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GAIN Report Number:

Swaziland

Sugar Annual

The report focus on sugar production in Swaziland

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Report Highlights:

Swaziland's sugar cane production is forecasted to increase to 5.1 million tons in the 2011/12 season on the back of more land being utilized for the cultivation of sugar. Hence, sugar production in the 2011/12 season is forecasted to increase to 650,000 tons. Sugar cane production in the 2010/11 season was 4.9 million tons producing 582,019 tons of sugar, three percent down from the previous season due to lower quality sugar. Swaziland's sugar exports are expected to increase to above 640,000 tons in the 2011/12 season with more than 95 percent of sugar being exported to the SACU and European Union markets.

Executive Summary:

For the 2011/12 season (April to March) it is forecasted that sugarcane production in Swaziland will increase to 5.070 million tons as more land will be planted with sugar. Swaziland's sugar cane production for the 2010/11 season was estimated at 4.943 million tons. This is marginal more than the 2009/10 season's revised figure of 4.908 million tons.

Post forecast that sugar production in Swaziland in the 2011/12 season could reach 650,000 tons Tell Quell [672,750 metric tons raw value (MTRV)]. In the 2010/11 season sugar production decrease by 3 percent from the previous year to 582,019 tons Tell Quell (602,390 MTRV), due to a higher than expected cane to sugar ratio. Sugar production in the 2009/10 season was finalized at 605,657 tons Tell Quell (626,855 MTRV)

Swaziland's sugar exports are expected to increase to above 640,000 tons in the 2011/12 season with more than 95 percent of sugar being exported to the SACU and European Union markets. Post estimate that Swaziland will supply 340,000 tons of sugar to the SACU market in the 2011/12 season on the back of higher production.

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

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

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

US\$1= R6.75 = E6.75 (06/07/2011)

Sugar cane

Production

For the 2011/12 season (April to March) it is forecasted that sugarcane production in Swaziland will increase, under normal climatic condition, to 5.070 million tons as more land will be planted with sugar. Swaziland's sugar cane production for the 2010/11 season is estimated at 4.943 million tons. This is marginal more than the 2009/10 season's revised figure of 4.908 million tons. The 2011/12 season's crop will be produced on 52,000 hectares (forecast), compared to the 50,766 hectares of the 2010/11 season and 50,502 hectares of the 2009/10 season.

Table 1 illustrates the production of sugar in Swaziland for 2009/10 (actual), 2010/11 (estimate) and 2011/12 (forecast) marketing years.

Table 1: The production of sugar in Swaziland from the 2009/10 season

Season	Area Planted (HA)	Area harvested (HA)	Yield (MT/HA)	Cane crushed (MT)	Sugar prod. (MT*)	Cane/sugar ratio
2009/10	52,822	50,502	97,2	4,908,152	605,657	8.1
2010/11	53,372	50,766	97.4	4,942,699	582,019	8.5
2011/12	54,000	52,000	97.5	5,070,000	650,000	7.8

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

The structure of the industry

Sugar represents the single biggest industry in Swaziland and accounts for almost 60 percent of agricultural output, 35 percent of agricultural wage employment, and contributes about 18 percent to the country's Gross Domestic Product. The sugar industry in Swaziland consists of four components, namely, the large millers and estates (77 percent of production); large growers (17 percent), medium size growers (5 percent) and small growers (1 percent). While accounting for a smaller volume of total production, the largest number of growers falls under the category of medium and small growers. 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 growing in Swaziland is only permissible through a quota issued by the Sugar Industry Quota Board.

Sugarcane growers and millers belong respectively to the Swaziland Cane Growers Association and the Swaziland Sugar Millers Association. 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 govern 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 in particular, with a view to ensure optimum returns on investment for existing producers.

The Swaziland Cane Growers Association and the Swaziland Sugar Millers Association are equally represented on the Swaziland Sugar Association's Council, the highest policy making body in the sugar industry. The Council is chaired by an independent person, who has no interest in the growing, milling, and marketing of sugar.

Sugar Cane for Centrifugal Swaziland	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Apr 2009		Market Year Begin: Apr 2010		Market Year Begin: Apr 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	53	53	53	53		54
Area Harvested	51	51	51	51		52
Production	5,044	4,908	5,100	4,943		5,070
Total Supply	5,044	4,908	5,100	4,943		5,070
Utilization for Sugar	5,044	4,908	5,100	4,943		5,070
Utilizatn for Alcohol	0	0	0	0		0
Total Utilization	5,044	4,908	5,100	4,943		5,070
1000 HA, 1000 MT						

Sugar

Production

Swaziland has three sugar mills (Mhlume, Simunye and Ubombo) with a combined annual production capacity in excess of 600,000 tons. The industry produces raw, refined and VHP (brown) sugar.

