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Report Highlights:

Post forecasts that sugar cane production in Zimbabwe will increase by 4 percent to 3.7 million Metric Tons (MT) in the 2020/21 Marketing Year (MY), based on normal weather conditions, availability of sufficient irrigation water, increase in area planted, improved sugar cane yields, and industry's success in addressing the pest, Yellow Sugarcane Aphids (YSA). Post forecasts that sugar production will increase by 4 percent to 460,000 MT in the 2020/21 MY, due to an increase in the quantity of sugar cane delivered to the mills, improved sugar cane quality (sucrose content), and improved sugar mill efficiencies (sugar recovery rate). Post forecasts that sugar exports will decrease marginally by 1 percent to 104,000 MT in the 2020/21 MY, based on the projected impact of Covid-19 (Corona virus) on demand and global supply chains especially during the first months of the season. Post forecasts that Zimbabwe will fully utilize the United States Tariff Rate Quota allocation of 12,636 MT.

Commodities:

Sugar, Centrifugal
Sugar Cane for Centrifugal

Sources:

Tongaat Hulett - <http://www.tongaat.co.za/imc/presentations/presentation.asp>
Star Africa Corporation - <http://www.starafriacorporation.com/>
Zimbabwe Sugar Association Experiment Station
Zimbabwe National Water Authority - <http://www.zinwa.co.zw/>
Green Fuels - <https://www.greenfuel.co.zw/>
MT – Metric Tons
Hectares - Ha
MY – Marketing Year (April to March)

Background

Sugar cane in Zimbabwe is grown under canal irrigation in the lowveld area of Triangle and Hippo Valley, in the Chiredzi District, Masvingo Province, as shown in **Figure 1**. Lowveld is the name given to areas that lie at an elevation of between 500 and 2,000 feet (150 - 600 metres) above sea level. About 80 percent of Zimbabwe’s sugar cane crop is produced by two large estates, the Triangle Sugar Estate and Hippo Valley Estate. These two estates are owned by South African based [Tongaat Hulett Company](#). Private farmers, including large scale farmers and newly resettled farmers, produce 20 percent of the country's sugar cane crop. Private growers are all the individual farmers, who are not part of the Triangle and Hippo Valley Estates.

