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Global Agricultural Information Network

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Swaziland

Sugar Annual

The supply and demand of sugar in Swaziland

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Report Highlights:

Post forecasts that the sugar cane production in Swaziland will increase by about five percent to 5,200,000 MT in the 2017/18 MY, from 4,973,571 MT in the 2016/17 MY, based on normal weather conditions, good rainfall received at the beginning of the year which is a critical period for sugar cane growth, as well as improvements in yields following the drought conditions of the previous season. This will result in a three percent increase in the 2017/18 MY sugar production to 606,000 MT.

Commodities:

Sugar, Centrifugal
Sugar Cane for Centrifugal

Executive Summary

Post forecasts that the sugar cane production in Swaziland will increase by about five percent 5,200,000 MT in the 2017/18MY, from 4,973,571 MT in the 2016/17 MY, based on normal weather conditions, good rainfall received at the beginning of the year which is a critical period for sugar cane growth, as well as improvements in yields following the drought conditions of the previous season. Post forecasts that the Swaziland sugar production will increase by three percent to 606,000 MT in the 2017/18 MY, from the low sugar production of 587,004 MT in the 2016/17 MY based on the increase in sugar cane production and an improvement in the quality of sugar cane delivered to the sugar mills.

Swaziland's local sugar consumption is forecast to grow marginally by two percent to 52,000 MT in the 2017/18 MY, from 51,000 MT in the 2016/17 MY based on increased demand of sugar products due to economic growth.

Post forecasts that Swaziland's sugar exports will increase by two percent to 570,000 MT in the 2017/18 MY from 560,000 MT in the 2016/17 MY based on the marginal increase in sugar production and available stocks.

Post forecasts that Swaziland will fully utilize its allocated TRQ in the 2017/18 MY as usual.

Sources:

<http://www.ssa.co.sz>

<http://www.illovo.co.za>

<http://www.huletts.co.za>

MT – Metric tons

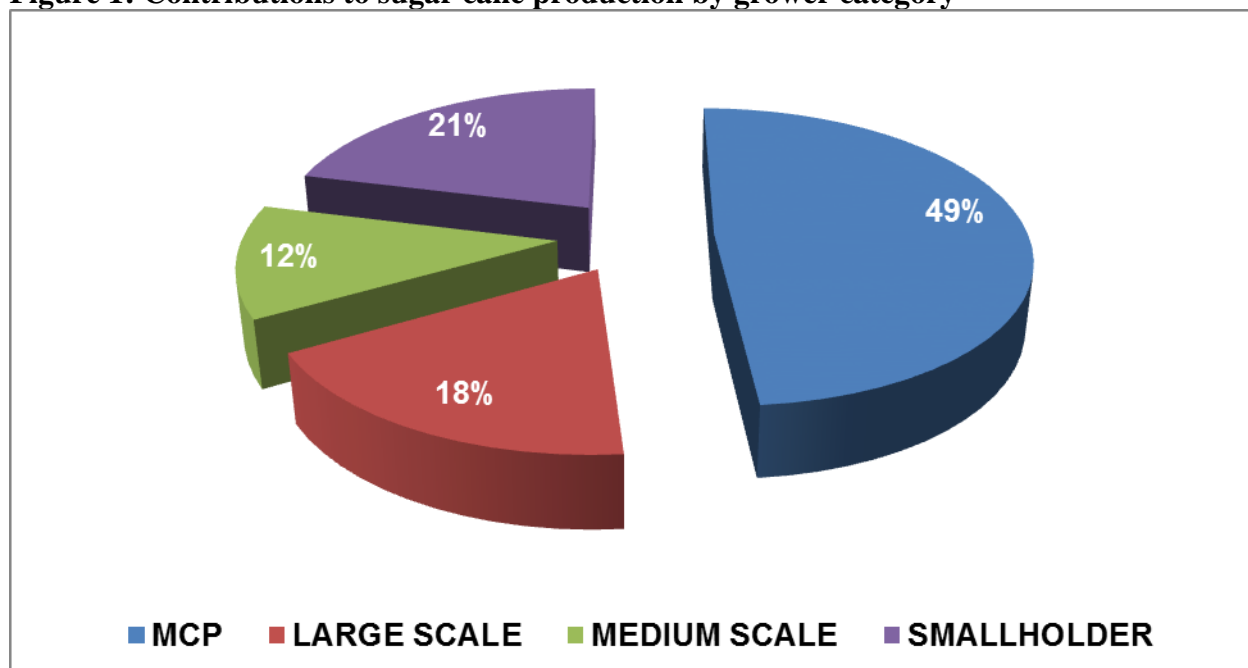
MY – Marketing Year (April to March)

