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Prepared By: Masego Moobi

Approved By: Oliver Flake

Report Highlights:

FAS/Pretoria's Sugar annual report provides information on the production, supply, and distribution of sugar in South Africa for marketing year (MY) 2023/24, MY 2024/25, and MY 2025/26. South African sugar cane production is forecast to recover in MY 2025/26 on normal weather conditions, following a down year in 2024/25. Imports of sugar in South Africa are forecast to drop in MY 2025/26 on increased domestic supply, while exports are forecast to increase on higher production.

Contents

Executive Summary

- Sugarcane and sugar production: South African sugarcane is forecast to rebound in MY 2025/26 on normal weather conditions and sufficient availability of water for irrigation. MY 2025/26 sugar production is therefore forecast to increase on improved cane deliveries and sugar recovery rate.
- Domestic consumption: Expected to increase by two percent in MY 2025/26. The Minister of Finance announced that the tax on products containing sugar will not increase in the current fiscal year, which would have put downward pressure on consumption.
- Exports: Forecasts to increase by 22 percent in MY 2025/26 on improved production.
- Imports: Forecasts to drop by nine percent in MY 2025/26 on a rebound in domestic production and an applied tariff.

Report Notes
The marketing year (MY) for sugar cane is April-March, while the sugar marketing year is May-April. For the purposes of this report, refined cane sugar has been converted to raw value basis using a factor of 1.07. The exchange rate used in this report (as of March 28, 2025) is 18.1883 South African Rand (ZAR) to one U.S. dollar (USD).

Sugar Cane

Table 1: *Production, Supply, and Distribution (PSD) for Sugar Cane*

Sugar Cane for Centrifugal	**2023/2024**		**2024/2025**		**2025/2026**	
Market Year Begins	**Apr 2023**		**Apr 2024**		**Apr 2025**	
South Africa	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted (1000 HA)	348	348	346	346	0	346
Area Harvested (1000 HA)	246	246	255	255	0	250
Production (1000 MT)	17944	17994	17200	16471	0	17700
Total Supply (1000 MT)	17944	17994	17200	16471	0	17700
Utilization for Sugar (1000 MT)	17944	17994	17200	16471	0	17700
Utilizatn for Alcohol (1000 MT)	0	0	0	0	0	0
Total Utilization (1000 MT)	17944	17994	17200	16471	0	17700
(1000 HA) ,(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

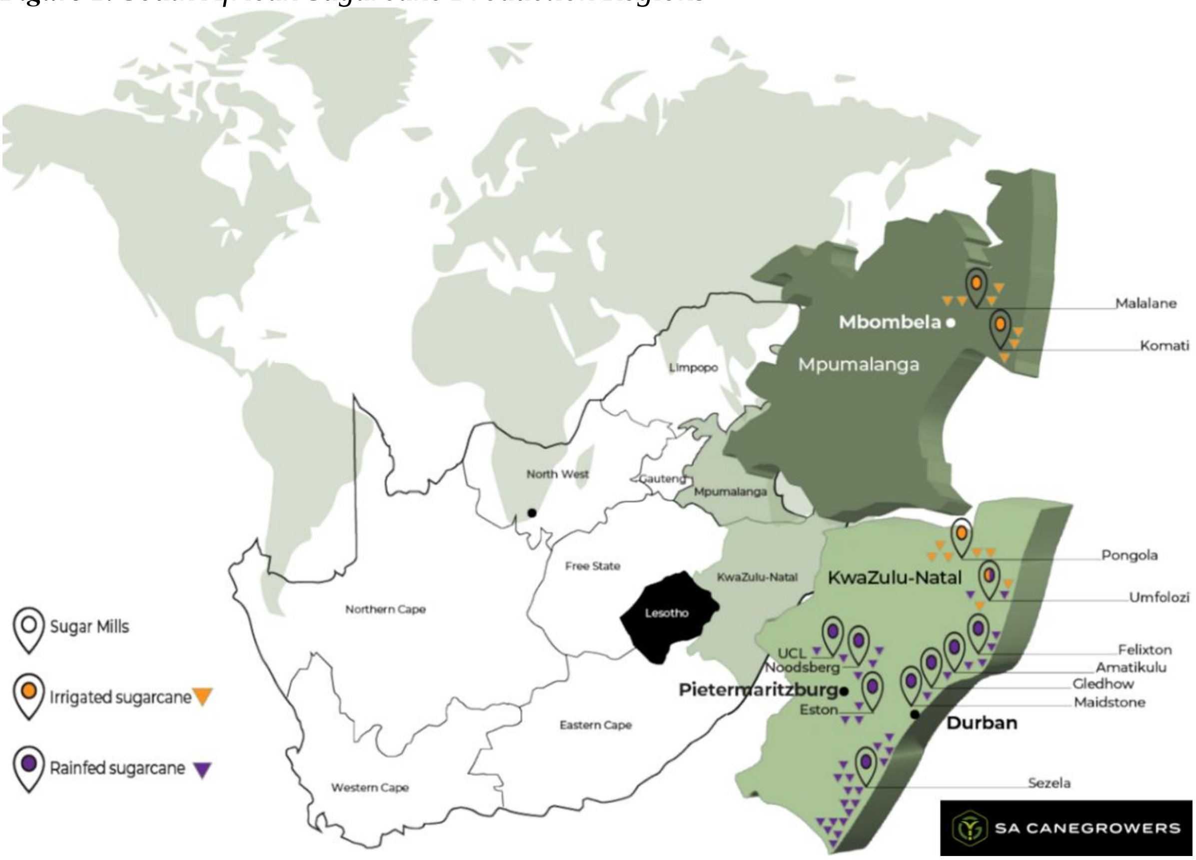
Area

Area under sugarcane production in MY 2025/26 is forecast to remain virtually unchanged from MY 2024/25. Rain-fed growing regions experienced drier than usual conditions in MY 2024/25 which led to lower yields, reducing grower revenue and discouraging area expansion. Some growers replanted newer cane varieties on land previously left fallow due to milling capacity challenges, motivated by cane shortages in MY 2024/25. Adverse weather events in MY 2024/25 led to a shortage of good quality seed cane for some growers. Additionally, the MY 2024/25 season ended earlier than usual; therefore, growers had an extended period without cash flow from cane production. Another challenge for producers will be a 12.7 percent increase in electricity rates in 2025/26 and a further 5.36 percent and 6.19 percent increase in 2026/27 and 2027/28 respectively. Higher electricity prices will affect the 20 percent of sugarcane production under irrigation and may further limit area expansion over the next few years.