Figure 1: Location of the Sugar Cane Growing Areas and Mills in Zimbabwe

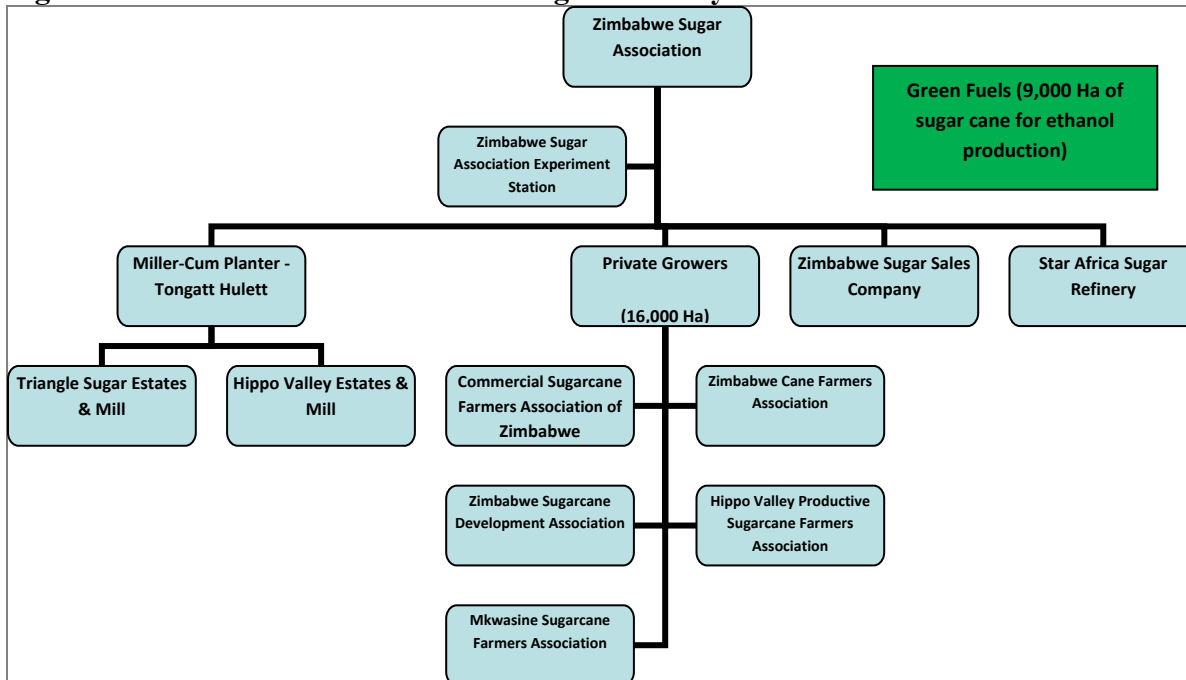


Source: Tongaat Hulett

There are two sugar mills in Zimbabwe, the Hippo Valley Estates Ltd and Triangle Sugar Estates Ltd, with a combined sugar production capacity of about 640,000 Metric Tons (MT) and installed milling capacity of 4.8 million MT of sugar cane per annum. South African based Tongaat-Hulett owns 100 percent of the Triangle Sugar Estate and about 50.5 percent of the Hippo Valley Estate Ltd. The remaining 49.5 percent of the Hippo Valley Estate Ltd shares are publicly owned through the Zimbabwe Stock Exchange. Hippo Valley Estates Ltd only produces raw sugar. Triangle Sugar Estate produces raw sugar and about 20 percent of the total refined sugar in Zimbabwe. Zimbabwe only has two sugar refineries; the Triangle Sugar Refinery, and [Star Africa Sugar Refinery Ltd](#), an independent sugar refinery based in Harare. Star Africa produces about 80 percent of the total refined sugar including bottler grade white sugar (Premium-refined sugar that has been graded). The country’s two refineries, Star Africa Corporation and Triangle Limited have the capacity to produce 200,000 MT and 140,000 MT of high quality refined sugar per annum, respectively.

The Zimbabwe Sugar Association is the highest decision-making authority in the industry on common issues for sugar cane growers and sugar millers. Common issues include sugar cane pricing, and government lobbying. In addition, the Zimbabwe Sugar Association Experiment Station (ZSAES) conducts research (sugar cane varieties, pests and diseases) for the industry and is funded from the sales of sugar based on a zero-budget basis. Due to their diverse interests and regular disagreements, there are at least five associations representing private growers as shown in **Figure 2**. The Zimbabwe Sugar Sales Company (ZSSC) was founded by growers to sell sugar on their behalf. The ZSSC exports and sells raw sugar to Star Africa, an independent refinery, and also to Triangle Sugar Mill for further processing.

Figure 2: Structure of the Zimbabwe Sugar Industry



Source: Zimbabwe Sugar Association Experiment Station

Sugarcane:

Production

Post forecasts that sugar cane production in Zimbabwe will increase by 4 percent to 3.7 million MT in the 2020/21 Marketing Year (MY), from 3.6 million MT in the 2019/20 MY, based on normal weather conditions, availability of sufficient irrigation water, increase in area planted, improved sugar cane yields, and industry's success in addressing the pest, Yellow Sugarcane Aphids (YSA). This increase is expected to be offset by lower sugar cane yields from some poorly performing smallholder sugar farms and beneficiaries of the land reform program, as explained at the end of the report under the section on land reform. The 2019/20 MY sugar cane production was revised downwards to 3.6 million MT due to the lower than expected yields as a result of crop pest damage by YSA. There is no commercial sugar beet production in Zimbabwe.

While the dam levels in 2020 are slightly lower than in 2019 as shown in **Table 1**, there is sufficient irrigation water for the 2020/21 MY sugar cane crop. The Tugwi-Mukosi and Mutirikwi dams supply about 72 percent of the total sugar cane crop, followed by Manjireni (24 percent) and Manyuchi (4 percent).