The structure of the industry

The sugar industry is a key contributor to the Swaziland agriculture industry and economy. Sugar production accounts for almost sixty percent of the total Swaziland agricultural output, and contributes at least ten percent to the country's Gross Domestic Product, as well as at least sixteen percent to national employment. Swaziland is also Africa's fourth largest producer of sugar, after South Africa, Egypt and Sudan, and ranked 25th largest producer in the world.

All sugar cane in Swaziland is grown in the Lowveld under irrigation by four categories of growers as shown in **Figure 1** below. Miller owned estates (MCP) contribute the largest share of production at 49%, followed by large scale growers (18%), medium size growers (12%) and small growers (21%). Although medium and small sized growers account for a smaller volume of total production, the largest number of growers falls under these two categories. Sugarcane growing in Swaziland is only permissible to growers who are registered and allocated a grower quota number by the Sugar Industry Quota Board.

Figure 1: Contributions to sugar cane production by grower category



Source

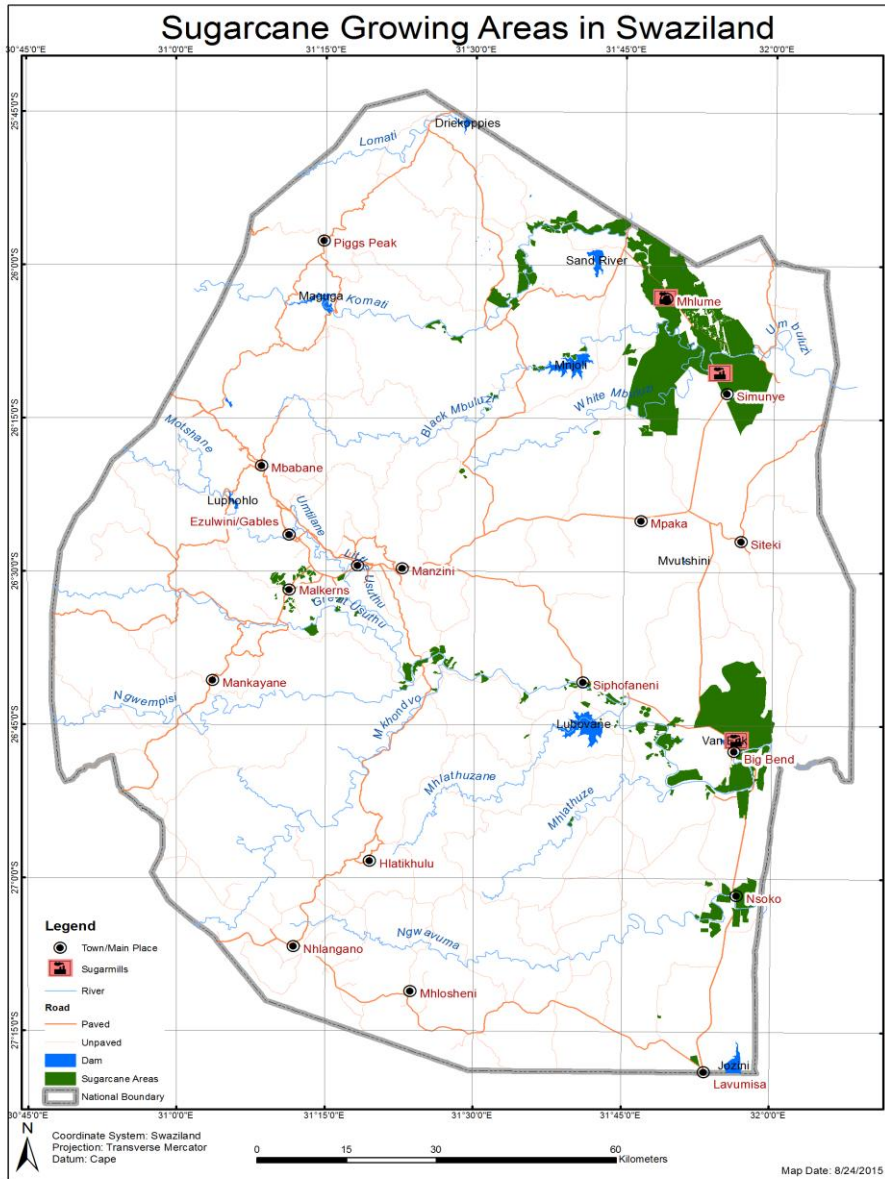
: Swaziland Canegrowers Association

Swaziland has three sugar mills, namely, Mhlume, Simunye and Ubombo with a combined annual sugar production capacity in excess of 800,000 tons. South Africa's three biggest sugar companies, Illovo Sugar Ltd, Tongaat Hulett Sugar Ltd, and Tsb Sugar RSA Ltd are involved in the Swaziland sugar industry through their co-ownerships in production estates and mills.

Sugarcane growers and millers are, represented by the Swaziland Cane Growers Association and the Swaziland Sugar Millers Association, respectively. The interests of the different industry players are reconciled within the framework of the Swaziland Sugar Association. The Swaziland Sugar Association was formed in 1964 and is governed by the Sugar Act of 1967. The Swaziland Sugar Association is responsible for providing the services necessary for the general development of the industry and the marketing of Swaziland's sugar.