Production

South African sugar production for MY 2025/26 is forecast to recover by seven percent from MY 2024/25 on normal weather conditions and availability of sufficient water for irrigation. During crop travel in April, contacts reported to FAS/Pretoria that although November and December 2024 were hot and dry, growing regions received above average rainfall from late January through March 2025, which is expected to improve cane yields. About 80 percent of cane is produced in the rain fed KwaZulu-Natal province, while the rest is produced under irrigation in Mpumalanga (**see Figure 1**). Dam levels, which supply the main production regions in Mpumalanga, are sufficient for the MY 2025/26 season as shown in **Table 2**. In addition to the listed dams, South Africa also receives water from the Maguga dam in Eswatini, which is reported to have sufficient water for the MY 2025/26 crop. Contacts also report that there is no carry-over (unharvested) cane from the previous season due to yield losses, therefore, cane harvest for MY 2025/26 is expected to see improved yields. During FAS/Pretoria crop travel, some growers (who are on a 17–24-month cane production cycle) reported a slight drop in cane quality for MY 2025/26 crop as their cane was affected by adverse weather over two MYs. Cane is also prone to lodging, reducing yields and labor productivity.

Figure 1: *South African Sugarcane Production Regions*



Source: South African Canegrowers Association (SACGA)

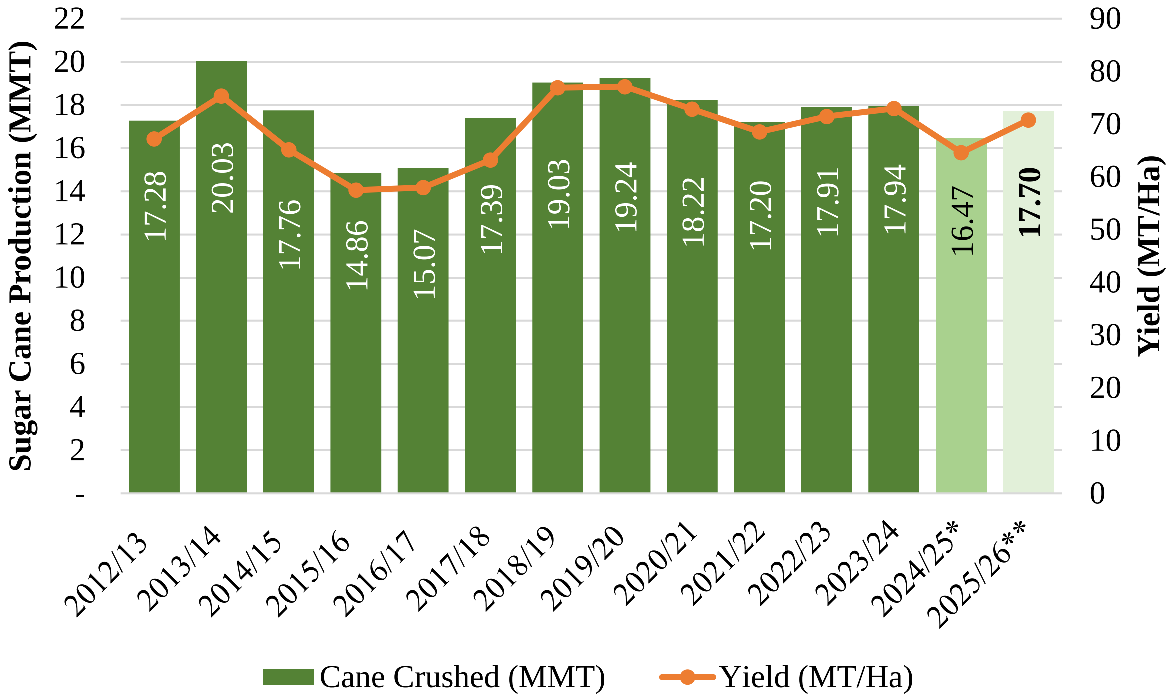
Table 2: *Levels of Dams Supplying Irrigation Water to the Sugar Industry*

Dam Name	**Full Volume (Million Cubic Meters)**	**Percentage Full on**	
		Last week of Feb in 2024	**February-24-2025**
Blyderivierport Dam	54.4	100.3	101.3
Driekoppies Dam	251	100.5	90.2
Vygeboom Dam	78.1	100.8	101.6
Maguga Dam	332		90.75 (January 10, 2025)

Source: Department of Water and Sanitation

FAS/Pretoria lowers MY 2024/25 sugar cane production estimates by 1.52 million MT (MMT) from MY 2023/24, reaching the lowest level since MY 2016/17 when cane was affected by drought conditions. Growers experienced unseasonally dry conditions in major rain fed producing regions, leading to yield losses. Carried over (unharvested) cane from the previous season also affected MY 2024/25 yields. MY 2023/24 sugarcane production is maintained at 17.94 MMT (see **Figure 2)**.

Figure 2: *South African Sugar Cane Production*



Sources: FAS Pretoria using South African Canegrowers Association (SACGA) data
**FAS/Pretoria Estimate* ***FAS/Pretoria Forecast*

Figure 3: *Sugar Cane Fields*

Figure 3 shows sugar cane fields during FAS/Pretoria's crop tour in KwaZulu-Natal. Cane in this area is rain fed and harvested on a 17–24-month cycle.

The price paid to sugar cane growers by millers, known as the Recoverable Value (RV) price, is a function of the following factors: gross sugar production, local sugar notional prices, industry costs and special levies, sugar-to-RV ratio, export sugar prices, and the exchange rate. As a result, growers aim to supply sugar cane that achieves the highest amount of sugar content that the mill can recover. As shown in **Table 3,** the final RV price for MY 2024/25 (published in March 2025) was R7,664.63 ($421.40) per MT, a R235.87 ($12.97) increase from the MY 2023/24 RV price. The increase in RV price was driven by payments of business rescue defaults (See Policy section), an increase in the sugar notional prices, a decline in sugar production estimates, a modest increase in the world sugar price, and a weaker Rand to U.S. dollar exchange rate.

Table 3: *Sugar Cane Prices Paid to Growers*

MY	Price (Rands/ Recoverable Value Ton)	Percent Change
2020/21	5,030.39	19%
2021/22	5,334.37	6%
2022/23	5,435.07	2%
2023/24	7,429.76	37%
2024/25	7,665.63	3%

Data Source: SACGA

Sugar

Table 4: *Production, Supply, and Distribution (PSD) for Sugar*

Sugar, Centrifugal	**2023/2024**		**2024/2025**		**2025/2026**	
Market Year Begins	**May 2023**		**May 2024**		**May 2025**	
South Africa	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Beginning Stocks (1000 MT)	104	104	11	11	0	144
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	2075	2075	2008	1940	0	2090
Total Sugar Production (1000 MT)	2075	2075	2008	1940	0	2090
Raw Imports (1000 MT)	320	320	300	326	0	320
Refined Imp.(Raw Val) (1000 MT)	41	41	50	80	0	50
Total Imports (1000 MT)	361	361	350	406	0	370
Total Supply (1000 MT)	2540	2540	2369	2357	0	2604
Raw Exports (1000 MT)	607	607	520	450	0	540
Refined Exp.(Raw Val) (1000 MT)	263	263	250	195	0	250
Total Exports (1000 MT)	870	870	770	645	0	790
Human Dom. Consumption (1000 MT)	1641	1641	1550	1550	0	1580
Other Disappearance (1000 MT)	18	18	18	18	0	18
Total Use (1000 MT)	1659	1659	1568	1568	0	1598
Ending Stocks (1000 MT)	11	11	31	144	0	216
Total Distribution (1000 MT)	2540	2540	2369	2357	0	2604
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