Table 1: Dam Levels Supplying Irrigation Water to the Sugar Industry

Dam Name	Full Volume (Cubic Meters)	Percent Full as at March 31, 2016 (%)	Percent Full as at March 31, 2017 (%)	Percent Full as at March 29, 2018 (%)	Percent Full as at April 2, 2019 (%)	Percent Full as at April 2, 2020 (%)
Tugwi-Mukosi*	1 802 600	-	69	74	59	42
Mutirikwi	1 378 080	25	36	50	52	40
Manjireni	274 170	38	95	94	83	71
Manyuchi	309 600	86	103	107	77	51

* Completed in December 2016

Source: Zimbabwe National Water Authority

Post forecasts that the area planted to sugar cane will increase by 2 percent to 50,000 hectares (Ha) in the 2020/21 MY, from 49,000 ha in the 2019/20 MY, due to the availability of irrigation water, accelerated sugarcane root replant program (At least 15 percent of sugar growing areas re-planted annually), new plantings under the Agricultural Improvement Plan implemented in 2017 and Project Kilimanjaro. **Table 2** provides statistics on sugar cane production and average yields in Zimbabwe from the 2014/15 MY to the 2020/21 MY. While average yields are estimated at 78.7 MT/Ha in the 2020/21 MY, the variation in yields ranges widely from 4 MT/Ha for poorly performing farmers to about 200 MT/Ha for well managed sugar estates.

Table 2: Zimbabwe Sugar Cane Production and Yields

Marketing Year	Area Planted (Ha)	Area Harvested (Ha)	Cane Crushed (MT)	Yield (MT/Ha)
2014/15	44,749	43,121	3,856,000	89.4
2015/16	44,952	43,094	3,348,000	77.7
2016/17	45,339	43,500	3,483,000	80.1
2017/18	45,245	41,000	3,101,000	75.6
2018/19	47,055	45,000	3,582,994	79.6
2019/20*	48,937	46,000	3,562,000	77.4
2020/21**	50,000	47,000	3,650,000	77.7

**Forecast. *Estimate.

Sources: Tongaat Hulett and Post Forecasts

Zimbabwe currently has fourteen varieties of sugar cane approved for growing by farmers. While the industry seeks to limit each variety to a maximum of 40 percent in order to minimize and diversify risks, the N14 variety currently accounts for about 60 percent of the sugarcane production. One of the new varieties ZN10 has been gaining popularity with farmers because of its high sucrose content. Although the industry had agreed to limit the production of ZN10 to 10 percent due to its fine particles that could potentially flood the mill diffusers, this variety is suspected to now account for at least 20 percent of the total sugar cane production. One of the challenges faced by the Zimbabwe Sugar Association Experiment Station (ZSAES) is that it has no ownership of the varieties listed in Zimbabwe. The industry is in the process of resolving the ownership of the sugar cane varieties through their version of a federal register and listing the approved varieties under the Seed Act. About 450 to 500 hectares is dedicated to the production of seed cane, and the industry replants about 12 percent of the total area under sugar cane annually.

The main diseases of concern in the Zimbabwe sugar industry include Smut, Ratoon Stunt Disease (RSD), Leaf Scald, Brown Rust, Orange Rust (no official reported case), and Sugar Cane Yellow Leaf. The main pests of concern include Eldana, Sugar Cane Yellow Aphid; and Black Maize Beetle. Viral diseases in crops are not closely monitored and controlled. The ZSAES routinely scouts for pests and diseases in all sugar cane farms, including those subsistence farms that produce chewing sugar cane as part of the industry biosecurity and risk mitigating measures.

Table 3: Production, Supply and Demand (PSD) Table for Sugar Cane

Sugar Cane for Centrifugal Market Begin Year	2018/2019		2019/2020		2020/2021	
	Apr 2018		Apr 2019		Apr 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Zimbabwe						
Area Planted	47	47	49	49	0	50
Area Harvested	45	45	46	46	0	47
Production	3595	3618	3740	3602	0	3700
Total Supply	3595	3618	3740	3602	0	3700
Utilization for Sugar	3560	3583	3700	3562	0	3650
Utilizatn for Alcohol	35	35	40	40	0	50
Total Utilization	3595	3618	3740	3602	0	3700

(1000 HA) ,(1000 MT)

