



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 4/10/2002

GAIN Report #SF2009

South Africa, Republic of

Sugar

Annual

2002

Approved by:

Richard Helm

U.S.Embassy, South Africa

Prepared by:

Herman Germishuis

Report Highlights:

South Africa's 2002/2003 cane milling season started April 1. Sugar production is expected to reach 2.725 million metric ton raw value, an increase of 7.2% on the previous crop. The increase is due to better weather conditions, a small increase in area planted and a return to normal production cycles after the recent record crop. Sugar production will be sufficient to supply domestic needs and allow exports of about 1.3 million tons.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Pretoria [SF1] SF

Executive Summary	1
SUGAR CANE	2
Production	2
SUGAR	3
Production	3
Consumption	4
Trade	4
Stocks	5
Marketing	6

Executive Summary

The 2002/2003 South African sugar production season started on April 1 this year. As a result final 2001/2002 data are not yet available while only preliminary forecasts have been made for 2002/2003. Coupled with the fact that South Africa produces high Pol sugar which has to be converted to 96* Pol raw value, some figures may look strange to readers who follow the South African Sugar Association's (SASA) publications.

After an all time record sugar production 2.895 million mtrv. in 2000/2001, 2001/2002 production was a more "normal" 2.542 million mtrv. Indications are that the 2002/2003 production could reach 2.725 million mtrv.

Production cycles, weather and a slow increase in the area planted are some of the reasons given for the variations in production. Domestic consumption runs at about 1.37 million mtrv. while the rest is exported. SASA runs a sophisticated marketing system for raw sugar exports while domestic sales and refined and bagged sugar exports are left to the private sector. As a result of a successful small farmer empowerment program, small farmers make up the bulk of sugar producers, which gives the industry some political clout in its dealings with government. the recent devaluation of the SA Rand has helped export income, including sales under the U.S. sugar quota.

<http://www.sugar.org.za>

<Http://sacanegrowers.co.za>

US Dollar = Rand 11.15 (04/10/2002)

SUGAR CANE

PSD Table						
Country	South Africa, Republic of					
Commodity	Sugar Cane for Centrifugal				(1000 HA)(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		04/2000		04/2001		04/2002
Area Planted	427	427	430	433	0	437
Area Harvested	322	322	325	330	0	332
Production	23876	23876	21935	21157	0	22685
TOTAL SUPPLY	23876	23876	21935	21157	0	22685
Utilization for Sugar	23876	23876	21935	21157	0	22685
Utilizatn for Alcohol	0	0	0	0	0	0
TOTAL UTILIZATION	23876	23876	21935	21157	0	22685

Production

After a record cane crop of 23,876,000 tons was produced in the 2000/2001 season, the 2001/2002 crop dropped to only 21,157,000 tons, mainly due to less favorable weather and the fact that the long previous season probably affected the production cycle on some farms. The 2002/2003 cut is currently expected to reach about 22,685,000 tons. The cutting and milling season usually runs from April to December with marketing of the sugar continuing up to March of the second year. The following table contains the details:

Season	Cane cut '000 mt.	Yield/hectare Mt./ha harvested	Tell quell Sugar Mt.	Tons cane/ton sugar, mt.
1998/1999	22,930	72.5	2,646,172	8.67
1999/2000	21,223	67.7	2,531,805	8.38
2000/2001	23,876	74.2	2,729,219	8.77
2001/2002 prelim.	21,157	64.2	2,395,639	8.83
2002/2003 forecast	22,685	68.3	2,569,000	8.83

The 2001/2002 area planted amounted to 432,777 hectares and 329,589 hectares were harvested during the season. The 2002/2003 area planted is 436,827 hectares and the expected area to be cut is 332,000 hectares.