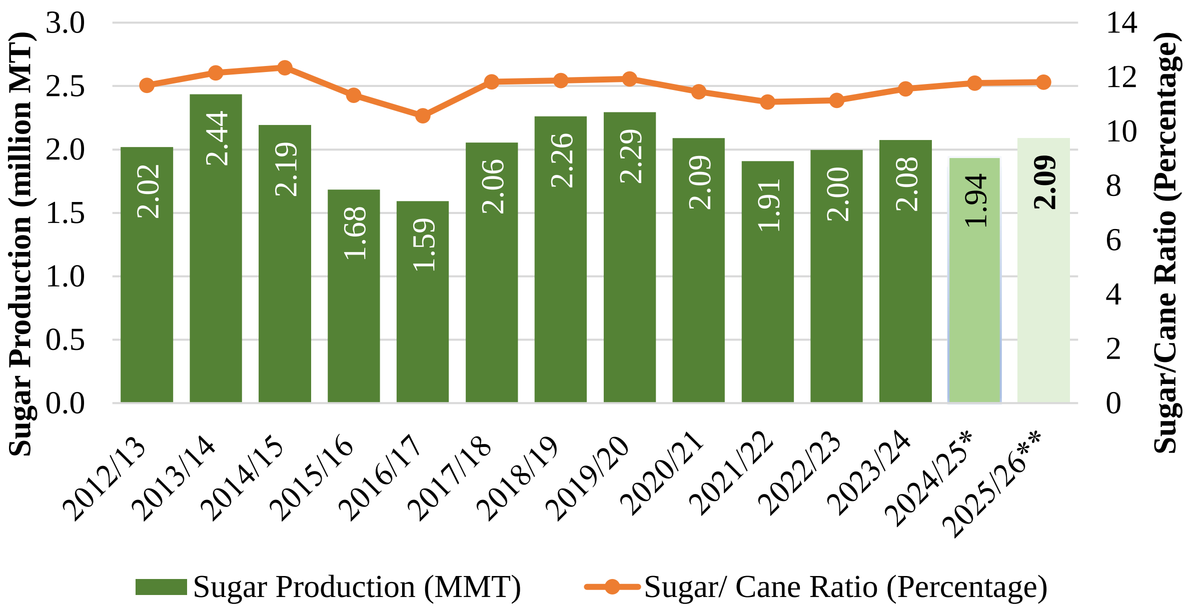
Production

FAS/Pretoria forecasts that sugar production will rebound by eight percent in MY 2025/26 on expected improvement in cane yield. Rain fed growing regions received sufficient rainfall in late January through to March 2025, and contacts report that some millers plan to start the crushing season in late April on expectation of improved yields. Due to a short MY 2024/25 season, mills had sufficient time to conduct off-season maintenance to improve the sugar recovery rate and reduced mill breakdown time.

FAS/Pretoria revises the previous sugar production estimate for MY 2024/25 down 68,000 MT. Production dropped by seven percent from MY 2023/24 based on a drop in cane production. The crushing season usually ends around December each year; however, contacts report that some mills closed as early as October due to sugar cane yield losses. Despite a drop in cane deliveries, contacts report a slight improvement in milling recoveries on improved cane quality, increased mill maintenance, and reduction in mill down time. Sugar production for MY 2023/24 is maintained at 2.08 MMT.

Figure 4 shows sugar production volumes since MY 2012/13. The sugar recovery rate refers to the number of kilograms (kg) of sugar obtained from a metric ton of sugar cane, expressed as a percentage. The percentage of sugar produced from each ton of sugar cane is forecast to remain unchanged from MY 2024/25 at around to 11.8 percent.

Figure 4: *Sugar Production*



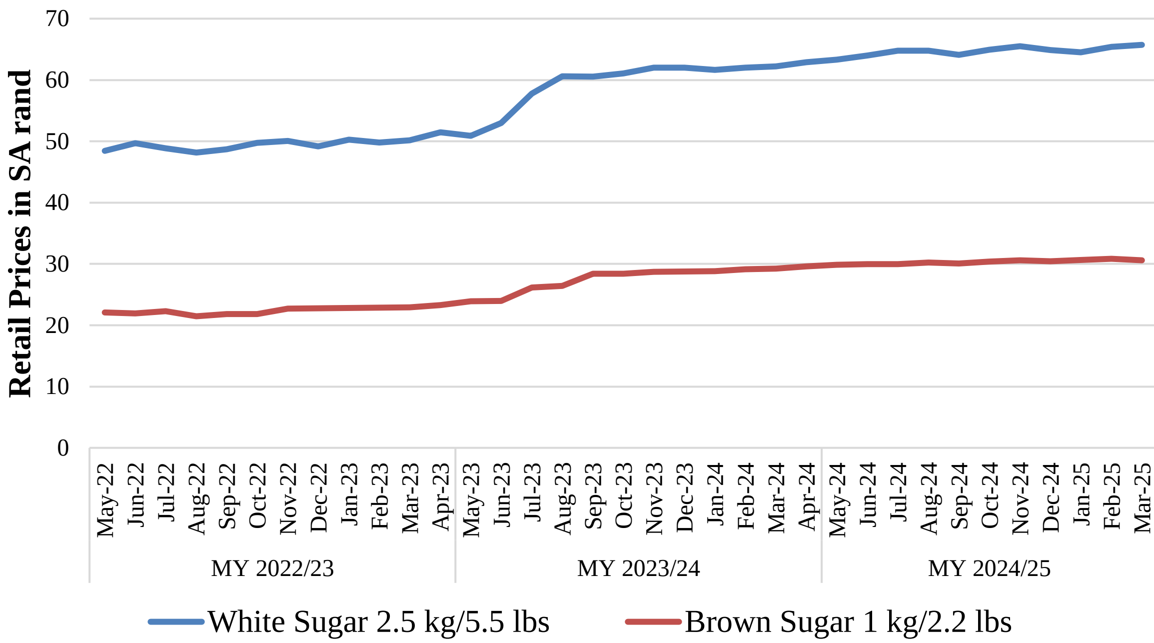
Sources: FAS Pretoria using South African Sugar Association (SASA) data
**FAS/Pretoria Estimate   ** FAS/Pretoria Forecast*

Consumption

FAS/Pretoria forecasts that domestic consumption of sugar will increase by two percent on increased domestic production and supply. Domestic sugar price increases have slowed in MY

2024/25 compared to MY 2022/23 (**see Figure 5**). This trend is likely to continue in MY 2025/26 on minimal increases in the notional price. Furthermore, the South African Minister of Finance announced in March 2025 that the sugar tax will remain unchanged at 2.1 cent per gram of sugar content that exceeds 4 grams per 100 ml for the 2025 fiscal year (April 1, 2025 – March 31, 2026) – (See the policy section of this report for additional information).
FAS/Pretoria maintains the previous MY 2023/24 and MY 2024/25 domestic consumption estimates.