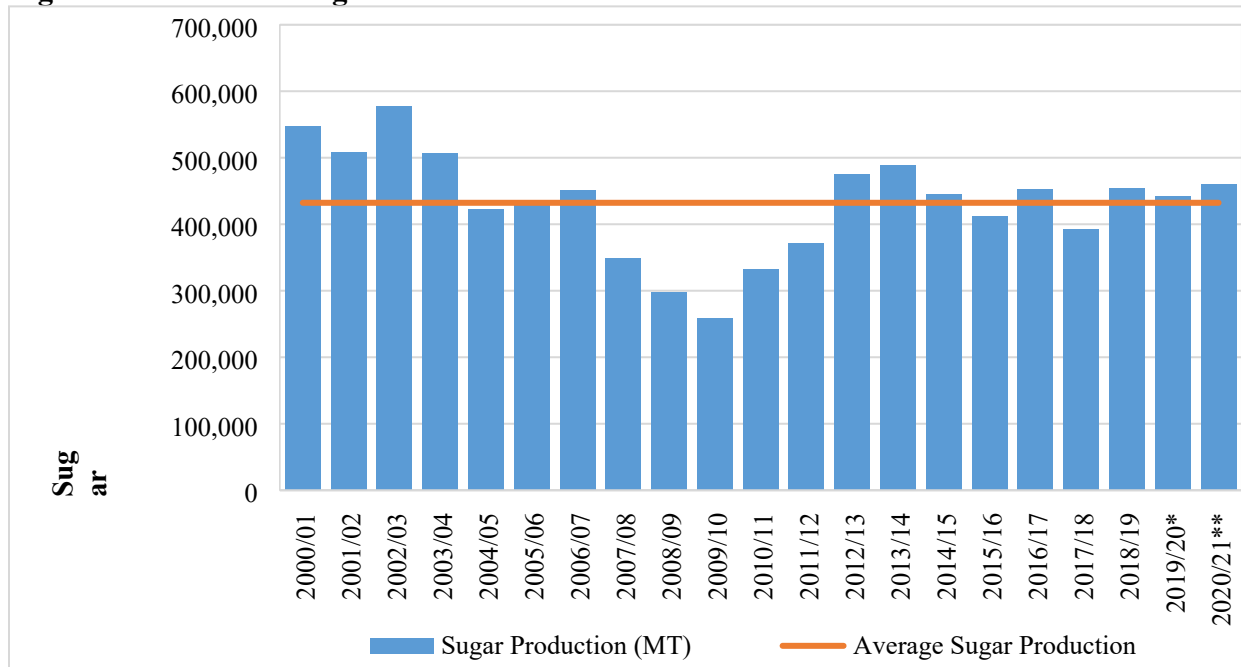
Sugar:

Production

Post forecasts that sugar production in Zimbabwe will increase by 4 percent to 460,000 MT in the 2020/21 MY, from 442,000 MT in the 2019/20 MY. This is due to an increase in the quantity of sugar cane delivered to the mills, improved sugar cane quality (sucrose content), and improved sugar mill efficiencies (sugar recovery rate). Sugar recovery rate refers to the amount of sugar obtained from a metric ton of sugar cane, expressed as a percentage. The 2019/20 MY sugar production was revised downwards to 442,000 MT based on the lower than expected quantity of sugar cane delivered to the mills, poor sugar cane quality due to pest damage (Yellow Sugarcane Aphids), lower mill efficiencies, and updated industry statistics. The impact of Covid-19 on sugar production in the 2020/21 MY is projected to be minimal based on industry efforts and government support in ensuring that the sugar milling season will start as scheduled and sugar mills are fully operational during the Covid-19 pandemic.

Figure 3 shows that while the 2020/21 MY and 2019/20 MY sugar production is above the industry average, it has not reached the peak production of 578,000 MT achieved in the 2002/03 MY. The decline in sugar production from the 2002/03 MY to the 2009/10 MY, is mainly due to the rapid decline in the economic performance of Zimbabwe.

Figure 3: Zimbabwe Sugar Production



**Forecast.*Estimate.

Source: [Tongaat Hulett](#)

Table 4 below confirms the improved mill efficiencies and better quality of sugar cane, as the Sugar to Cane ratio percentage is forecast to increase to 12.6 percent in the 2020/21 MY, from 12.4 percent in the 2019/20 MY.