SUGAR

PSD Table						
Country	South Africa, Republic of					
Commodity	Centrifugal Sugar				(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		04/2000		04/2001		04/2002
Beginning Stocks	530	530	455	515	250	405
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	2895	2895	2690	2542	0	2725
TOTAL Sugar Production	2895	2895	2690	2542	0	2725
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	260	260	270	263	0	265
TOTAL Imports	260	260	270	263	0	265
TOTAL SUPPLY	3685	3685	3415	3320	250	3395
Raw Exports	1205	1200	1100	1065	0	1000
Refined Exp.(Raw Val)	375	320	400	215	0	300
TOTAL EXPORTS	1580	1520	1500	1280	0	1300
Human Dom. Consumption	1640	1640	1655	1630	0	1650
Feed Dom. Consumption	10	10	10	5	0	10
TOTAL Dom. Consumption	1650	1650	1665	1635	0	1660
Ending Stocks	455	515	250	405	0	435
TOTAL DISTRIBUTION	3685	3685	3415	3320	0	3395

Production

After harvesting nearly one million tons of cane more than ever before in 2000/2001, the industry produced 2.729 million tons of Tell quell sugar. This equates to 2.895 million tons raw value as the Pol. factor reached 99.5. Preliminary figures indicate that the 2001/2002 production reached 2.395 million tons Tell quell or 2.542 million mtrv. The current forecast for 2002/2003 production is 2.569 million tons Tel quell and 2.725 million mtrv.

Consumption

Consumption figures are influenced by sugar from Swaziland, a member of the Southern African Customs Union, reaching the domestic market. Domestic sales from South African production only, in Tell quell form, can be supplied:

Domestic sales, mt.	1998/1999	1999/2000	2000/2001	2001/2002 Est.
Total	1 220 380	1 230 035	1 311 096	1 300 000
White sugar	1 072 230	1 069 494	1 140 308	1 130 000
Brown sugar	148 150	160 551	170 788	170 000
Direct sales	808 884	811 591	879 529	865 000
%	66.3	66.0	67.1	66.5
Industrial sales	411,496	418,454	431,567	435 000
%	33.7	34.0	32.9	33.5
Per capita, kg.	28.1	27.9	29.3	29.0

The "imports" from Swaziland must then be added to the South African Sugar Association (SASA) sales to get total local consumption. This is not the real picture as Swaziland only shows South African Customs Union (SACU) sales, and not direct sugar imports to South Africa. Swazi consumption is estimated at about 30,000 tons but there are drinks and sweets factories in the country which are selling in the South African market.

Trade

Officially, according to the South African Revenue Service, (SARS) total imports during 2001 amounted to 150 tons, limited by the R784/ton import duty. In reality "imports" from Swaziland are not shown because of the Customs Union.

The calendar year 2001 exports, according to SARS, amounted to 1.2 million tons with the bulk of the sales going to Korea, Japan, Iran and Pakistan. The 151,600 tons shown as exported to Mozambique included about 32 to 37,000 tons for Mozambique the rest being regular South African overseas exports channeled through the Port of Maputo. The Mpumalanga production area is very close to Maputo and moving the stocks through the facility lead to considerable cost savings. The 54,200 tons shown as exported to the US include quota sugar from two quota years. The following table contains the details:

Export Trade Matrix			
Country	South Africa, Republic of		
Commodity	Centrifugal Sugar		
Time period	Jan-Dec	Units:	
Exports for:	2001		2002
U.S.	54200	U.S.	
Others		Others	
Korea	215000		
Japan	202000		
Mozambique	151600		
Iran	133500		
Pakistan	112800		
Malaysia	98000		
Philippines	71700		
Saudi Arabia	35000		
Russian Fed.	35000		
Bulgaria	25000		
Total for Others	1079600		0
Others not Listed	73200		
Grand Total	1207000		0

Stocks

There was a stock buildup at the end of the 2001 season as exports were delayed to take advantage of a stronger market. It appears that stocks are back to normal again.

Marketing

A major reform arising out of the Sugar Agreement 2000 was the introduction of a new producer payment system based on the "recoverable value" (RV) contained in the sugar cane delivered to the mills. This increases the incentive to growers to produce a quality product, in particular to decrease the non-sucrose content of the juice extracted from the cane. Crucial to achieving this aim is the need to limit time delays between harvesting and crushing. The following table includes recent producer prices.

Season	Sucrose RV Rand/mt.	Cane Rand/mt.
1998/99	1046.62	125.85
1999/00	971.09	121.36
2000/01	1105.00	130.50
2001/02	1353.78	129.50 est.