Figure 5: *Average Retail Prices of White and Brown Sugar in South Africa*



Source: *FAS Pretoria chart using Statistics South Africa data*

FAS/Pretoria expects continued growth in the use of other sweeteners based on the pace of ongoing investments by local producers—including sugar cane growers and milling companies—in the sweetener sector in response to consumer health trends. This growth in alternative sweetener use follows a trend in the beverage sector to reformulate drinks with less sugar and switch to no- or low-calorie alternative sweeteners to either avoid or minimize the impact of the sugar tax. This trend is expected to plateau in the coming years, with many food manufacturers having already reduced their use of sugar and increased the use of sweeteners such as aspartame, stevia leaf extract, sucralose, and acesulfame potassium.

Sugar in South Africa is primarily used for direct human consumption and as an ingredient to produce beverages and confectionary products. Food processing demand for sugar accounts for 49 percent of total domestic sugar sales, while direct home consumption accounts for the other 51 percent. The retail price of brown and white sugar in South Africa ranges from $1.75 to $2.10 per kg and is affordable for most of the population. Refined sugar packets in South Africa retail shops range from 2–4-gram sachets, and 250 gram to 25-kilogram bags. Below are images of some of the refined sugars typically sold in retail shops.

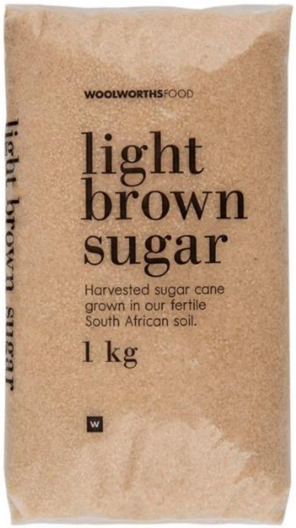


Photo source: Woolworth and Checkers websites

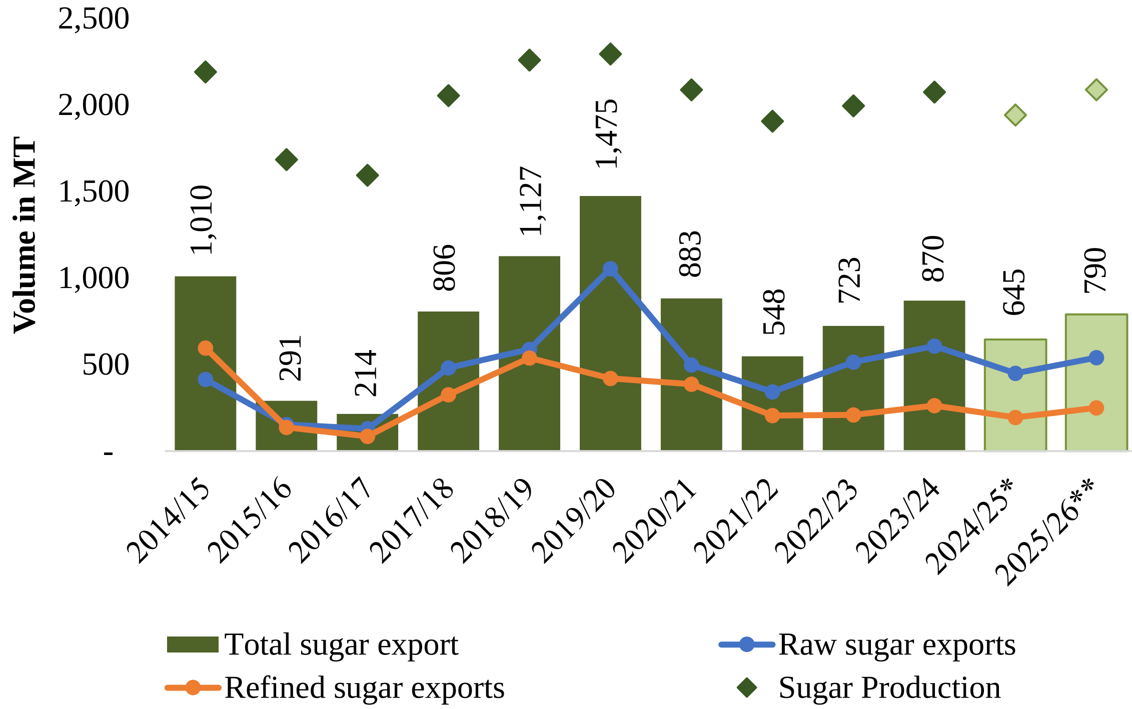
South Africa's sugar sector remains concerned that new front-of-package food labelling regulations could cause a further shift away from sugar as a sweetener in consumer-oriented food and beverage products (see FAS/Pretoria's GAIN report for more details: South Africa Issues New Draft Regulation on Food Labelling). See the policy section of this report for additional information.

Exports

Domestic sugar prices tend to be higher than export prices and South Africa only exports surplus sugar once the domestic market and the South African Customs Union (SACU) markets are adequately supplied. SACU members include Botswana, Eswatini, Lesotho, and Namibia.

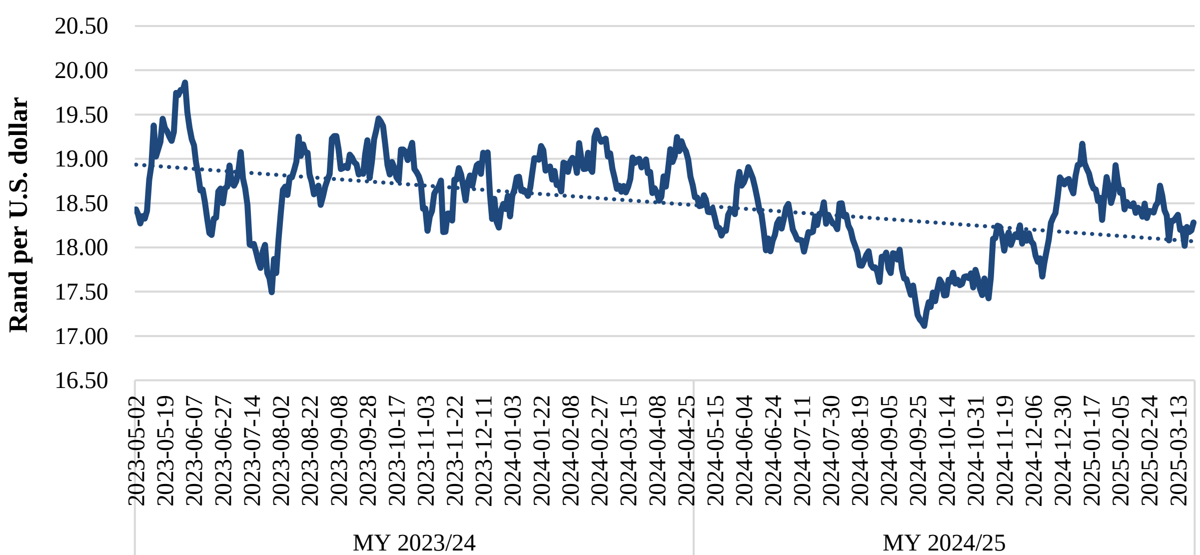
FAS/Pretoria forecast that MY 2025/26 raw and refined (total) sugar exports will rebound by 22 percent due to expected improvement in sugar production from MY 2024/25. However, the value of exports may be affected by receding global sugar prices and a stronger exchange rate with the U.S. dollar (see **Figure 7 and Figure 8**). Potential U.S. tariffs could reduce South Africa's ability to fully utilize its quota, further reducing the overall value of exports as U.S. prices are higher than alternative markets. FAS/Pretoria revised MY 2024/25 total sugar exports down 125,000 tons from previous estimates based on a drop in sugar production and industry efforts to adequately supply the local market first. This represents a 26 percent drop from MY 2023/24. MY 2023/24 sugar exports are maintained at 869,989 MT.