Table 4: Zimbabwe Sugar Production and Mill Sugar Recovery Rates

Marketing Year	Cane crushed (MT)	Sugar Production (MT)	Sugar/ Cane Ratio (Percentage)
2014/15	3,856,000	445,000	11.5%
2015/16	3,348,000	412,000	12.3%
2016/17	3,483,000	453,000	13.0%
2017/18	3,101,000	393,000	12.7%
2018/19	3,582,994	454,000	12.7%
2019/20*	3,562,000	442,000	12.4%
2020/21**	3,650,000	460,000	12.6%

**Forecast, *Estimate. Sources: Tongaat Hulett and Post Forecast

Consumption

Post forecasts that sugar consumption in Zimbabwe will decrease by 3 percent to 340,000 MT in the 2020/21 MY, from 350,000 MT in the 2019/20 MY. This is due to the decline in consumer's disposable incomes due to the prevailing harsh economic challenges, and the projected impact of Covid-19 (Corona virus) on demand. This increase was partially offset by an increase in production and population growth. The 2019/20 MY domestic consumption was revised downwards to 350,000 MT, due to updated industry sales data and weak disposable incomes.

The two main categories of consumers for sugar in Zimbabwe are manufacturers (beverages, confectioners, bakers and pharmaceuticals) and households. Domestic sugar consumption is usually categorized by 30 percent of white sugar and the remaining 70 percent of domestic consumption is brown sugar. Star Africa, the independent sugar refinery has significantly improved the quality and capacity of refined sugar that it produces including bottler grade sugar (Premium-refined sugar that has been graded).

The Zimbabwe per capita consumption of sugar at 24 kg/ year is higher than the average Africa per capita consumption at 17.2 kg, and global sugar per capita consumption at 23 kg. However, there are opportunities for further growth as some neighboring countries such as South Africa have a sugar per capita consumption of 35 kg. The growth in Zimbabwe's per capita consumption is highly constrained by the limited disposable income and lower demand from the struggling manufacturing sector. The 2019 domestic retail price of white and brown sugar is about US\$1.50 per kilogram, up from US\$0.95 in 2018. The industry currently sees minimal impact in the use of alternative sweeteners by some beverage producers, as the quantities utilized are still low.

Trade: Exports

Post forecasts that Zimbabwe sugar exports will decrease marginally by 1 percent to 104,000 MT in the 2020/21 MY, from 105,000 MT in the 2019/20 MY, based on the projected impact of Covid-19 (Corona virus) on demand and supply chains. This was partially offset by the increase in sugar production. The 2019/20 MY sugar exports were revised upwards to 95,000 MT, based on the pace of exports up to January 2020. Refined sugar has been converted to raw value using a factor of 1.07.

The main export destinations for Zimbabwe sugar are the United States, Eastern Africa (Kenya), Botswana, South Africa and the EU. Zimbabwe is a beneficiary of the United States Tariff Rate Quota (TRQ) annual raw sugar allocation of 12,636 MT, which allows it to export raw sugar duty free to the United States. The TRQ amount has remained constant over the last several years. Zimbabwe always utilizes its quota allocation and additional re-allocations each year and is expected to fully utilize the 2019/20 MY and 2020/21 MY quota allocation.

Exports to the EU have significantly decreased since 2017, due to unfavorable prices and low returns when compared to other export markets such as East Africa. The EU changed its domestic sugar policy in 2017 and removed restrictions for domestic sugar beet production. This change is expected to result in an increase in sugar supply and decreases in sugar prices in the EU. This is also expected to result in a decrease in EU imports from other countries over time.

Table 5: Raw Sugar Exports

Zimbabwe Export Statistics						
Commodity: Raw Sugar, HS170111, 170112, 170113, 170114						
Year Ending: March						
Reporter	Unit	Quantity				
		2015/16	2016/17	2017/18	2018/19	2019/20*
Reporting Total	T	185,428	129,281	68,120	62,815	74,305
Kenya	T	2,000	23,925	30,020	37,339	37,887
EU	T	168,312	89,311	20,648	4,993	19,909
United States	T	15,116	14,715	17,443	12,034	13,804
South Africa	T	0	1,330	0	8,334	2,698
Botswana	T	0	1	9	115	8

*Export figures up to January 2020.

Source: Trade Data Monitor

Table 6: Refined Sugar Exports

Zimbabwe Export Statistics						
Commodity: Raw Sugar, HS170111, 170112, 170113, 170114						
Year Ending: March						
Reporter	Unit	Quantity				
		2015/16	2016/17	2017/18	2018/19	2019/20*
Reporting Total	T	22,058	5,239	1,804	10,094	13,220
Kenya	T	0	1,070	1,070	8,014	11,817
Namibia	T	0	0	0	0	935
South Africa	T	126	0	254	0	468
Zambia	T	0	0	479	2,080	0
Botswana	T	21,932	4,169	0	0	0

*Export figures up to January 2020.

