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SUGAR ANNUAL REPORT

SWAZILAND

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Report Highlights: Swaziland Sugar production is expected to reach a record 480,000mt, up from 476,000mt of last year. A total expected export crop is about 266,000mt, which will be distributed to U.S., SADC countries and other regions. This is an increase of about 4% of what was exported in 1998. Swaziland's production has a production price advantage because it is cheaper to produce sugar from cane than from the sugar beets which is the case for most countries.

Includes PSD changes:
Includes Trade Matrix:

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Executive Summary

Background

The Swaziland sugar industry has about 317 producers. The industry is mainly dominated by small growers(98%), of whom 93% produces in areas below 50ha while 5% produces in areas between 50ha and 1000ha. However, total production is monopolised by seven(7) large growers and millers, who produces 77% of the total crop on sugar cane area of over 1000ha.

All sugar production is conducted under irrigated land, with 38 000ha being harvested annually at an output of approximately 500,000mt. More than half of this output is exported to EU, USA, regional and worldwide. As a result, it contributes 13% of the total exports, 51% of the total agricultural production, and 24% of GDP. Swaziland Millers Association controls 50% of the industry, while the other 50% is controlled by Swaziland Growers Association.

Production

The Sugar industry is expected to continue to perform well during the year ending March 1999. The total amount of saleable production is estimated at 485,000mt, a slight rise from 475,000mt produced in the previous year. This can be attributed to the good rainfall which raised the water levels in dams.

A major concern is an increase in the number of fields with very high levels of smut disease. This results from the conducive weather conditions for the disease. This disease, caused by a fungus *Ustilago scitaminea*, is endemic in the Lowveld areas of Swaziland and South Africa. More fields were infected throughout Swaziland in 1997/98 than ever before, which threatened future cultivation of NCo376 sugar cane variety.

Trade

The ex-mill proceeds from exports amounted to E580 million in 1998, slightly below E581 million that was attained in the previous year. 45% of the total sales in 1997/8 went to the SACU market, and 55% to preferential markets in the European Union and United States. For 1999, about 174,000mt are destined for the European Union under the Lome convention, while 20,000mt will go to the United States, and 17,000mt will be exported to the Southern African Customs Union(SACU) regions.

Policy

The new pricing structure that gives rebates for local value added is to be implemented in the next financial year. The focus of this exercise is to attract industries based on sugar processing into the country.

An agreement reached between Swaziland Sugar Association and the South African Sugar Association raises uncertainty to the industry. Uncertainty also arise in this industry due to the impending threat on Swaziland's sugar quota to the United States of America under the generalised system of preferences(GSP). This arose when the AFL-CIO(USA's labour movement) applied to the US Trade Representative(USTR) to have Swaziland removed from the list of countries benefiting from the GSP on account of the inconsistency of the industrial Relations(IR) Act of 1966 with conventions of the International Labour Organisation(ILO). This was delayed

on condition that the IR Act is suitably amended before the end of 1998. To date, an IR Bill has been produced to accommodate the ILO conventions. However, it is not yet implemented.

Marketing

The domestic market of sugar in Swaziland is relatively small. A total of about 210,000mt will be used on this market this year, a drop of about 2% as compared to 214,000mt utilized in the previous year. About 175,000mt will be used for industrial purposes and 35,000mt will be sold through 14 local prepackers. In 1998, 34,802mt of brown sugar and 7,907mt of white sugar sold through 14 local packers. About 170,542mt of sugar was sold to the local industrial market, and 51,591mt to the regional market for that period.

The future marketing plans in Swaziland is to stimulate more value-added production. Two forms of rebates will be introduced, viz, export rebate for exports out of SACU, as well as value-added rebate for adding value locally to the sugar.

U.S. Dollar 1= E6.25(May,28)

PS&D: Sugar Cane

PSD Table						
Country: SWAZILAND						
Commodity:	Sugar Cane Centrifugal					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		04/1997		04/1998		04/1999
Area Planted	38	38	38	38	40	40
Area Harvested	37	37	36	38	40	40
Production	137000	137000	136000	136000	146500	139000
TOTAL SUPPLY	137000	137000	136000	136000	146500	139000
Utilization for Sugar	137000	137000	136000	136000	146500	139000
Utilizatn for Alcohol	0	0	0	0	0	0
TOTAL UTILIZATION	137000	137000	136000	136000	146500	139000

Production

Swaziland's good summer rainfall improved the 1997/8 crop to and that surpassed to the 1998/99 crop. The cane production is estimated at 139,000mt, a drop below 146,000mt that was expected, however, a rise of about 2.2% above the previous production. There is an expected improvement on the amount of sugar cane cut and sugar production for the MY1999 as a result of enough summer rainfall. This will be highlighted in the table below:-

Sugar cane	1996/97	1997/98	1998/99	1999/2000
Area planted, Ha	38 725	38 862	38 982	39 178
Area harvested, Ha	38 010	38 494	38 703	38 849
Increase/decrease in area harvested	-254	484	120	146
Cane production,(T)	3 693 967	3 885 574	3 901 574	3 916 065
Cane yield(T/Area harvested)	97.18	100.97	102.00	103.5
Sucrose content(% cane)	14.34%	13.82%	14.07%	14.20%
Sugar Recovered(% cane)	12.75%	12.24%	12.42%	12.48%
Sugar yield from cane (T cane/t sugar)	7.84	8.17	8.22	8.24
Sugar yield from area (T/ Area harvested)	12.39	12.36	12.40	12.35
Sucrose production(T)	529 790	537 080	550 035	538 968
Sugar Production (Tonnes tel quel 99.5*Pol)	470 989	475 727	476 000	485 000

The table shows that the cane yield per hectare is expected to increase at a slow rate and to reach 3.9 million mt this season, with the sucrose yield also increasing at the same rate. The total sugar production will reach 485 000mt.

PSD Table						
Country:	Swaziland					
Commodity:	Sugar					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		04/1997		04/1998		04/1999
Beginning Stocks	51	51	21	21	50	27
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	447	447	502	476	500	485
TOTAL Sugar Production	447	447	502	476	500	485
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	498	498	523	497	550	512
Raw Exports	290	290	270	204	250	211
Refined Exp.(Raw Val)	17	17	23	52	22	55
TOTAL EXPORTS	307	307	293	256	272	266
Human Dom. Consumption	170	170	180	214	225	210
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	170	170	180	214	225	210
Ending Stocks	21	21	50	27	53	36
TOTAL DISTRIBUTION	498	498	523	497	550	512

Production

Production is estimated at about 485,000mt, a drop from 500,000mt that was predicted, however, an increase from 476,000mt that was produced last year. This is a continued significant recovery from the drought conditions of the previous five(5) years. Rainfall was average and well distributed. Unfortunately, sunshine production of high yielding crops were well below normal between May and December. This had a negative impact on the sucrose content of the sugar cane. Continued overcast, and rainy conditions also delayed harvesting.

Trade Matrix

Export Matrix			
Country:Swaziland		Units:	000'mt
Commodity:Sugar			
Time period:	Jan-Dec		
Exports for	1998		1999
U.S.	28	U.S.	20
Others		Others	
EU/ACP	120	European Union	174
EU/SPS	54	SACU regions	17
Mozambique	22		
South Africa	19		
Namibia	3		
U.K.	1		
Lesotho	0.02		
Total for Others	219.02		191
Others not listed	8		55
Grand Total	255.02		266

TRADE

A grand total of 266,000mt of sugar will be exported this year, a rise of about 4.1% of the 1998's exports of 255,000mt. About 20,000mt will be exported to the United States alone.