Figure 6: *South Africa's sugar exports*



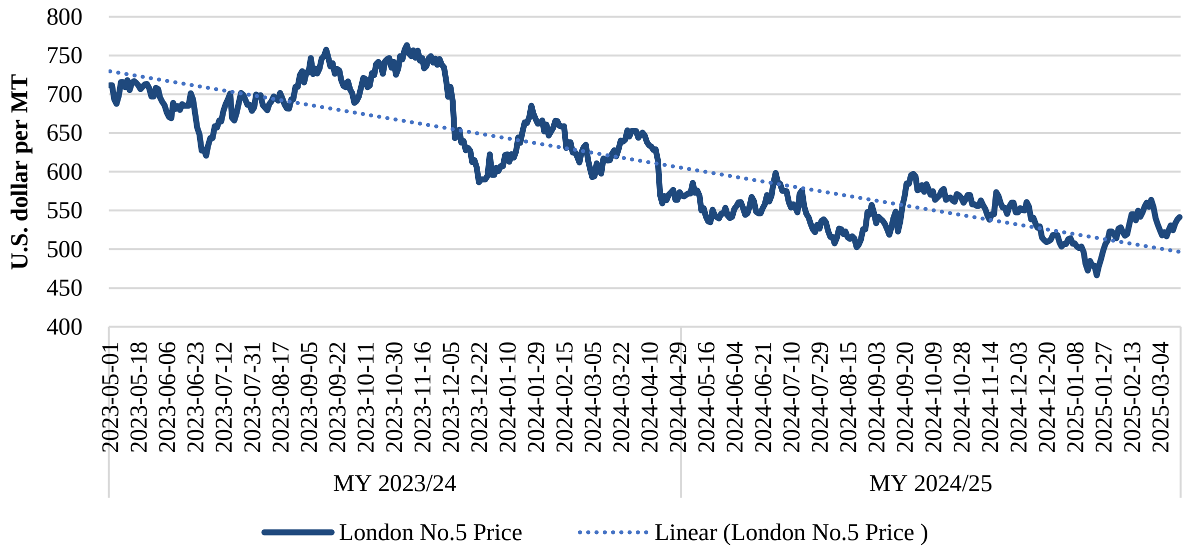
Source: FAS Pretoria using Trade Data Monitor, LLC. data
* FAS/Pretoria estimates ** FAS/Pretoria forecast

Figure 7: *South African Rand per U.S. Dollar*



Source: FAS Pretoria using South African Reserve Bank

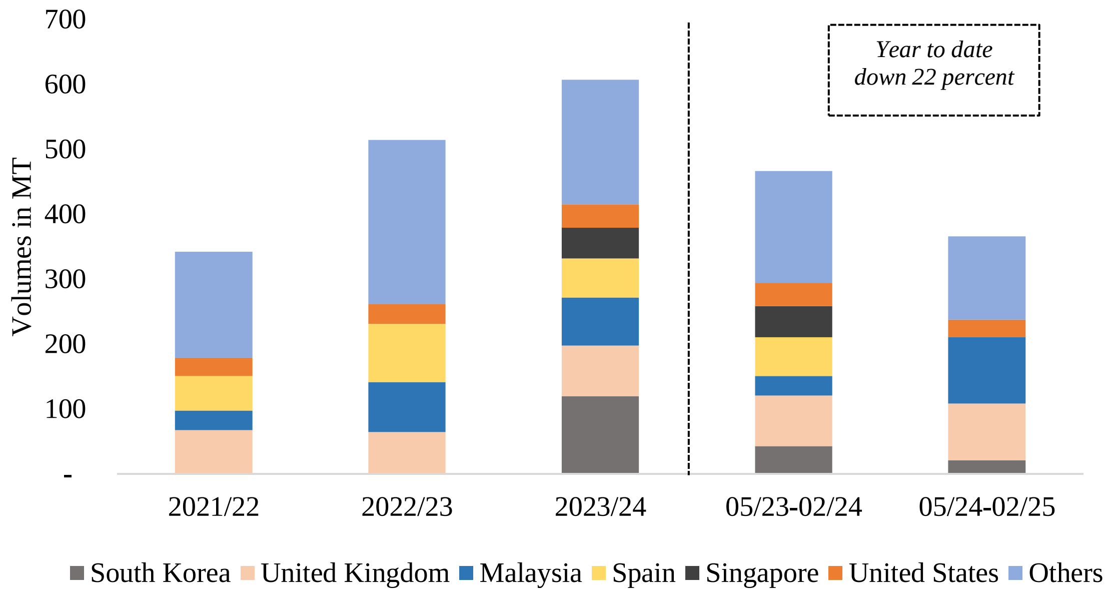
Figure 8: *Global Sugar Price*



Source: FAS Pretoria using SA Canegrowers data

In MY 2023/24, South Korea was the largest market for South African raw sugar (20 percent), followed by the United Kingdom (13 percent), and Malaysia (12 percent). South Africa has a tariff-rate quota (TRQ) of 49,320 MT in the UK market for raw sugar (see TRQ allocation in policy section).

Figure 9: *South Africa's Raw Sugar Exports*



Source: FAS Pretoria using Trade Data Monitor, LLC. Data

Table 5: U.S. Tariff-Rate Quota Allocations for South African Raw Cane Sugar, Refined and Specialty Sugar, and Sugar-Containing Products. (Values in Metric Tons)

	FY 2023 Oct 1, 2022 – Sept 30, 2023	**FY 2024 Oct 1, 2023 – Sept 30, 2024**	**FY 2025 Oct 1, 2024 – Sept 30, 2025**
Initial allocation	24,744	24,744	24,744
Additional allocation	12,147	12,650	-
Total	**36,891**	**37,394**	**24,744**

