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## Mozambique, Republic of

**Post:** Pretoria

### Sugar Annual Report

**Report Categories:**

Sugar

**Approved By:**

Ross Kreamer

**Prepared By:**

Dirk Esterhuizen and Almeida Zacarias

**Report Highlights:**

The sugar industry is one of Mozambique's agricultural success stories. For the MY 2010/11 season, Mozambique's sugar production is estimated at 281,726 MT Tell Quell (291,586 MTRV), the largest crop since 1975, and 12 percent higher than the previous season. Post expects sugar production will increase by almost 20 percent in the 2011/12 MY to 340,000 MT Tell Quell (351,900 MTRV). In CY 2010, Mozambique exported 107,989 MT of sugar mainly to the European Union and the United States. In CY 2011, sugar exports are expected to increase to 140,000 metric tons (MT) on the back of increased production.

**Executive Summary:**

In the 2010/11 Marketing Year (MY) Post estimates the sugar cane area harvested in Mozambique increased by nine percent to 38,584 hectares. In the 2009/10 MY, Mozambique harvested 35,376 hectares of sugar cane. The sugar cane area harvested is expected to increase further in the 2011/12 MY to 41,000 hectares on an increase in the demand for sugar cane as Mozambique's four commercial mills are now fully operational. It is estimated that Mozambique produced 2.73 MMT of sugar cane in the 2010/11 MY, an increase of almost 19 percent from the 2009/10 MY on the back of an increase in area harvested and better yields due to new varieties. Post expects sugar cane production will increase to 2.95 MMT in the 2011/12 MY as the area planted to sugar cane will increase even further.

For the 2010/11 season, Mozambique's sugar production is estimated at 281,726 MT Tell Quell (291,586 MTRV), the largest crop since 1975. The 2009/10 season sugar production was 252,459 MT Tell Quell (261,295 MTRV). Post expects sugar production will increase by almost 20 percent in the 2011/12 MY to 340,000 MT Tell Quell (351,900 MTRV), due to higher cane production. Domestic sugar consumption in Mozambique for 2010 was estimated at 193,400 MT compared to 185,632 MT in 2009. Sugar consumption is expected to grow by almost four percent in 2011 to 201,000 MT on the back of increased economic growth. In 2010, Mozambique exported 107,989 MT of sugar mainly to the European Union and the United States. In 2011, sugar exports are expected to increase to 140,000 MT on the back of increased production.

**General Information:**

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## The Structure of Mozambique's Sugar Industry

The sugar industry is one of Mozambique's agricultural success stories. Sugar is Mozambique's second largest agricultural export product after tobacco, and represents approximately 25 percent of total agricultural exports or three percent of Mozambique's total exports.

The Mozambique sugar industry consists of four major commercial sugar companies, each with their own sugar estates and mills. These four companies are Maragra, Xinavane (both in the Maputo province), Marromeu and Mafambisse (both in the Sofala Province). The Mozambique government still owns shares in three of the four sugar companies (see Table 1 and Figure 1), but is in the process of decreasing their shareholding as privatization is one of the government's objectives. Two South African sugar companies, Illovo and Tongaat-Hulett, invested in Mozambique's sugar industry. Illovo Sugar holds the majority share in Maragra and Tongaat-Hulett the majority shares in Xinavane and Mafambisse.

