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Global Agricultural Information Network

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Zimbabwe

Sugar Annual

The report discusses sugar production and demand in Zimbabwe

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Report Highlights:

Sugar cane production in Zimbabwe is expected to reach 3 million metric tons (MT) in the 2011/12 marketing season on the back of higher yields, which will produce 372,000MT of sugar. In 2010/11 marketing season, 2.7 million tons of sugar cane were crushed, 15 percent more than the previous season, from an area of 35,290 hectares. Total sugar production in the 2010/2011 season increased by 29 percent to reach 335,000MT. Zimbabwe exported 135,000MT sugar in 2010, mainly to the United States and the European Union.

Executive Summary:

Sugar cane production in Zimbabwe is expected to reach 3 MMT in the 2011/12 marketing season on the back of higher yields. In 2010/11 marketing season, 2.7 MMT of sugar cane were crushed, 15 percent more than the previous season, from an area of 35,290 hectares. Zimbabwe's sugar output in 2011/12 is anticipated to increase by 11 percent to 372,000MT from 335,000MT in 2010/11 marketing season due to better yields and improvements in sugar milling.

The European Union has provided financial support to the Zimbabwe sugar industry under the Zimbabwe Sugar Adaptation Strategy Funding to rehabilitate and improve sugar cane production. Part of the strategy is to focus on improving sugar cane production from out growers whose cane input to the mills has greatly declined.

Total raw sugar exports are projected to reach 135,000MT with European Union and United States being the export destinations. Following dollarization of the economy in 2009, domestic sales prices are now in line with regional prices and currently there is no incentive for continued exports of sugar to the regional market.

Sugar cane**Production**

Sugar cane production in Zimbabwe takes place in the south-east, low-altitude area also known as the lowveld where the crop is produced under irrigation. Two large privately owned estates Triangle and Hippo Valley produce about 80 percent of the crop. Tongaat Hulett, a South African based sugar company, is the largest shareholder via its wholly-owned subsidiary, Triangle Sugar Corporation Ltd, which has a 50.4 percent stake in Hippo Valley Estates. The remaining 20 percent of the crop is produced by commercial and newly resettled farmers.

In 2010/11 marketing season close to 2.7 MMT of sugar cane were crushed, 15 percent more than the previous season, from an area of 35,290 hectares. The 2010/11 season average yield improvement of 76.4MT/ha compared to 64.64 MT/ha in 2009/10, can be partly attributed to timely application of fertilizers and herbicides. In addition, climatic conditions were excellent and conducive to sugar cane growth, with long sunshine hours and high heat units. Dams supplying the sugar estates with irrigation water also had adequate water for a full allocation in the 2010/2011 growing season.

Sugar cane yields are expected to improve further in the 2011/12 marketing season and production is forecast to increase to about 3 MMT of sugar cane from a similar number of hectares as in the 2010/11 marketing season. This is mainly due to availability of production inputs such as fertilizers, chemicals and fuel in the country following the dollarization of Zimbabwe's economy in 2009 and the availability of adequate water reserves. The 2011/12 season average yield is estimated to improve to about 85MT/ha.

In Table 1, the production data of sugar cane and sugar in Zimbabwe from the 2006/07 marketing season are shown.

Table 1: Production data of sugar cane and sugar in Zimbabwe from the 2006/07 marketing season

Season	Area (ha)	Cane crushed (MT)	Yield MT/ha	Sugar production (MT)	Cane/sugar ratio
2011/12 (forecast)	35,290	3,000,000	85.0	372,000	8.06
2010/11 (estimate)	35,290	2,695,828	76.4	332,000	8.12
2009/10	36,174	2,338,300	64.6	258,962	9.03
2008/9	35,320	2,582,200	68.8	297,864	8.67
2007/8	35,580	2,897,149	81.4	349,269	8.29
2006/7	43,480	3,681,784	84.7	446,654	8.24

Currently, total sugar cane delivered to the mills is much less than the 4.8 MMT combined crushing capacity of Hippo Valley and Triangle, hence there is scope to significantly improve cane production. Further improvement in sugar cane supply to the mills is being addressed through improving sugar cane yields by all sugar cane producers. Of key importance is unlocking the full potential of the out grower sugar cane scheme that is estimated at 16,000 hectares. The European Union has provided Zimbabwe with €45 million under the Zimbabwe Sugar Adaptation Strategy Funding to rehabilitate and improve sugar cane production. Part of the strategy is to focus on out growers whose cane input to the mills has greatly declined. Rehabilitation of 1,200 hectares of land and flood irrigation canals is underway and is expected to be completed by mid-year 2011. The EU under its Program of Accompanying Measures for Sugar Protocol Countries (PAMSSPC) will provide a further €13.7 million to support and rehabilitate vulnerable small holder sugar producers in the 2011/12 growing season.

Other sugar cane developments

An estimated 5,000 hectares of sugar cane for processing into ethanol has been planted at two large estates in the Lowveld as part of an agreement between a quasi-government organization, Agricultural Rural and Development Authority (ARDA) and two private companies. The two estates namely, ARDA Middle Sabi and ARDA Chisumbanje, have large expanses of land and between them are growing an estimated 5,000 hectares as part of a 'build, operate and transfer' (BOT) arrangement with the private investors. Under the agreement, ARDA provides land for the project while the private investors mobilize capital resources. Green Fuels is the large scale ethanol plant under construction whose key components are being imported from Brazil and shipped through Durban. Under the BOT agreement the entire project will be handed over to ARDA at the end of the 20 year period.