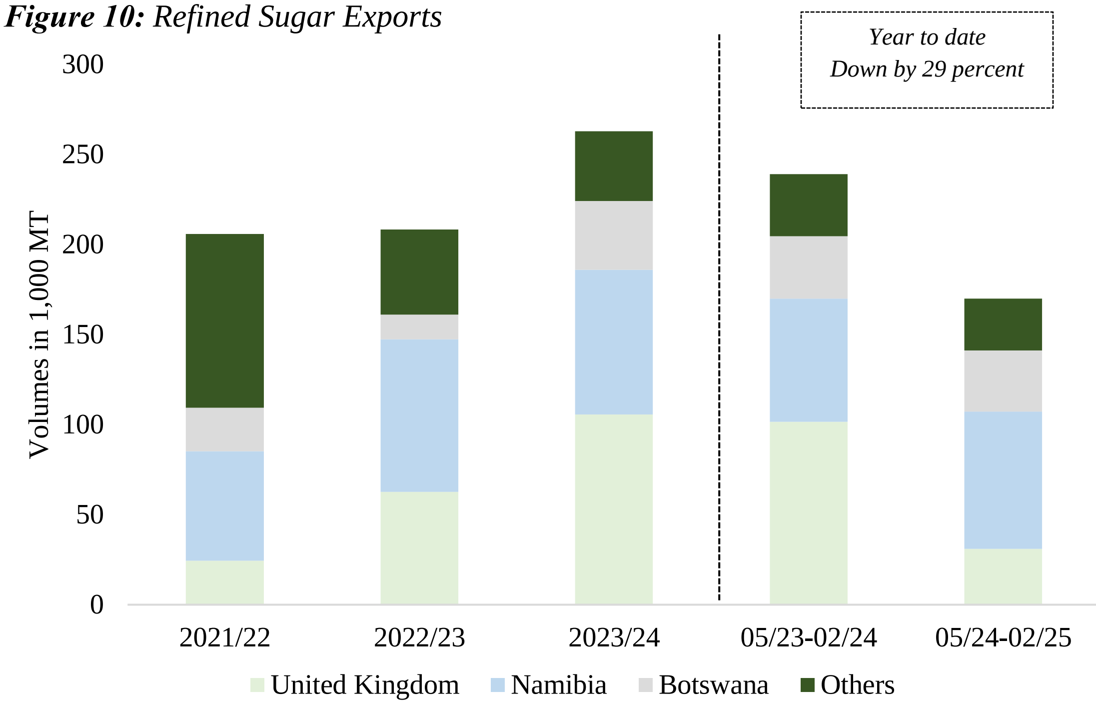
Source: FAS Pretoria using USTR information

The United States is a premium market for South African sugar, and South Africa utilizes its full quota allocation each year. On July 25, 2024, the office of the U.S. Trade Representative announced a quota allocation of 24,744 MT for South African sugar for fiscal year (FY) 2025 (October 1, 2024–September 30, 2025) – **see Table 6**. By October 2024, South Africa had already utilized the allocated quota for FY 2025. The sugar industry marketing year runs from April to March, while the TRQ year runs from October to September, which can result in the TRQ for two different FYs being recorded in one MY. The United States accounted for six percent of South Africa's total raw sugar exports in MY 2023/24.

Year to date exports (May 2024-February 2025) show that South African exports of refined sugar declined by 29 percent on a drop in sugar production. In MY 2023/24, the United Kingdom (40 percent), Namibia (31 percent), and Botswana (14 percent) were the leading export markets for South African refined sugar.

South Africa does not export refined sugar to the United States. The refined sugar quota allocations in the United States are on a first-come, first-served basis. Please note, refined sugar exports are converted to raw sugar values in FAS/Pretoria's PSD table using a factor of 1.07.

Figure 10: *Refined Sugar Exports*



Source: FAS Pretoria using TDM, LLC. data

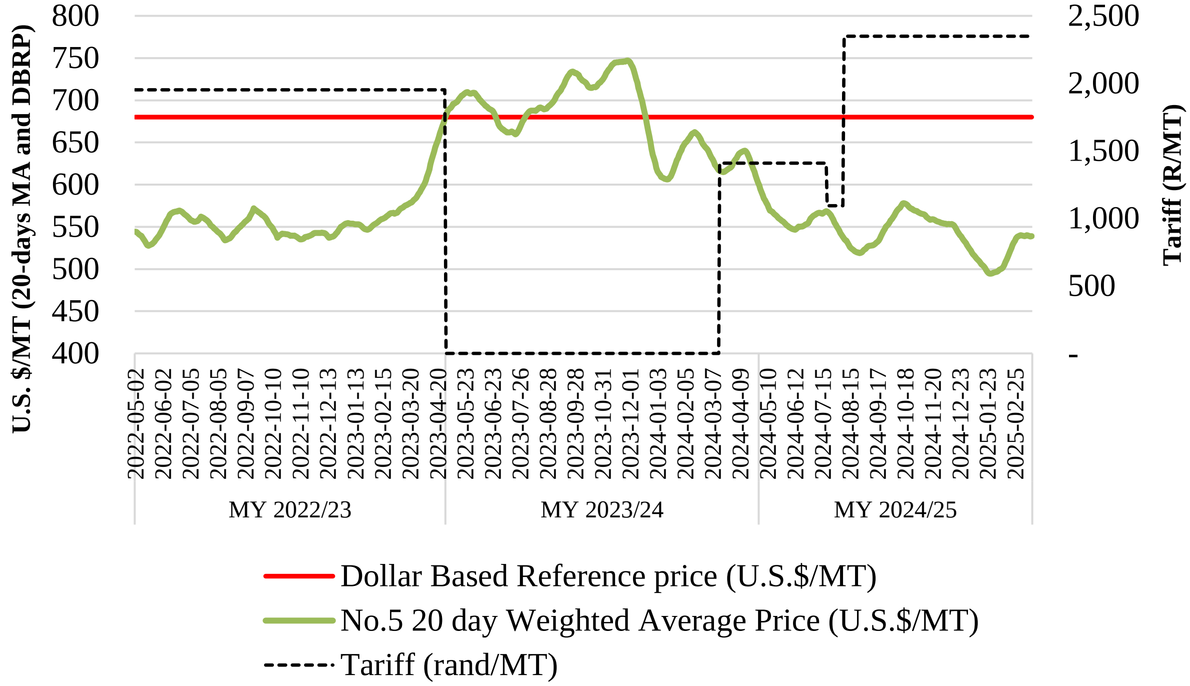
Imports

FAS/Pretoria forecasts that sugar imports will drop by nine percent in MY 2025/26 on an expected increase in domestic production, prioritization of South African-produced sugar by local food and beverage manufacturers, and applied import tariffs.

FAS/Pretoria adjusted MY 2024/25 total sugar imports upwards to 406,000 MT based on the pace of imports through February 2025. South Africa lowered its import tariff on sugar from R1,409.10 ($81.93)/MT to R1,093.60 ($60.13)/MT between July 19, 2024, until August 7, 2024, which may have attracted some additional import volumes. Even though a new tariff of R2,349 ($129.15)/MT was applied on August 8, 2024, as the world sugar price continued to recede there were also periods which would have triggered even higher import tariffs, however, adjustments were not implemented. This fall in global sugar prices may have attracted additional imports from outside the Southern Africa Customs Union (SACU). Data through February 2025 shows that non-SACU imports are mainly from Brazil for both refined and raw sugar. MY 2023/24 sugar imports are maintained at 360,904 MT.