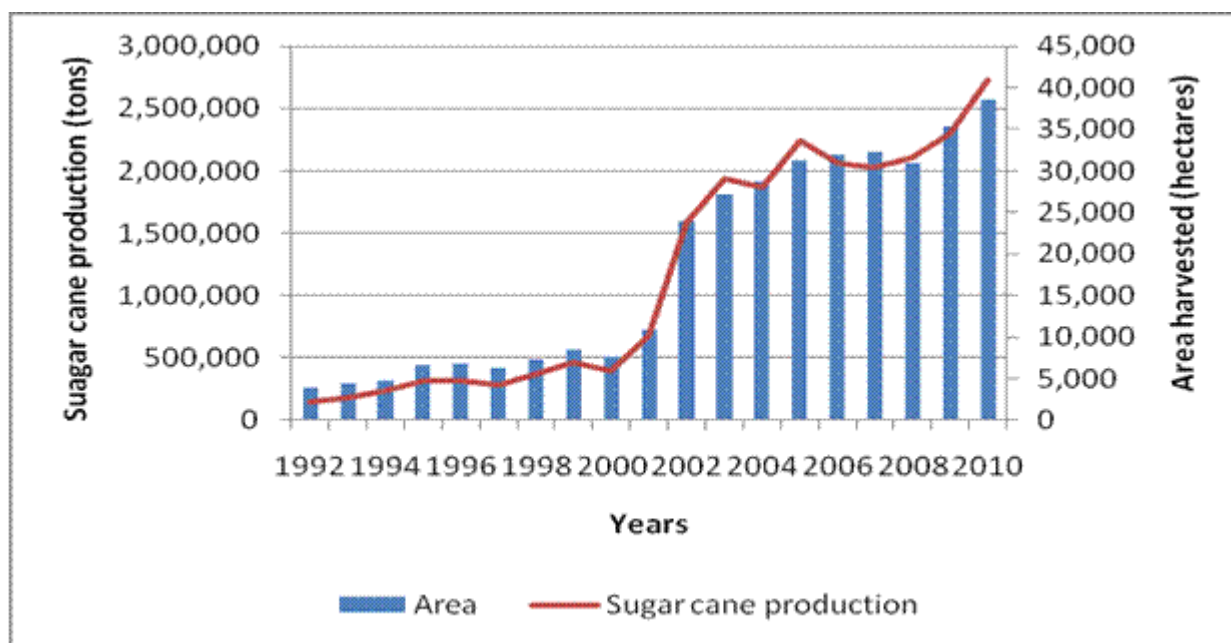
**Table 1. Mozambique: The Structure of the Sugar Industry**

Company	Ownership	Shares (%)
<b>Maragra Sugar Manufacturer</b>		
<i>Maragra Sugar, Pvt</i>	Maragra SARL	26
	Illovo Sugar Ltd.	74
<i>Maragra Comercial, Pvt.</i>	Maragra SARL	75
	Others	25
<b>Xinavane Sugar Manufacturer, Pvt.</b>	Mozambique Government	12
	Tongaat-Hulett Ltd.	88
<b>Mozambique Sugar Manufact, Pvt. (Mafambisse)</b>	Tongaat-Hulett Ltd.	75
	Mozambique Government	25
<b>Sena Company, Pvt. (Marromeu )</b>	Sena Holding Co.	65
	Térios Group	22
	Mozambique Government	13

Source: CEPAGRI.

### **Production:**

Following the end of the civil war in 1992, the Mozambique government made the decision to rehabilitate and modernize the sugar industry. Given its natural resources, Mozambique has a comparative advantage in producing sugar over neighboring countries. As a result of the rehabilitation program, the area planted to sugar increased 10-fold from about 4,000 ha in 1992 to more than 40,000 hectares in 2010. Sugar cane milled increased from 151,000 MT in 1992 to almost 2.73 MMT in 2010 (see also figure 1).



**Figure 2: The area harvested and production of sugar cane in Mozambique since 1992**

In the 2010/11 MY, Post estimates the sugar cane area harvested increased by nine percent from the previous year to 38,584 hectares. In the 2009/10 MY, 35,376 hectares of sugar cane were harvested, 14 percent more than the 30,982 hectares harvested in the 2008/09 MY. The sugar cane area harvested is expected to increase further in the 2011/12 MY to 41,000 hectares, on a sustainable increase in the demand for sugar cane as Mozambique's four commercial mills are now fully operational.

It is estimated that Mozambique produced 2.73 MMT of sugar cane in the 2010/11 MY, an increase of almost 19 percent from the 2009/10 MY on the back of an increased in area harvested and better yields due to new varieties. Post expects sugar cane production will increase to 2.95 million tons in the 2011/12 MY as sugar cane area will increase even further.

