

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Zimbabwe

Sugar Annual

Drought Drives Sugar Production Down Marginally

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Report Highlights:

Zimbabwe's sugar output for the 2013/14 MY is forecast to decrease marginally by four percent to 460,000 tons, due to the reduction of irrigation and reduced rate of cane expansion and root replanting after the relative dry weather conditions in the 2012/13 MY. As a result, sugar exports will remain at about 200,000 tons, with the European Union (EU) as the main export destination.

Executive Summary:

Post estimates that 3.9 million tons of sugarcane will be harvested from 44,800 hectares in the 2013/14 MY. This is on the same level as in the 2012/13 MY and 25 percent more than the 3.1 million tons harvested in the 2011/12 MY.

Drought in sugar producing areas should push production in the 2013/2014 MY is forecasted down by about four percent, to 460,000 tons, from the 478,000 tons produced in the 2012/13 MY, due to the reduction of irrigation and reduced rate of cane expansion and root replanting. The 2012/2013 MY production of 478,000 tons was an increase of 29 percent from the 372,000 tons of sugar produced in the 2011/12 MY. The increase was attributed to higher cane deliveries from private farmers, better cane yields and improved mill efficiencies following a significant investment in mill refurbishment and rehabilitation.

Zimbabwe exported 201,630 tons of raw sugar to the EU under preferential market arrangements in the 2012/13 MY. Duty free and quota free exports to the EU are forecast to remain around 200,000 tons in the 2013/14 MY.

Sources:

Tongaat Hulett Hippo Valley Estates Limited - Abridged Audited Results for the year ended 31 March 2013.

Commodities:

Sugar Cane for Centrifugal

Production:

Sugarcane production in Zimbabwe takes place under irrigation in the south-eastern region of the country, which is a low altitude area, and is known as the lowveld, where climate and topography are ideal for sugarcane production. The lowveld has a well established water storage and water conveyance infrastructure for irrigation. About 80 percent of the sugarcane crop is produced by two privately owned large sugar estates, namely, Triangle and Hippo Valley. The balance is produced by private and newly settled farmers. Tongaat Hulett, a large South African agricultural and agro-processing business, wholly owns Triangle and has a 50 percent stake in Hippo Valley Estates. The two large estates have a potential to produce over 3 million tons of sugarcane, while smaller private farmers have a potential to produce 1.4 million tons of sugarcane, bringing Zimbabwe's total sugarcane production potential to about 4.4 million tons.

However, the full potential of the sugar industry is not being realized. There is recognition that development of private cane farmers is central to the growth of the industry. Currently, private cane

growers are producing about 60 percent of the industry's potential. A government initiative aimed at increasing the supply of sugarcane from private farmers through re-establishing and expanding sugarcane area and yield was launched in the 2010/11 MY, under the Successful Rural Sugarcane Farming Community Project (SusCo). The four year program's goal is to assist and accelerate cane replanting in order to increase sugarcane output to the full potential of 1.4 million tons by 2015.

However, dry weather conditions slowed planting activities and a total of 2,340 hectares was planted in 2012, out of a targeted 4,000 hectares. Since its launch, the SusCo program has established a total of 8,604 hectares, which is 72 percent of a targeted area of 12,000 hectares. Despite missing some of the planting targets, the private cane farmers' contribution to total sugarcane production in Zimbabwe in the 2012/13 MY, increased by 60 percent to 852,915 tons, compared to 531,990 tons in 2011/12 MY.

The lowveld experienced a prolonged dry period in the 2012/13 MY resulting in low water levels in dams servicing the irrigation system that sustains the sugar plantations. Successive poor rainfall seasons in the main catchment areas and low inflows reduced water availability in the major supply dams and water was a major limitation to production. As a water mitigation measure, the scale of cane expansion and root replanting for both private growers and large company estates were reduced in the 2012/13 MY. These activities will resume once the dam levels improve. However, the industry remains optimistic that with careful water management, supplying dams will have adequate water to irrigate the entire crop in 2013/14 MY, and is focused on achieving a complete turnaround by the 2016/17 MY.

The Sugar Association estimates that 3.9 million of tons of sugarcane will be cut and harvested from 44,800 hectares in the 2013/14 MY, which commenced on 1st April, 2013. Sugarcane yield in 2013/14 MY is projected to improve to about 85 tons per hectare, premised on improved climatic conditions and implementation of good agricultural practices by growers.

Table 1: Production data of sugarcane and sugar in Zimbabwe from 2009/10 marketing season

Season	Area harvested (ha)	Cane crushed (MT)	Yield MT/ha	Sugar production (MT)	Cane/sugar ratio
2013/14*	44,800	3,880,000	85.0	460,000	8.43
2012/13	53,486	3,929,056	73.4	478,000	8.22
2011/12	42,828	3,058,000	71.4	372,000	8.22
2010/11	40,663	2,692,000	66.2	332,000	8.11
2009/10	36,174	2,338,300	64.6	258,962	9.03

*estimate

Table 2: PSD table for sugarcane

Sugarcane for Centrifugal Zimbabwe	2011/2012	2012/2013	2013/2014
	Market Year Begin: Apr	Market Year Begin: Apr	Market Year Begin: Apr

	2011		2012		2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	38	43	45	53		45
Area Harvested	35	43	38	53		45
Production	3,000	3,058	3,500	3,929		3,880
Total Supply	3,000	3,058	3,500	3,929		3,880
Utilization for Sugar	3,000	3,058	3,500	3,929		3,880
Utilizatn for Alcohol	0	0	0	0		0
Total Utilization	3,000	3,058	3,500	3,929		3,880
1000 HA, 1000 MT						

Sugarcane area harvested and cane crushed in the 2012/13 MY increased, compared to the 2011/12 MY, mainly due to 536,000 tons of sugarcane, grown specifically for ethanol production, that was channeled to sugar mills, following production challenges at the Chisumbanje ethanol plant. A total of 3.9 million tons of sugarcane was crushed in 2012/13MY, an increase of 29 percent from 3.06 million tons crushed in 2011/12 MY.