Post forecast that sugar production in Swaziland in the 2011/12 season could reach 650,000 tons Tell Quell [672,750 metric tons raw value (MTRV)] on the back of more land being utilized for the cultivation of sugar. In the 2010/11 season sugar production decreased by 3 percent from the previous year to 582,019 tons Tell Quell (602,390 MTRV), due to a higher than expected cane to sugar ratio. Sugar production in the 2009/10 season was finalized at 605,657 tons Tell Quell (626,855 MTRV).

Consumption

The South African Customs Union (SACU) market is of major significance for the Swaziland sugar industries. The SACU market comprises South Africa, Botswana, Lesotho, Namibia and Swaziland. Access to the market is regulated by the Southern African Development Community Sugar Cooperation Agreement. South Africa and Swaziland are the only sugar producers in SACU and together produce in excess of the region's sugar demand, which is estimated at 1.92 MMT. In the 2010/11 season Swaziland supplied 333,125 tons of sugar to the SACU market, marginally higher than the 325,000 tons supplied in the 2009/10 season. Post estimate that Swaziland will supply 340,000 tons of sugar to the SACU market in the 2011/12 season on the back of higher production.

Trade

The Swaziland Sugar Association is responsible for all sale and marketing of sugar produced in Swaziland. The four main markets for Swaziland's sugar are the European Union (EU), the United States, Southern African Customs Union (SACU) and the regional market, with 95 percent of the sugar being sold to the SACU and European Union market.

EU: Reform of the EU Sugar Regime has been completed via a process of structural reform which has seen the reduction of EU export subsidies and the lowering of domestic farm support for European beet farmers. The net result of the reform is that the European sugar market will move from a surplus into a

deficit. This will enable traditional exporters of sugar to the EU, mainly Least Developed Countries (LDCs) and member states of the African, Caribbean and Pacific (ACP) trade group, to continue to export to the EU on preferential terms such that the EU sugar market maintains equilibrium. Imports into the EU from these traditional suppliers are projected to reach 3.5 to 4.0 million tons by 2015, with new market access arrangements that came into force from 1 October 2009. These arrangements provide duty-free, quota-free access to the EU sugar market for qualifying LDC/ACP suppliers on the basis of unrestricted access for LDCs, with ACP access being limited by a safeguard ceiling of 3.5 million tons. Previous quality restrictions which limited imports to bulk raw sugar for refining has also been relaxed from 1 October 2009, and exporters to the EU are entitled to supply sugar of various qualities as required by different customers. These market access changes are positive for the Swaziland sugar industry.

United States: Sales into the United States benefit from the Tariff Rate Quota, which allows access on preferential term.

SACU: The South African Customs Union (SACU) market is of major significance for Swaziland sugar industries. Swaziland is the second largest supplier of sugar into the SACU market and supplies approximately 16 percent of total sugar sales. The SACU market represents approximately one half of Swaziland's total sugar sales.

Table 2 shows the different sugar export markets for Swaziland for the 2009/10 (actual), 2010/11 (estimate) and 2011/12 (forecast) marketing years. Sales in the SACU and EU markets are expected to grow in the 2011/12 season, while sales in the regional market is expected to decrease due to lower prices.

Table 2: The different sugar export markets for Swaziland for the 2009/10 (actual), 2010/11 (estimate) and 2011/12 (forecast) marketing years

Year	SACU market	EU market	United States	Regional market	Total sales
2009/10	325,000	276,317	0	27,260	628,577
2010/11	333,125	278,686	15,700	6,348	633,859
2011/12	340,000	280,000	16,000	5,000	641,000

Source: Swaziland Sugar Association

Sugar, Centrifugal Swaziland	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Apr 2009		Market Year Begin: Apr 2010		Market Year Begin: Apr 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	68	68	60	44	48	15
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	658	627	674	602	680	673

Total Sugar Production	658	627	674	602	680	673
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	726	695	734	646	728	688
Raw Exports	325	310	335	290	340	320
Refined Exp.(Raw Val)	25	25	30	25	30	25
Total Exports	350	335	365	315	370	345
Human Dom. Consumption	315	315	320	315	325	320
Other Disappearance	1	1	1	1	1	1
Total Use	316	316	321	316	326	321
Ending Stocks	60	44	48	15	32	22
Total Distribution	726	695	734	646	728	688
1000 MT						