Table 2 illustrates the area harvested, the yield and sugar cane production in Mozambique for the 2008/09 (actual), 2009/10 (actual), 2010/11 (estimate) and 2011/12 (forecast) marketing years.

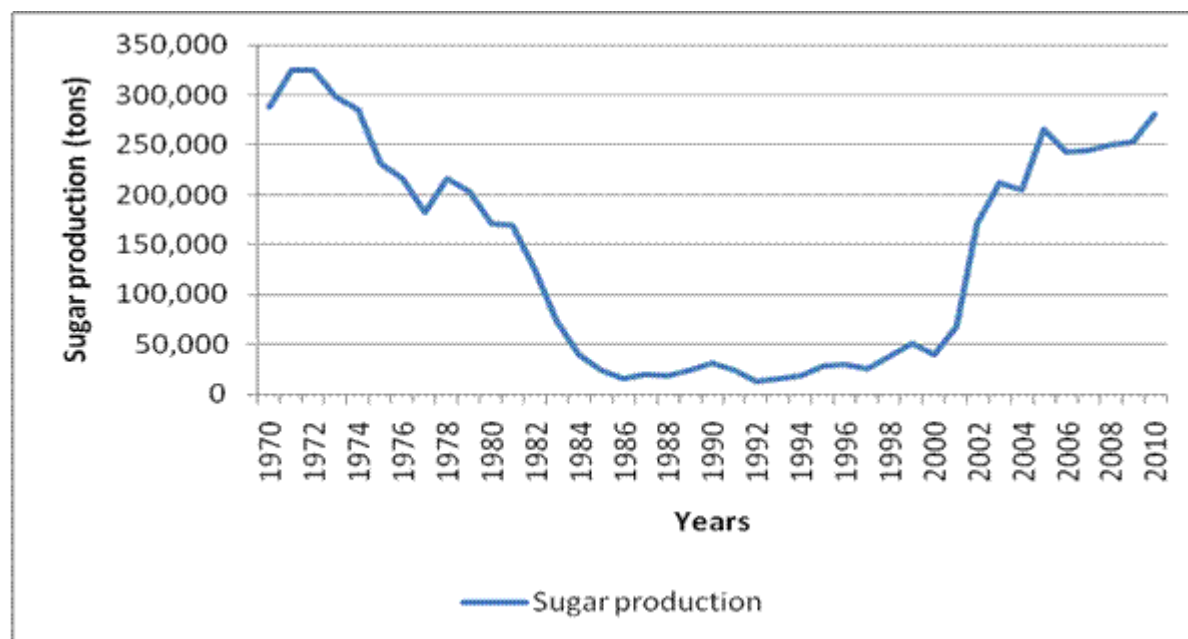
**Table 2: The production of sugar cane in Mozambique**

Season	Area harvested (HA)	Yield (MT/HA)	Cane crushed (MT)
2008/09	30,982	67.9	2,104,807
2009/10	35,376	64.9	2,296,577
2010/11	38,584	70.7	2,728,541
2011/12	41,000	71.8	2,945,000

Sugar Cane for Centrifugal Mozambique	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted		35		39		41
Area Harvested		35		39		41
Production		2,297		2,729		2,945
Total Supply		2,297		2,729		2,945
Utilization for Sugar		2,297		2,729		2,945
Utilizatn for Alcohol		0		0		
Total Utilization		2,297		2,729		2,945
1000 HA, 1000 MT						

## Sugar Production

Prior to the civil war, which began in 1975 and lasted until 1992, Mozambique produced more than 300,000 MT of sugar annually. Mozambique is again, after 20 years of rehabilitation, almost on that same level as it produced 281,726 MT of sugar in the 2010/11 MY. Industry estimates are that it will surpass the 300,000 MT mark in the 2011/12 MY. In Figure 2 the production of sugar in Mozambique since 1990 is illustrated. The figure clearly illustrates the impact of the war on sugar production in Mozambique and the positive effect of the rehabilitation program.