Figure 2 below presents a map of the sugar cane growing areas in Swaziland.

Figure 2: Sugar cane growing areas in Swaziland



Source: Swaziland Canegrowers Association

Sugar cane Production:

Production

Post forecasts that the sugar cane production in Swaziland will increase by about five percent to 5,200,000 MT in the 2017/18MY, from 4,973,571 MT in the 2016/17 MY, based on normal weather conditions, good rainfall received at the beginning of the year which is a critical period for sugar cane growth, as well as improvements in yields following the recovery from the drought conditions of the previous season. The increase in sugar cane production is anticipated to be partially offset by some growers failing to re-plant their normal hectareage based on the financial impact of the drought in 2016 and some sugar cane crop which was too distressed to recover from the previous drought conditions. The 2016/17 MY production estimate was revised upwards to 4,973,571 MT based on better than expected production and updated industry data, but remains the lowest cane production in the last decade. The 2015/16 MY sugar cane production remains unchanged at 5,836,553 MT based on final industry data. **Table 1** shows the production of sugar cane and sugar in Swaziland from the 2013/14 MY to the 2017/18 MY forecast.

Table 1: The production of sugar and sugar cane in Swaziland from the 2013/14 season

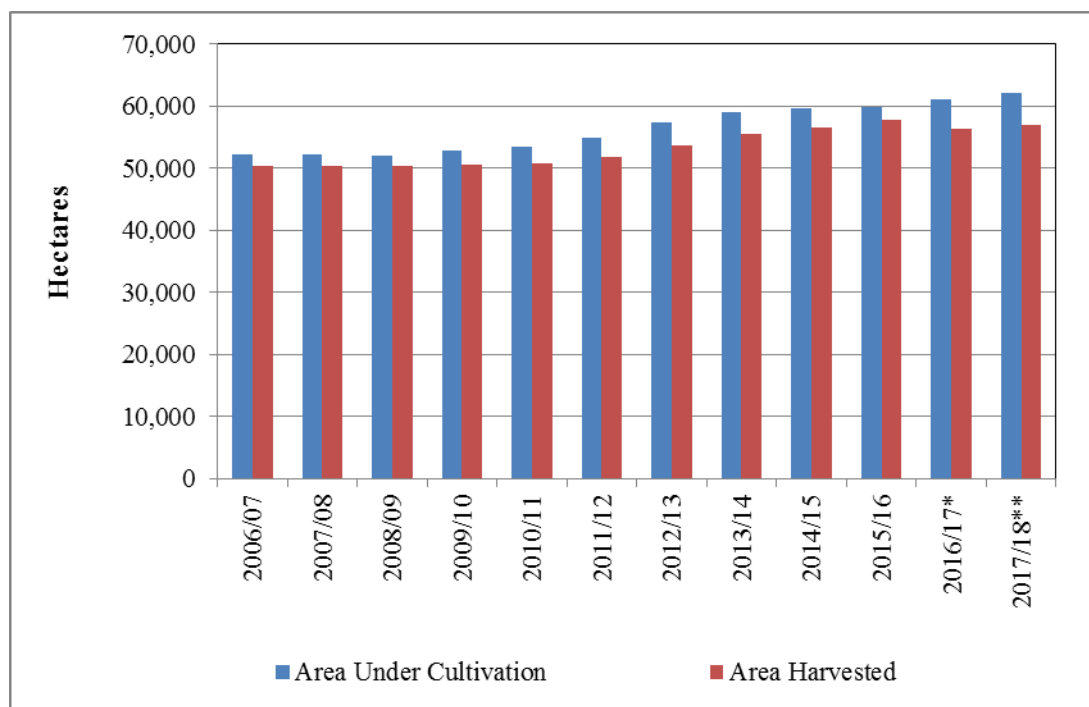
Season	Area Planted (HA)	Area harvested (HA)	Yield (MT/HA)	Cane crushed (MT)	Sugar produced (MT*)	Cane/sugar ratio
2013/14	58,979	55,478	100.8	5,591,830	653,337	8.6
2014/15	59,586	56,438	99.9	5,639,193	686,778	8.2
2015/16	59,924	57,685	101.2	5,836,553	695,408	8.4
2016/17**	61,073	56,420	88.2	4,973,571	587,004	8.5
2017/18***	62,000	57,000	91.2	5,200,000	606,000	8.6