Construction of the first phase of Green Fuel ethanol distillery plant at Chisumbanje is nearing completion and is scheduled to be commissioned in June 2011, with output projected to reach 350,000 liters anhydrous ethanol per day. The plant is expected to produce enough ethanol to meet the country's requirements by year 2020.

The 5,000 hectares sugar cane that has been established will be ready for processing into ethanol in June 2011, when the ethanol plant is expected to start operating. The sugar cane area planted for ethanol production is currently being expanded.

Sugar Cane for Centrifugal Zimbabwe	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Apr 2009		Market Year Begin: Apr 2010		Market Year Begin: Apr 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	38	38	38	38		38
Area Harvested	36	36	38	35		35
Production	2,338	2,338	2,565	2,696		3,000
Total Supply	2,338	2,338	2,565	2,696		3,000
Utilization for Sugar	2,338	2,338	2,565	2,696		3,000
Utilization for Alcohol	0	0	0	0		0
Total Utilization	2,338	2,338	2,565	2,696		3,000
TS=TD		0		0		0

Sugar

Production

Total sugar production in the 2011/2012 season, which extends from April 2011 to March 2012, is forecast to increase to 372,000MT from 335,000MT for the 2010/11 marketing year. The 11 percent increase is attributed to better cane yields and improved sugar extraction at the mills. One of the two mills was extensively refurbished in 2010, resulting in better mill performance and the crush rate improving to 400 MT cane per hour.

The Zimbabwe Sugar Industry plans to restore sugar production to the existing capacity of 600,000MT per annum. One of the key strategies to increasing sugar production is through the re-establishment and rehabilitation of the sugar cane plantations and improvements in cane yields. The out grower farming schemes' potential is under exploited and offers great opportunities to increase sugar cane yields and sugar production.

Consumption

Total sugar channeled to the domestic market in 2010/11 marketing season reached 207,000MT. Demand for locally produced sugar was reasonably firm despite a general low level of liquidity in the country. Sugar imports complemented local supply. The sugar industry estimates that 88,500MT refined sugar was imported from South Africa.

Sugar is largely consumed directly, with a very small percentage consumed through value-added products. Per capita consumption in 2010 estimated at 20.22kg raw sugar value per person was marginally higher than the 2008 consumption of 18.21kg raw value per person. Consumption patterns are more influenced by availability rather than price.

Annual sugar sales in the domestic market are expected to reach 267,000MT in 2011/12 marketing year on the back of a recovery in the economy of Zimbabwe.

Domestic prices

Following dollarization of the economy, local sugar prices are now comparable with regional prices. Domestic retail prices of refined sugar have been consistent throughout the year averaging about \$1.00/kg.

Trade

Due to the dollarization of the Zimbabwean economy, domestic sugar prices were higher than regional market prices. Consequently, there were no exports to the regional markets in 2010/11 marketing year and no regional exports are expected in 2011/12 marketing year.

A total of 135,000MT sugar was exported to the United States and the European Union in 2010. It is expected that a similar quantity of 135,000MT will be exported in 2011 to these two destinations. The United States quota in 2011 is 20,119MT and has already been supplied in full. The balance of about 115,000MT will be exported duty free and quota free to the EU. Zimbabwe's market to the EU is secure for the 5 years from September 2009 to 2015 and the country can export duty-free and quota free sugar to the EU subject to the 'safeguard clause' of the Economic Partnership Agreement with the EU.

The table below shows details of raw sugar exports in 2009 and 2010.

Exports			
Export Trade			
Country	Zimbabwe		
Commodity	Sugar, Centrifugal		
Time Period	CY	Units:	MT
Exports for:	2009		2010
U.S.	12,106	U.S.	20,119
Others		Others	
EU	131,300	EU	115,000
Namibia	5,418		
Botswana	164		
Total for Others	136,882		115,000
Others not Listed	0		0
Grand Total	148,988		135,119

Total exports decreased nine percent from 148,988MT in 2009 to 135,119MT in 2010 largely due to no regional exports in 2010. Currently, there is no incentive to export regionally as domestic sugar prices are much firmer compared to the regional prices.

Some refined sugar was imported into the country duty-free mainly by retailers and individuals to augment local supplies and improve availability of basic commodities after the government at the end of

2008 relaxed import regulations and waived duties of basic commodities. The Zimbabwe Sugar Industry estimates that about 88,500MT refined sugar was imported into the country from South Africa.

Sugar, Centrifugal Zimbabwe	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Apr 2009		Market Year Begin: Apr 2010		Market Year Begin: Apr 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	33	33	29	29		110
Beet Sugar Production	0	0	0	0		0
Cane Sugar Production	259	259	350	335		372
Total Sugar Production	259	259	350	335		372
Raw Imports	0	0	0	0		0
Refined Imp.(Raw Val)	39	39	45	88		20
Total Imports	39	39	45	88		20
Total Supply	331	331	424	452		502
Raw Exports	149	149	150	135		135
Refined Exp.(Raw Val)	0	0	0	0		0
Total Exports	149	149	150	135		135
Human Dom. Consumption	153	153	200	207		267
Other Disappearance	0	0	0	0		0
Total Use	153	153	200	236		267
Ending Stocks	29	29	74	110		100
Total Distribution	331	331	424	452		502
TS=TD						