**Figure 3: The production of sugar in Mozambique since 1970**

For the 2010/11 season, Mozambique's sugar production is estimated at 281,726 MT Tell Quell

(291,586 MTRV), the largest crop since 1975. The cane to sugar ratio was 9.69. The 2009/10 season sugar production was 252,459 MT Tell Quell (261,295 MTRV), one percent more than in the 2008/09 season. Post expects sugar production will increase by almost 20 percent in the 2011/12 MY to 340,000 MT Tell Quell (351,900 MTRV) on higher cane production. Table 3 illustrates the production of sugar in Mozambique for 2008/09 (actual), 2009/10 (actual), 2010/11 (estimate) and 2011/12 (forecast) marketing years.

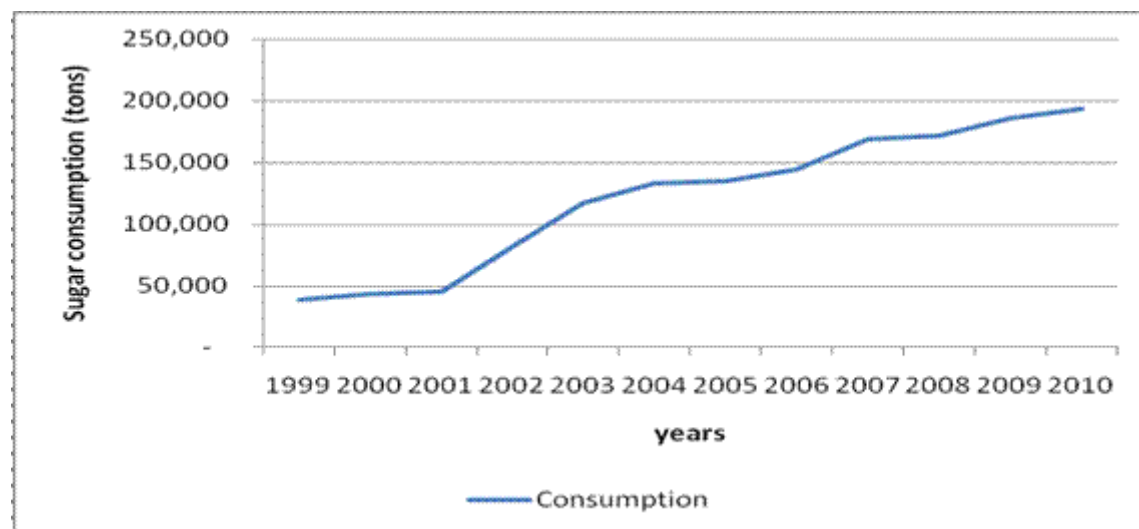
**Table 3: The production of sugar in Mozambique**

Season	Cane crushed (MT)	Sugar production (MT*)	Cane/sugar ratio
2008/09	2,104,807	250,191	8.41
2009/10	2,296,577	252,459	9.10
2010/11	2,728,541	281,726	9.69
2011/12	2,945,000	340,000	8.66

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

### Consumption:

Domestic sugar consumption in Mozambique for 2010 was estimated at 193,400 MT compared to 185,632 MT in 2009. Although sugar consumption has increase by an average eight percent per annum the past eight years, the per capita consumption is still low at only about 9kg per annum. The growth in Mozambique's sugar consumption occurred in line with the strong economic recovery experienced after the war. The per capita GDP in 2008 was estimated at US\$956, a significant increase over the mid-1980s level of US\$120. Between 1994 and 2006, Mozambique's average annual GDP growth was approximately eight percent. After the economic crisis of 2008, economic growth was cooled down with an average growth rate of about six percent per annum. Figure 3 illustrates the growth in sugar consumption in Mozambique since 1999. Sugar consumption is expected to grow by almost four percent in 2011 to 201,000 MT. About 80 percent of all sugar consumed in Mozambique is brown unrefined sugar as there are no "white end" refining mills in Mozambique. The 20 percent white sugar consume is imported, mainly from South Africa.