*Tel Quell x 1.035 = Raw value, Refined x 1.07 = Raw value

** Estimate *** Forecast

Figure 3 below shows that the Swaziland area under cultivation has been on a steady increase since the 2006/07 MY. The 2017/18 MY area under cultivation is forecast to marginally increase by less than a percent to 62,000 hectares based on normal weather conditions and minimal investments in replanting following the impact of the drought in the previous season.

Figure 3: Area Under Cultivation and Harvested



* Estimate ** Forecast. Source: Swaziland Sugar Association

Table 2: PS&D for sugar cane

Sugar Cane for Centrifugal Market Begin Year Swaziland	2015/2016		2016/2017		2017/2018	
	Apr 2015		Apr 2016		Apr 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	60	60	62	61	0	62
Area Harvested	58	58	59	56	0	57
Production	5837	5837	4600	4974	0	5200
Total Supply	5837	5837	4600	4974	0	5200
Utilization for Sugar	5837	5837	4600	4974	0	5200
Utilizatr for Alcohol	0	0	0	0	0	0
Total Utilization	5837	5837	4600	4974	0	5200
(1000 HA) ,(1000 MT)						

Sugar:

Production

Post forecasts that the Swaziland sugar production will increase by three percent to 606,000 MT in the 2017/18 MY, from the low sugar production of 587,004 MT in the 2016/17 MY based on the increase in sugar cane delivered to the sugar mills. Post revised upwards the 2016/17 MY sugar production to 587,004 MT based on higher than expected increases in sugar cane production and updated industry figures. The 2015/16 MY sugar production remains unchanged at 695,408 MT based on final industry data.

Consumption

Swaziland's local sugar consumption is forecast to grow marginally by two percent to 52,000 MT in the 2017/18 MY, from 51,000 MT in the 2016/17 MY based on increased demand of sugar products due to economic growth. Domestic sugar consumption is driven by economic growth, averaging 3% over the last decade, as well as food and beverage manufacturers who use sugar as an input. The main food and beverage manufacturers that utilize sugar are Bromor Foods, Cadbury Swaziland, Ngwane Mills, Parmalat Swaziland, Swaziland Fruit Cannery – Swazican, and to a limited extent, the Coca Cola concentrate manufacturing plant. In 2016, Post amended the Swaziland local consumption figures by excluding the Namibia, Lesotho, South Africa and Botswana data from the Southern Africa Customs Union (SACU) sales, and including marginal imports to arrive at the local consumption figures. In the past Swaziland used to report SACU sales as domestic consumption.