Commodities:

Sugar, Centrifugal

Production:

Zimbabwe’s sugarcane is crushed and milled at Triangle and Hippo Valley sugar mills with a combined capacity to crush 4.8 million tons of cane in a 38 week crushing season and an installed milling capacity of around 640,000MT sugar per annum. Refining capacity is 150,000 tons per annum.

Table 3: PSD table for sugar

Sugar, Centrifugal Zimbabwe	2011/2012	2012/2013	2013/2014
		Market Year Begin: Apr 2011	Market Year Begin: May 2012

	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	110	110	107	107	112	73
Beet Sugar Production	0		0	0	0	0
Cane Sugar Production	372	372	430	478	430	460
Total Sugar Production	372	372	430	478	430	460
Raw Imports	0	0	0	22	0	20
Refined Imp.(Raw Val)	40	40	20	56	20	50
Total Imports	40	40	20	78	20	70
Total Supply	522	522	557	663	562	603
Raw Exports	135	135	160	201	160	200
Refined Exp.(Raw Val)	0	0	0	0	0	0
Total Exports	135	135	160	201	160	200
Human Dom. Consumption	280	280	285	389	287	336
Other Disappearance	0	0	0	0	0	0
Total Use	280	280	285	389	287	336
Ending Stocks	107	107	112	73	115	67
Total Distribution	522	522	557	663	562	603
1000 MT						

Sugar production in Zimbabwe is forecast to decrease by about four percent to 460,000 tons in the 2013/2014 MY, due to the reduction of irrigation and reduced rate of cane expansion and root replanting. Current water mitigation measures and the likely completion of the Tokwe Mukosi dam at the end of 2013 will enable the industry to sustain current levels of production. The 2012/2013 MY production of 478,000 tons was an increase of 29 percent from the 372,000 tons in the 2011/12 MY. The increase can be attributed to higher cane deliveries from private farmers, better cane yields and improved mill efficiencies following significant investment in mill refurbishment and rehabilitation.

Consumption

Total domestic sugar consumption in 2012 reached 389,000MT. The industry's annual domestic sales in 2012 reached 258,000 tons. Demand for locally produced sugar was reasonably firm despite a general low level of liquidity in the country and is expected to remain firm in 2013/14 MY. Sugar imports of 78,467 tons in 2012 complemented local supply.

Sugar in Zimbabwe is largely consumed directly, with a very small percentage consumed through value-added products. The industry is currently not producing alternative sweeteners. Per capita consumption of sugar in 2012, estimated at 31.95kg raw sugar value per person, was higher than the 2011 consumption of 28.88kg raw value per person. Annual domestic sugar sales are expected to remain firm and stable at about 260,000MT in 2013/14 MY.

Domestic prices

The wholesale price of sugar in the country is 46.95 US cents per lb, while the retail price is 49.90 US cents per lb.

Trade

Trade will be impacted by the current international dynamics on sugar prices. World market prices are at their lowest in many years (\$0.16/lb) due to high stocks and high production in Brazil and India. The market is currently over-supplied with out-of-quota beet sugar and imports from the world market at reduced levies and import duties putting downward pressure on sugar prices. Zimbabwe, through the EU Sugar Adaptation Strategy, has duty-free and quota-free access into the European Union.

A total of 201,630 tons of raw sugar was exported to the EU in 2012/13 MY under preferential market arrangements, an increase of 77 percent from the 113,940 tons that was exported in the 2011/12 MY. Duty-free and quota-free exports to the EU are forecast to remain around 200,000 tons in 2013/14 market season. Zimbabwe's market to the EU is secure up to the year 2015 and can export duty-free and quota free sugar to the EU afterwards, subject to the 'safeguard clause' of the Economic Partnership Agreement with the EU.

Table 4: Exports of sugar to other countries

Exports

Export Trade

Country	Zimbabwe	
Commodity	Sugar, Centrifugal	
Time Period	CY	Units: MT
Exports for:	2011	2012
U.S.	0	U.S. 0
Others		Others
EU	113,940	EU 201,630
Total for Others	113,940	201,630
Others not Listed	0	0
Grand Total	113,940	201,630

Zimbabwe imported 78,467 tons of sugar comprising 56,661 tons refined and 21,806 tons of raw from the SADC region duty-free in 2012, mainly by retailers, as illustrated in Table 5 below.

Table 5: Imports of sugar in 2012

Country of import	Quantity of raw sugar imported (MTRV)	Quantity of refined sugar (MTRV)
South Africa	10,114	49,536
Malawi	3,393	870
Zambia	4,020	786
Botswana	80	-
Other	4,199	5,469

Total	21,806	56,661
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