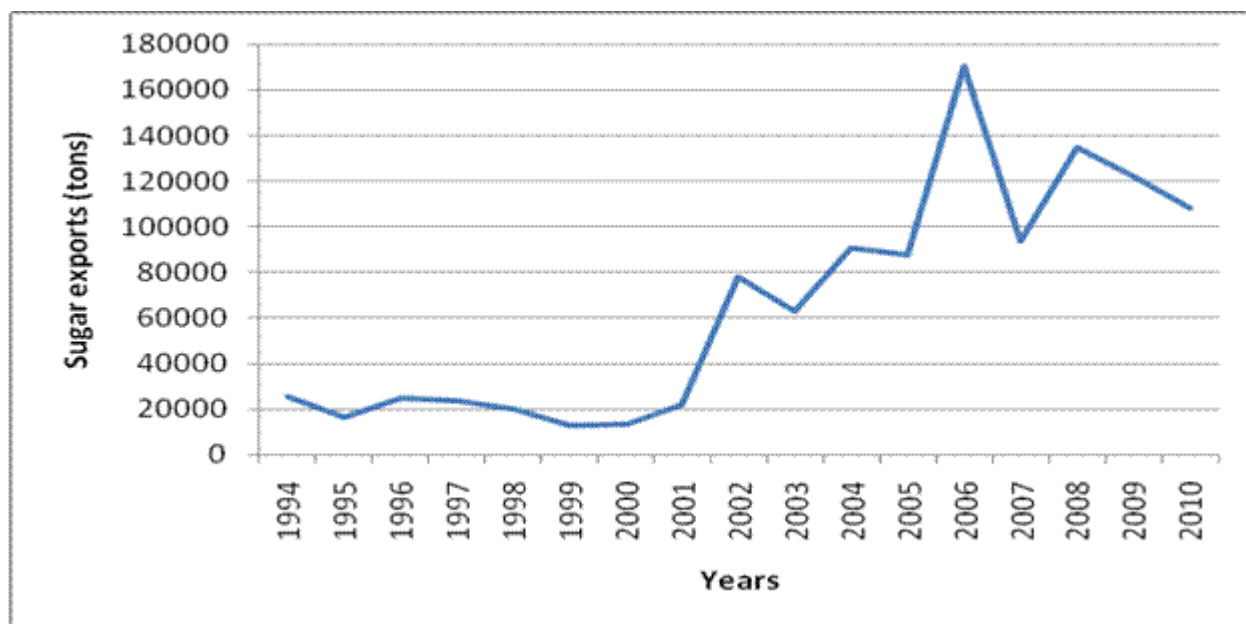


**Figure 4: The growth in sugar consumption in Mozambique since 1999**



## Trade:

Mozambique's sugar exports increased from 25,500 MT in 1994 to a record of 170,311 in 2006 (see also Figure 4). Last year, Mozambique exported 107,989 MT of sugar at a value of \$50.7 million. The National Sugar Distributor (DNA) is responsible for most of Mozambique's sugar imports and exports. Mozambique exports sugar to basically only two markets, namely, the European Union (EU), under the new Economic Partnership Agreements (EPA) introduced in 2009, and the United States under the Tariff Rate Quota, both agreements allow access on preferential terms.



**Figure 5: Mozambique's sugar exports from 1994**

Of the 107,989 MT of sugar exported in 2010, 82,989 MT were exported to the EU market and 24,989 to the United States. In 2009, Mozambique exported 122,000 MT of sugar. The decrease in sugar exports is due to the increase in local consumption of sugar. In 2011, sugar exports are expected to increase to 140,000 on the back of a 20 percent increase in production. Table 4 illustrates the exports of Mozambique sugar to the different markets for the 2008/09 (actual), 2009/10 (actual), 2010/11 (estimate) and 2011/12 (forecast) marketing years.

**Table 4: The exports of Mozambique sugar to different markets**

Year	EU Market	USA Market	SACU market	Total Exports	Value
2008	134,796			134,796	US\$65 million
2009	122,000			122,000	US\$58 million







(Left to Right) FAS Attaché L.W. Terry, FEWSNET Director for Mozambique Olanda Batta, FAS Agricultural Specialist Almeida Zacarias, Illovo Sugar Representative Roy Ducroy.

Above: The group observes sugar production areas in Maputo Province, Mozambique.