

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 4/17/2013

GAIN Report Number:

Swaziland

Sugar Annual

The report covers supply and demand trends for sugar in Swaziland

Approved By:

Ross Kreamer

Prepared By:

Dirk Esterhuizen

Report Highlights:

For the 2013/14 MY, post forecasts that sugar cane production in Swaziland will increase by four percent to 5.9 MMT, due to an increase in the area planted. As a result, sugar production could reach 725,000 MT, an increase of six percent from the previous season, and sugar exports, mainly to the European Union (EU), could increase to 350,000 MT. In the 2012/13 MY, post estimates that Swaziland exported about 330,000 MT of sugar, five percent more than the 315,427 MT exported in the 2011/12 MY.

Executive Summary

For the 2013/14 MY [1] (May 2013 to April 2014), post forecasts that sugar cane production in Swaziland will increase to 5.9 MMT, due to an increase in the area planted. This is four percent more sugar cane than the estimated 5.7 MMT produced in the 2012/13 MY. The 2011/12 MY sugar cane crop was finalized at 5.5 MMT.

Post forecasts that sugar production in the 2013/14 MY could reach 725,000 MT (750,375 MTRV), on a four percent increase in sugar cane production. In the 2012/13 MY, sugar production increased by six percent from the previous year's 646,781 MT (669,418 MTRV), to an estimated 687,000 MT (711,045 MTRV), due to better cane-to-sugar yields and an increase in area harvested.

Post expects that Swaziland sugar exports, mainly to the EU, could increase by about six percent to 350,000 MT in the 2013/14 MY, due to an increase in sugar production that can be accommodated under the EU Economic Partnership Agreement. Swaziland could also be able to deliver on a possible United States Tariff Rate Quota allocation in the 2013/14 MY. In the 2012/13 MY, post estimates Swaziland exported about 330,000 MT of sugar to the EU, five percent more than the 315,427 MT exported in the 2011/12 MY.

Sources:

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

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

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

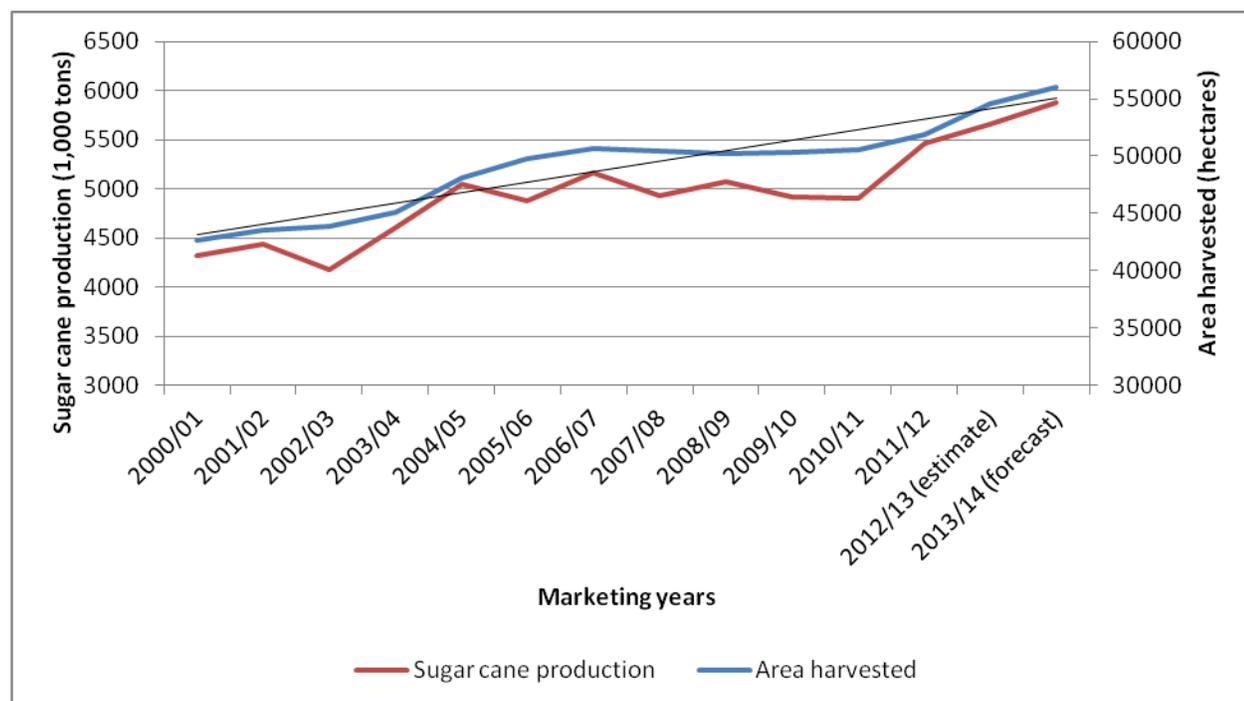
US\$1= R8.95 = E8.95 (04/09/2013)

^[1] The marketing years (MY) used in the text refer to the USDA marketing years in the PS&D table, and do not necessarily correspond with the marketing years used by the Swaziland sugar industry.

Sugar cane

Production

Swaziland's area under sugar cane increased by 28 percent since the 2000/01 MY (see Figure 1), as more small-scale farmers took up sugar cane cultivation, and access to irrigation increased through significant investments by the Swaziland government, the European Union and donor organizations. As a result, sugar cane production increased by more than 30 percent to reach its highest level of 5.7 MMT in the 2012/13 MY. Expectations are that by the 2016/17 MY, the sugar cane area will increase to 65,000 hectares and sugar cane production could be more than 6.5 MMT.



