive for the Swaziland sugar industry.

United States: Sales into the United States benefit from the Tariff Rate Quota, which allows access on preferential term.

SACU: The South African Customs Union (SACU) market is of major significance for Swaziland sugar industries. Swaziland is the second largest supplier of sugar into the SACU market and supplies approximately 16 percent of total sugar sales. The SACU market represents approximately one half of Swaziland's total sugar sales.

Table 2 shows the different sugar export markets for Swaziland for the 2008/09 (actual), 2009/10 (estimate) and 2010/11 (forecast) marketing years.

Sales in the SACU and EU markets are expected to grow in the 2010/11 season, while sales in the regional market is expected to decrease due to lower prices.

Table 2: The different sugar export markets for Swaziland for the 2008/09 (actual), 2009/10 (estimate) and 2010/11 (forecast) marketing years

Year	SACU market	EU market	United States	Regional market	Total sales
2008/09	319,716	182,897	16,123	99,554	618,290
2009/10	325,000	276,317	0	27,260	628,577
2010/11	333,125	278,686	15,700	6,348	633,859

Source: Swaziland Sugar Association

Sugar, Centrifugal Swaziland	2009			2010			2011		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Apr 2008			Market Year Begin: Apr 2009			Market Year Begin: Apr 2010		
	USDA Official Data		New Post Data	USDA Official Data		New Post Data	USDA Official Data		New Post Data
Beginning Stocks	79	79	79	80	80	68			60
Beet Sugar Production	0	0	0	0	0	0			0
Cane Sugar Production	662	662	650	655	655	658			660
Total Sugar Production	662	662	650	655	655	658			660
Raw Imports	0	0	0	0	0	0			0
Refined Imp.(Raw Val)	0	0	0	0	0	0			0
Total Imports	0	0	0	0	0	0			0
Total Supply	741	741	729	735	735	726			720

Raw Exports	325	325	325	325	325	325			330
Refined Exp.(Raw Val)	25	25	25	25	25	25			30
Total Exports	350	350	350	350	350	350			360
Human Dom. Consumption	310	310	310	310	310	315			320
Other Disappearance	1	1	1	1	1	1			1
Total Use	311	311	311	311	311	316			321
Ending Stocks	80	80	68	74	74	60			39
Total Distribution	741	741	729	735	735	726			720