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South Africa, Republic of

Sugar

Sugar Annual report, South Africa 1999

Prepared by:

Joseph Lopez

U.S. Embassy, Pretoria

Drafted by:

Harry Germishuis

Report Highlights:

South African sugar production is expected to decline by about 260,000 tons to 2.55 million metric tons raw value during the 1999/2000 season. This is mainly due to a drought experienced during February and March 1999. Exports will be affected by the decline dropping to about 1.175 million tons compared to the 1.436 million tons exported during 1998.

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

Executive Summary	1
PS&D Sugar cane	1
Production	1
PS&D SUGAR	3
Production	3
Consumption	3
Trade	4
Stocks	5
Policy	5
Marketing	6

Executive Summary

South Africa's FAS 1999 sugar cane crop is currently expected to reach about 22.25 million tons, 680,000 tons smaller than the 1998 crop. The decline is mainly due to a late summer drought during February, March 1999. Sugar production is expected to reach about 2.55 million tons raw value, 260,000 tons less than the 2.8 million tons produced during 1998. The decline in the crop will be reflected in the exports which is expected to decline to 1.175 million tons.

U.S. Dollar 1 = S.A. Rand 6.20 April 9, 1999.

PS&D Sugar cane

South Africa	1998	1999	2000
Market year begin	04/1997	04/1998	04/1999
Area planted '000 ha.	421	428	433
Area harvested '000 ha.	297	321	315
Production '000 mt.	22 155	22 930	22 250
Total sully	22 155	22 930	22 250
Used for sugar	22 155	22 930	22 250
Used for alcohol	0	0	0
Total use	22 155	22 930	22 250

Production

South Africa's 47,000 sugar cane farmers produce over 20 million tons of cane annually. More than 45,000 are small holders who produce approximately 17.5% of the crop. There are about 2,000 large growers who are responsible for more than 66% of production while milling companies produce about 16.5% on their own estates. Good summer rains helped the 1997/98 crop to a new record only to be surpassed by the 1998/99 crop.

The 1999/2000 crop, however, suffered in the current late summer drought and at this stage both the amount of cane cut and sugar production is expected to decline compared to the previous two seasons. The following table contains the details.

Sugar cane	1996/97	1997/98	1998/99	1999/2000
Area planted, ha.	411 297	421 038	427 646	432 500
Area harvested, ha.	299 655	296 575	321 381	315 000
Cane cut, mt.	20 950 894	22 154 775	22 930 324	2 250 000
Sugar production tell quell 99.5* Pol.	2 269 195	2 412 914	2 646 172	2 400 000
Raw value 96*Pol.	2 407 616	2 560 102	2 807 588	2 546 000
Ave. Rainfall mm.	1 221	967	1 001	
Cane Yield mt./ha.	69.9	74.7	71.3	68.5
Cane/sugar ratio	9.23	9.18	8.67	9.27
Sucrose % cane	12.60	12.63	13.36	12.50

The table shows that the cane yield per hectare is expected to decline this season and coupled to a decline in the expected sucrose yield, sugar production is expected to decline to about 2.55 million metric ton raw value (mtrv.), compared to the 2.8 million mtrv. produced in 1998/99.

Under the sugar agreement producer prices are calculated annually (See Policy section) The following table contains the details:

Sucrose and cane producer prices, Rand /metric ton

	Sucrose		Cane	
Season	A pool	B Pool	A Pool	B pool
1994/95	833.50	639.73	104.52	80.22
1995/96	886.27	639.90	105.20	75.96
1996/97	872.23	721.33	109.90	90.89
1997/98	958.19	756.83	121.02	95.59
1998/99	942.01		125.85	

PS&D SUGAR

PSD Table						
Country:	South Africa, Republic of					
Commodity:	Sugar					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		04/1997		04/1998		04/1999
Beginning Stocks	374	374	369	375	417	375
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	2408	2413	2560	2808	2600	2546
TOTAL Sugar Production	2408	2413	2560	2808	2600	2546
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	53	48	53	52	56	54
TOTAL Imports	53	48	53	52	56	54
TOTAL SUPPLY	2835	2835	2982	3235	3073	2975
Raw Exports	811	765	920	1000	850	825
Refined Exp.(Raw Val)	245	328	240	436	300	350
TOTAL EXPORTS	1056	1093	1160	1436	1150	1175
Human Dom. Consumption	1404	1358	1400	1415	1455	1420
Feed Dom. Consumption	6	9	5	9	5	5
TOTAL Dom. Consumption	1410	1367	1405	1424	1460	1425
Ending Stocks	369	375	417	375	463	375
TOTAL DISTRIBUTION	2835	2835	2982	3235	3073	2975

Production

As explained in the sugar cane section, the late summer drought has had a negative effect on the 1999/2000 crop prospects and at this stage a crop of about 2.55 million mtrv. is expected compared to the 2.8 million mtrv. produced during the 1998/99 season.