Trade

Post forecasts that Swaziland's sugar exports will increase by two percent to 570,000 MT in the 2017/18 MY, from 560,000 MT in the 2016/17 MY based on the increase in sugar production and available stocks. The 2016/17 MY exports were revised upwards to 560,000 MT based on the higher than expected sugar production and the actual exports until January 2017. The 2015/16 MY exports remain unchanged at about 665,000 MT based on final industry data. Post has amended the export data by including the Swaziland sales to SACU countries, namely, Namibia, Lesotho, South Africa and Botswana as exports instead of local consumption. Swaziland sugar imports are only marginal, ranging from 4,000 MT to about 10,000 MT annually, as local production is sufficient to meet local demand. However, imports are expected to increase to 20,000 MT in the 2017/18 MY and 15,000 MT in the 2016/17 MY as opportunistic imports to the South African Customs Union (SACU) mainly from Brazil, are starting to increase following market speculations on sugar shortages.

Export and import data used for the Swaziland sugar report is primarily based on industry data, as up to date Global Trade Atlas (GTA) data for Swaziland trade is not available and is still undergoing frequent adjustments following the changes in the reporting of SACU sales separately since 2015.

The Swaziland Sugar Association is responsible for exporting all the raw sugar produced in Swaziland. The South African Customs Union (SACU) is the most important market for the Swaziland sugar industry, accounting for between 45 – 70% of the Swaziland sugar sales depending on the season's sugar production. South Africa and Swaziland are the only two sugar producing countries in SACU. **Table 3** shows the Swaziland sales into the SACU market.

The European Union (EU) has historically been an important market for the Swaziland sugar industry, accounting for between 24 – 55% of the Swaziland sugar sales depending on the season. Swaziland sugar exports to the EU fall under the EU/SADC Economic Partnership Agreements (EPA). The EPA was initiated in 2014, allowing Swaziland to continue exporting to the EU, however, lower prices have negatively impacted export revenues from this market.

The United States (US) allows preferential access for Swaziland sugar under the Tariff Rate Quota (TRQ) program. The total TRQ and re-allocations offered to Swaziland average about 20,500 MT annually, and Swaziland usually utilizes its full quota as the US market remains attractive as compared to other markets such as the EU which has lower prices. Post forecasts that Swaziland will fully utilize its allocated TRQ in the 2017/18 MY.

Table 3: Swaziland sugar sales to various markets

Period	SACU Market (Incl. Swaziland)	Regional Market	EU Market	USA	World Market	TOTAL SALES
2005/06	316,455	138,256	152,201	27,756	1,999	636,667
2006/07	318,202	121,771	153,251	19,813	25,000	638,037
2007/08	307,232	90,352	188,220	15,935	25,000	626,739
2008/09	319,716	99,554	182,897	16,123	-	618,290
2009/10	321,783	25,638	247,692	-	-	595,113
2010/11	309,483	28,518	280,201	25,518	-	643,720
2011/12	309,911	80	314,830	-	-	624,821
2012/13	303,204	-	363,637		-	666,841
2013/14	307,918	-	339,250		-	647,168
2014/15	372,452	14,160	269,635	34,000	-	690,247
2015/16	400,081	33,100	238,618	28,219	-	700,018
2016/17*	393,919	12,352	211,918	19,623	-	637,812
2017/18**	413,810	19,000	157,250	16,500		606,560

* Estimate ** Forecast

Source: Swaziland Sugar Association

Stocks

Post forecasts that closing stocks will increase to 15,000 MT in the 2017/18 MY, from 12,000 MT in the 2016/17 MY based on the increase in production and higher level of imports. Due to the previous season drought conditions, the closing stocks for the 2016/17 MY and 2017/18 MY are still relatively low and about half of the usual closing stock levels.

Table 4: PS&D for sugar

Sugar, Centrifugal Market Begin Year Swaziland	2015/2016		2016/2017		2017/2018	
	April 2015		April 2016		April 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	40	40	24	22	0	12
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	695	695	530	587	0	606
Total Sugar Production	695	695	530	587	0	606
Raw Imports	4	4	10	15	0	20
Refined Imp.(Raw Val)	0	0	0	0	0	0
Total Imports	4	4	10	15	0	20
Total Supply	739	739	564	624	0	638
Raw Exports	418	408	300	360	0	365
Refined Exp.(Raw Val)	245	257	200	200	0	205
Total Exports	663	665	500	560	0	570
Human Dom. Consumption	51	51	49	51	0	52
Other Disappearance	1	1	1	1	0	1
Total Use	52	52	50	52	0	53
Ending Stocks	24	22	14	12	0	15
Total Distribution	739	739	564	624	0	638
(1000 MT)						