Figure

1: Trends in sugar cane production in Swaziland

For the 2013/14 MY, post forecasts that sugar cane production will increase to 5.9 MMT on an increase of the area planted. This is four percent higher than the estimated 5.7 MMT produced in the 2012/13 MY. The 2011/12 MY sugar cane crop was finalized at 5.5 MMT. The 2013/14 MY's crop will be produced on 56,000 hectares (forecast), compared to the 54,555 hectares (estimate) of the 2012/13 MY and 51,877 hectares of the 2011/12 MY.

Table 1 illustrates the production of sugar in Swaziland for 2011/12 MY (actual), 2012/13 MY (estimate) and 2013/14 MY (forecast).

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
2011/12	54,876	51,877	105.2	5,456,409	646,781	8.4
2012/13	57,103	54,555	103.8	5,661,936	687,000	8.2
2013/14	60,000	56,000	105.0	5,880,000	725,000	8.1

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

The structure of the industry

Sugar production is Swaziland's biggest industry. Swaziland is also Africa's fourth largest producer of sugar (after South Africa, Egypt and Sudan). Sugar production accounts for almost 60 percent of agricultural output, 35 percent of agricultural wage employment, and contributes about 18 percent to Swaziland'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 of production), **medium size growers** (5 percent of production) and **small growers** (1 percent of production). 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. Swaziland has three sugar mills, namely, Mhlume, Simunye and Ubombo with a combined annual production capacity in excess of 800,000 tons. Sugarcane growing in Swaziland is only permissible through a quota issued by the Sugar Industry Quota Board.

Sugarcane growers and millers are, respectively, 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.

Table 2: PS&D for sugar cane

Sugar Cane for Centrifugal Swaziland	2011/2012		2012/2013		2013/2014	
	Market Year Begin: May 2011		Market Year Begin: May 2012		Market Year Begin: May 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	54	54	55	57		60
Area Harvested	51	51	53	55		56
Production	5,000	5,456	5,200	5,662		5,880
Total Supply	5,000	5,456	5,200	5,662		5,880
Utilization for Sugar	5,000	5,456	5,200	5,662		5,880
Utilization for Alcohol	0	0	0	0		0
Total Utilization	5,000	5,456	5,200	5,662		5,880
1000 HA, 1000 MT						

Sugar

Production

Post forecasts that sugar production in the 2013/14 MY could reach 725,000 MT (750,375 MTRV), on an four percent increase in sugar cane production, due to more land being utilized for sugar cultivation in Swaziland. In the 2012/13 MY, sugar production increased by six percent from the previous year to an estimated 687,000 MT (711,045 MTRV), due to better cane to sugar yields and an increase in area harvested. In the 2011/12 MY, Swaziland produced 646,781 MT (669,418 MTRV) of sugar.

Consumption

The South African Customs Union (SACU) is an important market for the Swaziland sugar industry. 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 two sugar producing countries in SACU. The region's sugar demand is estimated at approximately 2.2 MMT or 37kg per capita. Post estimates that the South African sugar industry supplied about 1.7 MMT (1.8 MMTRV), Swaziland about 310,000 tons (330,000 MTRV) and imports, mainly from Brazil, about 190,000 MT (200,000 MTRV) to the SACU market in the 2012/13 MY.

Swaziland's sugar sales into the SACU market were consistently just over 300,000 MT the past ten years, and post expects this trend will continue into the 2013/14 MY (see also Figure 2). In the 2011/12 MY, Swaziland supplied 309,945 MT (331,641 MTRV) of sugar to the SACU market.



Figure 2: Sugar sales into the SACU market

Trade

The Swaziland Sugar Association is responsible for all sales and marketing of sugar produced in Swaziland. The main export market for Swaziland's sugar is the European Union (EU), under the Economic Partnership Agreements (EPA) that was introduced in 2009. EPA allows for preferential access to the EU market for Swaziland sugar. The United States also allows preferential access for Swaziland sugar under its Tariff Rate Quota. However, due to higher income realization, Swaziland exported only to the EU in the 2011/12 MY and 2012/13 MY.

Post expects that Swaziland sugar exports to the EU could increase by about six percent to 350,000 MT in the 2013/14 MY, due to an increase in sugar production (see also Table 3). Swaziland could also be able to deliver on a possible United States Tariff Rate Quota allocation in the 2013/14 MY. In the 2012/13 MY, post estimates Swaziland exported about 330,000 MT of sugar to the EU, five percent more than the 315,427 MT exported in the 2011/12 MY.

Table 3: The different markets for Swaziland sugar for the 2011/12 MY (actual), 2012/13 MY (estimate) and 2013/14 MY (forecast)

Year	SACU market	EU market	United States	Total sales
	Metric tons			
2011/12	309,985	315,427	0	625,412
2012/13	310,000	330,000	0	640,000
2013/14	330,000	350,000	10,000	690,000

Source: Swaziland Sugar Association

Table 4: PS&D for sugar

Sugar, Centrifugal Swaziland	2011/2012		2012/2013		2013/2014	
	Market Year Begin: May 2011		Market Year Begin: May 2012		Market Year Begin: May 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	21	21	25	45		95
Beet Sugar Production	0	0	0	0		0
Cane Sugar Production	650	670	675	711		750
Total Sugar Production	650	670	675	711		750
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	671	691	700	756		845
Raw Exports	300	285	320	285		310
Refined Exp.(Raw Val)	20	30	30	45		50
Total Exports	320	315	350	330		360
Human Dom. Consumption	325	330	325	330		350
Other Disappearance	1	1	1	1		1
Total Use	326	331	326	331		351
Ending Stocks	25	45	24	95		134
Total Distribution	671	691	700	756		845
1000 MT						