In MY 2023/24 (and the prior MY) raw sugar imports from Eswatini accounted for 97 percent of total South African raw sugar imports because Eswatini is part of SACU and thus not subject to import duties. Data through February 2025 for MY 2024/25 shows that imports from Brazil increased by 1,661 percent from the same period in MY 2023/24, with an eleven percent market share for Brazil compared to a four-year average share of only one percent.

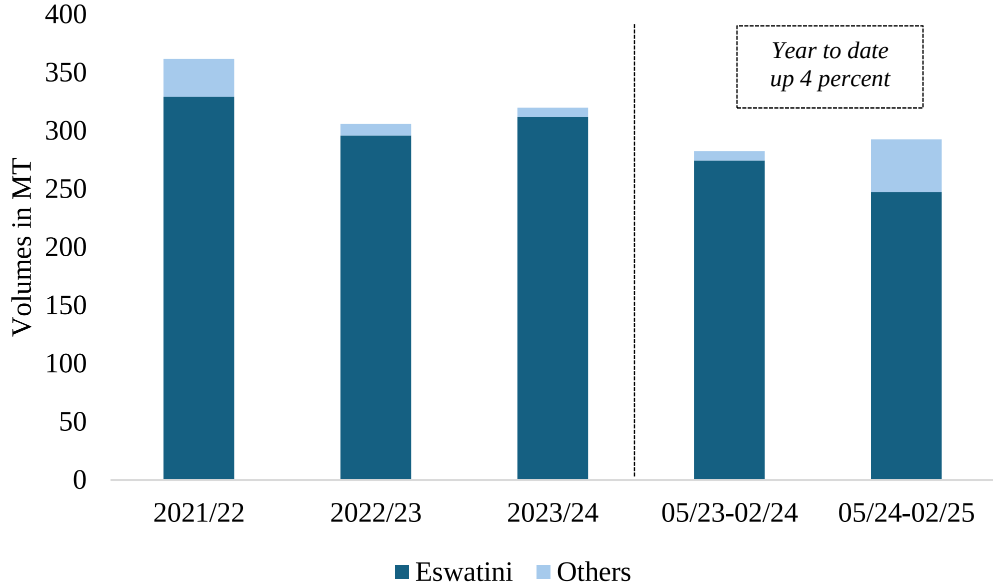
Figure 11: *Sugar Price and Tariff Level trends*



Source: FAS Pretoria using ITAC, SARS and SACGA data

South Africa imposes a tariff on imports to protect the domestic sugar industry against low world sugar prices using a variable tariff formula to determine an applied tariff. The current Dollar Based Reference Price (DBRP) is $680 per MT, increased from $566 per MT since July 2018. Tariff protection is granted when the world sugar price remains below the DBRP of $680 per MT (see FAS/Pretoria GAIN report: South Africa: South Africa Revises Sugar Import Duties). As shown in **Figure 11,** the current tariff on imported sugar is R2,349 ($129.15) per MT effective from August 8, 2024. Since then, there have been about five tariff triggers, however, the government did not implement a change in the import tariff due to lengthy administrative processes.

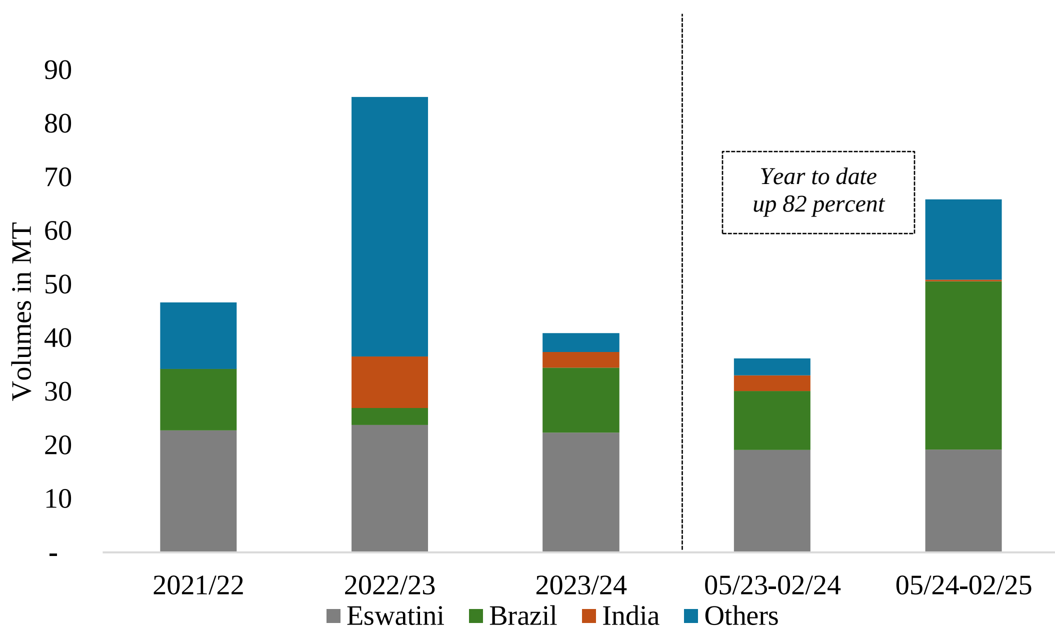
Figure 12: *South African's Raw Sugar Imports*



Source: FAS Pretoria using Trade Data Monitor, LLC. data

Refined sugar imports in MY 2023/24 came mainly from Eswatini (55 percent), Brazil (30 percent), and India (7 percent). In MY 2024/25, data through February 2025 shows that imports from Brazil account for just over 48 percent of refined sugar imports.

Figure 13: *Refined Sugar Imports*



Source: FAS Pretoria using Trade Data Monitor, LLC. data

Stocks

FAS/Pretoria forecasts South Africa's ending sugar stocks will increase to 213,000 MT in MY 2025/26, based on a modest increase in domestic consumption. Virtually all sugar produced in each marketing year is sold at the end of the season for the industry to share the revenue between growers and millers, per the agreed division of proceeds formulas (more information in policy section of this report). Large volumes of ending stocks pose a cost burden for the industry, as growers and millers must pay for storage.

Trade Policy and Regulations

Sugar Marketing and Sales

The South African sugar industry operates according to the terms set out in the Sugar Act 1978, the Sugar Industry Agreement (2000), and the Constitution of the South African Sugar Association. The South African Sugar Association (SASA) is by law the only organization permitted to export raw sugar produced in South Africa. Sugar milling companies are only permitted to export refined sugar. South Africa always exports surplus raw sugar, regardless of the global prices and sometimes at a loss, because domestic sugar regulations stipulate that the price paid to sugar cane growers should be based on revenue obtained from the sugar sales in the local and export markets for that specific season. The South African sugar industry provides a rebate to domestic manufactures to promote the sale and use of locally produced sugar.

SASA sets the sugar notional price and manages the division of industry proceeds from the sale of sugar and molasses. The split between growers and millers is 64 percent to 36 percent, respectively. Producers are paid according to the recoverable value (RV) content delivered to the mills, whereas millers are compensated according to their share of sugar production.