Source: Trade Data Monitor

Imports

Zimbabwean sugar imports have been minimal for the past three seasons as shown in **Table 7** and **Table 8**. This is due to the adequate raw sugar supply in the domestic market, and the only imports will be from South Africa, Botswana and Swaziland who enjoy duty free access into the Zimbabwe market. In addition, the drive by the industry to address the sugar refining quality issues and an increase in the local manufacture of bottler grade industrial white sugar has resulted in a drastic decline in imports of refined sugar. The 10 percent tariff on all sugar imports introduced by the Zimbabwean government in 2014 to protect the domestic industry has also resulted in minimal sugar imports.

Table 7: Raw Sugar Imports

Zimbabwe Import Statistics						
Commodity: Raw Sugar, HS170114,170111,170112,170113						
Reporting Country	Unit	Quantity				
		2015/16	2016/17	2017/18	2018/19	2019/20*
Reporting Total	T	243	529	2,366	4	3
South Africa	T	110	4	1	4	2
Botswana	T	7	0	0	0	0
Zambia	T	126	525	2,365	0	0

*Import figures up to January 2020.

Source: Trade Data Monitor

Table 8: Refined Sugar Imports

Zimbabwe Import Statistics						
Commodity: Raw Sugar, HS170111, 170112, 170113, 170114						
Year Ending: March						
Reporter	Unit	Quantity				
		2015/16	2016/17	2017/18	2018/19	2019/20*
Reporting Total	T	10,357	403	45	26	61
South Africa	T	10,316	403	10	26	61
Zambia	T	39	0	36	0	0
Botswana	T	2	0	0	0	0

*Import figures up to January 2020.

Source: Trade Data Monitor

Sugar Closing Stocks

Post forecasts that the closing stocks will increase to 43,000 MT in the 2020/21 MY, from 25,000 MT in the 2019/20 MY, based on the increase in sugar production and decreases in domestic consumption and exports. All the sugar produced in each marketing year is considered sold at the end of the season in order for the industry to share the revenue between growers and millers as per the agreed Division of Proceeds formulas. Ownership of closing stocks is usually held by wholesalers, retailers, refineries and to a limited extent the Zimbabwe Sugar Sales Company. Larger closing stocks, especially those held by the Zimbabwe Sugar Sales Company pose a cost challenge to the industry as the growers and millers have to pay for the storage of such sugar.

Table 9: Production, Supply and Demand (PSD) Table for sugar

Sugar, Centrifugal Market Begin Year Zimbabwe	2018/2019		2019/2020		2020/2021	
	April 2018		April 2019		April 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	15	15	24	36	0	25
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	463	453	490	442	0	460
Total Sugar Production	463	453	490	442	0	460
Raw Imports	13	13	0	1	0	1
Refined Imp.(Raw Val)	25	25	0	1	0	1
Total Imports	38	38	0	2	0	2
Total Supply	516	506	514	480	0	487
Raw Exports	90	63	110	89	0	88
Refined Exp.(Raw Val)	5	10	7	16	0	16
Total Exports	95	73	117	105	0	104
Human Dom. Consumption	397	397	368	350	0	340
Other Disappearance	0	0	0	0	0	0
Total Use	397	397	368	350	0	340
Ending Stocks	24	36	29	25	0	43
Total Distribution	516	506	514	480	0	487

(1000 MT)

Policies and Regulations:

United States Sugar Tariff Rate Quota Allocation

The United States allows duty free access for Zimbabwe sugar under the Tariff Rate Quota (TRQ) program. The total TRQ allocation and re-allocations offered to Zimbabwe average about 12,000 to 14,000 MT annually. Zimbabwe usually fully utilizes its sugar quota as the U.S. market remains attractive compared to other markets. Post expects that Zimbabwe will fully utilize its allocated TRQ in the 2020/21 MY and 2019/20 MY.

Customs Duties

In 2014, the Zimbabwe government passed a 10 percent customs duty and US\$100/MT surtax on all sugar imports from countries other than the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) in a bid to protect the local industry from an influx of sugar imports.