Consumption

The following table summarises the situation excluding the imported component:

Metric ton tell quell	1996/97	1997/98	1998/99	1999/2000
Sugar production	2 269 195	2 412 914	2 646 172	2 400 000
Local sales	1 264 066	1 310 352	1 285 001	1 295 000
Exports	995 637	1 093 278	1 353 155	1 100 000
Refining losses	9 492	9 284	8 016	5 000
Raw value production, mt.	2 407 616	2 560 102	2 807 588	2 546 000
Local sales	1 341 174	1 390 283	1 363 386	1 380 000
Exports	1 056 371	1 159 968	1 435 697	1 166 000
Losses	10 071	9 851	8 505	5 305

National market consumption can also be broken up by white/brown and direct/industrial sales. The totals may vary marginally from the data supplied above because of quantities in transit and polarisation variations. The following table contain the details:

Season	White sugar Mt.	Brown sugar Mt.	Direct sales Mt.	%	Industrial sales Mt.	%	Per Kapita Kg.
1993/94	1 197 622	147 512	962 442	71.5	382 692	28.5	30.0
1994/95	1 093 838	141 382	865 699	70.1	369 521	29.9	28.5
1995/96	1 129 989	148 026	915 521	71.6	362 494	28.4	32.0
1996/97	1 182 745	160 866	920 896	68.5	422 715	31.5	33.5*
1997/98	1 176 660	157 929	905 592	67.9	428 997	32.1	33.8

* Revised population figures

The decline in total consumption noted in the PS&D is due to some unrecorded cross border movements probably from both Swaziland and Zimbabwe. In reality consumption is still showing growth with the other sweeteners having been in the market so long that it is difficult to put a number to the competition from that source.

Trade

South Africa supplies sugar to the U.S. under quota but the bulk of its sales usually goes to Japan, Malaysia and Saudi Arabia. These are open market sales with no known other supply agreements. World prices are currently very low but the industry claims that production in the region, including Mauritius, will be down this year and prices should pick up again. During the 1998/99 season South Africa, for the first time, exported more than half of its production. The traditional export percentage would be around 45%. Exports are likely to decline to about 1.175 million tons mtrv during 1999/2000 compared to the 1.436 million mtrv exported during the 1998/99 season.

Export Trade Matrix			
Country:		Units:	
Commodity:			
Time period:	Jan-Dec		
Exports for	1998		1999
U.S.	86495	U.S.	
Others		Others	
Malaysia	213700		
Japan	117000		
Saudi Arabia	102000		
Korea	66450		
Egypt	25000		
Russian Fed.	25000		
France	24000		
Iran	22100		
Tanzania	22625		
Canada	18000		
Total for Others	635875		0
Others not listed	36760		
Grand Total	759130		0

Stocks

The stocks shown in the PS&D are only residual figures as stocks move through the system on a continuous basis and this could really be considered pipeline stocks. The stocks are thus mainly held in the SASA bulk terminal and with the millers and the central refinery.

Policy

The South African Sugar Association (SASA) is constituted in terms of the Sugar Act of 1936 which granted statutory powers of self government to the industry. The Act provides for an agreement to regulate the affairs of the industry binding upon all those who grow sugarcane and produce sugar and associated sugar products. The Sugar Act has been amended from time to time in response to changing circumstances. The current act of 1978 is substantially the same as the previous acts.

The Sugar Industry Agreement, first promulgated in 1936, has been revised on many occasions. During 1993 it was substantially revised and the current agreement came into effect in April 1994, streamlining administrative procedures and increasing deregulation. The Agreement covers the following:

Administration of cane production.

Co-ordination of the supply of cane to the mills.

Administration of a two price pool system which allowed for voluntary production in the price volatile export

Pool B up to the end of the 1997/98 season.

Dispute resolution structures.

Determination of the quantity of sugar required for the domestic market.

Disposal of the exportable surplus by SASA on behalf of the industry.

Pooling of the proceeds from the sale of sugar and molasses and the devision of the net proceeds between the growing and the milling sectors.

The determination of the sucrose content and the price payable for sucrose in cane.

The division of proceeds:

The proceeds of the sale of refined and brown sugar in the national market, raw and refined export sugar and molasses are pooled for the purpose of decision of proceeds. The costs of administering the industry are first charged against gross proceeds. Net proceeds are divided between the growing and milling sections on the basis of predetermined percentages. The total proceeds attributable to the growing sector are used to determine the price that individual growers receive per ton of sucrose in cane. Since the start of the 1998/99 season the industry reverted to a single pool price system eliminating the A and B pool system.

The current import tariff on sugar is 103.5 S.A. cents /kg.

Marketing

Under the sugar agreement the industrial or wholesale price of sugar is set annually. This is the wholesale F.O.R price Durban. The following table contains the details:

Industrial price of sugar: Rand/mt.

Season	White	Brown	Key
1995/96	2036.00	1850.00	May 1, 1995
1996/97	2138.00	1943.00	April 5, 1996
1997/98	2292.00	2083.00	May 1, 1997
1998/99	2419.00	2199.00	February 2, 1998
1999/2000	2576.00	2324.00	February 1, 1999