U.S. Sugar Tariff-Rate Quota (TRQ) Allocation

South Africa is a beneficiary of the U.S. sugar TRQ, which allowed the country to export sugar duty-free to the United States, prior to the application of reciprocal tariffs in April 2025. The United States is considered a premium market for South African raw sugar exports due to higher purchase prices relative to other export destinations. South Africa's TRQ allocation has remained relatively constant over the last several years, and South Africa has always utilized its full allocation and any additional reallocations each year.

EU and UK Sugar Quotas and Policies

South Africa was granted an annual duty-free sugar quota of 150,000 MT for export to the EU under the SADC-EU Economic Partnership Agreement, which was finalized in October 2016. Since the UK left the EU in 2020, South Africa has also received an annual duty-free quota of 71,365 MT under the Economic Partnership Agreement between the UK, SACU, and Mozambique (SACUM-UK EPA).

Table 6: EU and UK Sugar Quota Allocations

	Tariff Rate Quotas in Metric Tons	
	European Union	**United Kingdom**
Raw sugar HS 170113 HS 170114	100,000	49,320
Refined sugar HS 170199	50,000	22,045

Import Restrictions Based on the Dollar-Based Reference Price

South Africa applies the dollar-based reference price (DBRP) mechanism to ensure that, inclusive of the duty, the DBRP (currently $680 per ton) is the lowest price that an importer will pay for imported sugar. If import prices are lower than the DBRP, an import duty is applied, while an import price higher than the DBRP would result in no import duty owed. The DBRP was increased from $566 to $680 per ton in August 2018 to restrict increased imports from Brazil and the United Arab Emirates, and because the DBRP of $566 per ton was below the cost of sugar production in South Africa.

On August 8, 2024, the custom duty on sugar was adjusted upwards to R2,348.90/MT due to the downward trend in global sugar prices. The prevailing sugar price at $588.40/ton triggered the adjustment on May 27, 2024. There is often a lag between the time a tariff change is triggered and when it goes into effect through publication in the government gazette, hence it was adjusted in August 2024 (see FAS/Pretoria GAIN report: South Africa: South Africa Revises Sugar Import Duties).

Table 7: South Africa sugar import tariff changes

Date of trigger	No.5 20 day weighted Average Price (US $/Ton)	R/US$	Tariff (R/MT)	Date Implemented
2021-09-29	494.66	15.11	2,994.60	2022-06-06
2022-04-18	550.73	14.70	1,952.80	2022-08-19
2023-05-09	695.52	18.31	0	2023-08-04
2024-01-09	608.34	18.71	1,409.10	2024-03-15
2024-04-01	624.33	18.89	1,093.60	2024-07-19
2024-05-27	558.40	18.42	2,348.90	2024-08-08

Source: *SARS and ITAC*

Tax on Sugar-Sweetened Beverages

The South African government created a sugar tax (dubbed a "health promotion levy") in 2017 with an objective to cut obesity levels. The levy is currently 2.1 cents per gram of sugar content that exceeds 4 grams per 100 ml, or about 10 percent of the price of sugary drinks. In 2020, the government announced an increase in the levy, however, implementation was postponed to April 2023 to allow for engagement with the sugar industry. In February 2023, the Minister of Finance announced that increases to the sugar tax would be postponed for another two fiscal years, citing the impact of flooding and social unrest on the sugar industry. On March 12, 2025, the minister of Finance, Enoch Godongwana, announced that the sugar tax will not increase in fiscal year 2025/26. The South African sugar industry reports that the sugar tax added financial pressure and resulted in a loss of jobs. The minister's decision allows the sugar industry more time to diversify and implement transformation plans.

South African Sugar Industry Master Plan to 2030

On November 17, 2020, the South African Department of Trade, Industry and Competition (DTIC); and the Department of Agriculture, Land Reform and Rural Development (DALRRD), along with industry stakeholders, signed off on the South African Sugar Industry Master Plan to 2030. The objective of the master plan is to ensure the long-term sustainability and profitability of the sugar sector in South Africa. The creation of industry master plans has become a common measure to support various sectors in South Africa. For example, the poultry industry also has a master plan. In general, master plans provide a comprehensive set of actions designed to achieve common policy objectives. The plans also provide guidance on policies, support, strategies, and actions required to achieve specified targets. The South African Sugar Industry Master Plan vision for 2030 is "a diversified and globally competitive, sustainable and transformed sugar cane-based value chain that actively contributes to South Africa's economic and social development, creating prosperity for stakeholders in the sugar cane value chain, the wider bio-economy, society, and the environment."

The master plan follows a phased approach to planning and implementation. For the three-year Phase 1 stage, which ended in March 2023, the aim was to increase domestic use of sugar by at least 300,000 MT by having local manufacturers prioritize South African sugar instead of imports to make their products. Industry sources shared that domestic consumption had increased by 280,000 MT, just shy of the target but widely considered a success. The master plan also aimed to provide pricing certainty to retailers and consumers by listing producer prices at or below consumer inflation to boost sales. However, in June 2023, after the end of Phase 1 of the master plan, the sugar industry triggered an increase in the sugar notional price in an effort to keep up with the growing cost of production in recent years. Sugar industry players are currently discussing the terms of the second phase of the master plan, but no implementation date has been announced.

Electricity Co-Generation

The South African sugar industry currently uses bagasse (fibrous waste material remaining after sugarcane stalks are crushed) to generate electricity for milling operations. None of the electricity generated from the sugar mills is supplied to the national electric grid due to the absence of incentives and policies by the government or the state-owned electric company (Eskom). However, unprecedented levels of load shedding (rolling backouts) have caused electrical generation to come to the forefront of national policy discussion (see FAS/Pretoria's GAIN report for more details: Load shedding and the Economic Strain on the Food Supply Chain). Although FAS/Pretoria is unaware of any specific plans to integrate sugar mills into the national grid at this time, the national crisis could lead to consideration of options that were previously lower in priority. The industry's ability to generate its own electricity has allowed millers to avoid the escalation of generator and fuel costs and shutdowns of operations experienced by others in the South African agricultural sector.

Ethanol Production

There is currently no commercial production of fuel-grade ethanol from sugar cane in South Africa. However, some sugar mills produce beverage-grade ethanol and industrial alcohols as by-products or back-end products from molasses. There have been discussions of piloting ethanol production at a vacant refinery in KwaZulu-Natal, however no concrete plans have emerged.

Draft Regulations on Front-of-Package Labelling

The South African Ministry of Health has published draft regulations on labelling and advertising of foods. The draft regulation proposes that pre-packed foodstuffs will bear mandatory front-of-pack labelling when containing added sugar in excess of 10 grams per 100 grams in solids or 5 grams per 100 ml in liquids (see FAS/Pretoria's GAIN report for more details: South Africa Issues New Draft Regulation on Food Labelling). Industry and affected parties were given until July 21, 2023, to submit comments to the South African Director General of Health. The sugar sector submitted comments, as did some individual companies in the industry. The Ministry of Health is currently working through the comments.

Report Sources:

South African Canegrowers Association - www.sacanegrowers.co.za
South African Sugar Association - www.sasa.org.za

Attachments:

No Attachments