Import Permits

In 2014, the government also confirmed that no raw sugar import permits would be issued from countries other than members of SADC and COMESA. However, this import permit restriction, does not apply to sugar imports intended to satisfy the requirements for bottler grade sugar. Zimbabwe believes that there is an untapped market for sugar in African countries, and the prospective implementation of the recently signed Continental Free Trade Agreement presents favorable market opportunities.

Domestic Retail Sugar Price Support

[Star Africa Corporation](#) an independent refinery supplies the majority (at least 80 percent) of refined sugar in Zimbabwe. In order to maintain low retail prices for sugar in Zimbabwe, government negotiates a fair price at which Star Africa buys raw sugar from the sugar mills. As a result, Star Africa is also required to obtain permission from the government to increase the wholesale and retail prices of refined sugar sold in Zimbabwe.

Ethanol Production

Zimbabwe introduced mandatory blending of fuel with ethanol in 2011. Currently, minimum mandatory blending of vehicle fuels with ethanol is 20 percent, but varies depending on the domestic supply and availability of ethanol. Green Fuels had a monopoly in the production and supply of ethanol for fuel blending purposes. However, Triangle Sugar recently entered into a partnership with the National Oil Company of Zimbabwe (NOCZIM), to produce and market ethanol for fuel blending purposes. Post forecasts that ethanol production will increase by 3 percent to 80 million litres in the 2020/21 MY, from 78 million litres in the 2019/20 MY, based on the increase in sugar cane production. Green Fuels has about 9,000 ha under sugarcane for the sole production of ethanol, and produced 56 million liters in the 2019/20 MY. Fuel grade ethanol produced by Triangle Sugar is a complementary product to sugar and is produced from molasses (by-product of sugar production). This makes ethanol

produced by Triangle Sugar cheaper than the ethanol produced by Green Fuels from fermentable sugar. Triangle Sugar produced 26.1 million liters in the 2019/20 MY.

Cogeneration of Electricity

The Hippo Valley and Triangle Sugar Mills generate sufficient electricity by burning bagasse to power their mills during peak production periods. They can also supply surplus electricity to the national grid. An electricity swap agreement was made with the Zimbabwe Power Company for the sugar mills to supply electricity to the national grid during the mills peak production periods and to draw down some electricity from the national grid during off-peak periods. As a result, the net usage of electricity by the sugar mills is believed to be minimal.

Impact of the Land Reform Policy

The impact of the land reform program and the uncertain political situation is evident in the sugar cane industry. The condition of the irrigation infrastructure at the well managed Triangle and Hippo Valley Estates is evidently much better and well maintained in comparison to the run-down infrastructure on the land reform farms. In addition, cane yields at Triangle and Hippo Valley Estates average about 160 MT/Ha, compared to the low yields (low as 4 MT/Ha) of the land reform farms. One of the main issues confronting smallholder farmers who were allocated land during the land reform process is the lack of coordination and cooperation to maintain, clean or repair public irrigation facilities such as pipes, dams and cleaning water canal. This has resulted in water leaks from dams or pipes resulting in saltation of some cane fields, and poor flow of irrigation water. These issues are increasing each year and are expected to further impact sugar cane production if they are not addressed. Some of the land that was allocated to smallholder farmers during the land reform process is now fallow as new farmers are not re-investing, and/or are employing unqualified labor force to manage the farms, further compounding the problem.

Vitamin A Fortification

The Zimbabwean government passed a regulation for the mandatory fortification of household sugar with Vitamin A effective July 1, 2017. This regulation was passed as part of the Zimbabwe National Food Fortification Strategy 2014 - 2018, which is aligned to the National Food and Nutrition Strategy for Zimbabwe that serves as a guideline to both policy and implementation levels to prevent micronutrient deficiencies. [Click here to download the National Food and Nutrition Strategy](#). The strategy was developed to address the micronutrient deficiency burden in the country as revealed by the 2012 Zimbabwe Micronutrient Survey. According to the survey, 19 percent of children aged 6 - 59 months are vitamin A deficient, while 72 percent have iron deficiency, and 31 percent are anemic, and nearly 1.5 Million working age adults with anemia suffer deficits in work performance.

Attachments:

No Attachments