

**Required Report:** Required - Public Distribution

**Date:** April 16, 2024

**Report Number:** SZ2024-0001

**Report Name:** Sugar Annual

**Country:** Eswatini

**Post:** Pretoria

**Report Category:** Sugar

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**Report Highlights:**

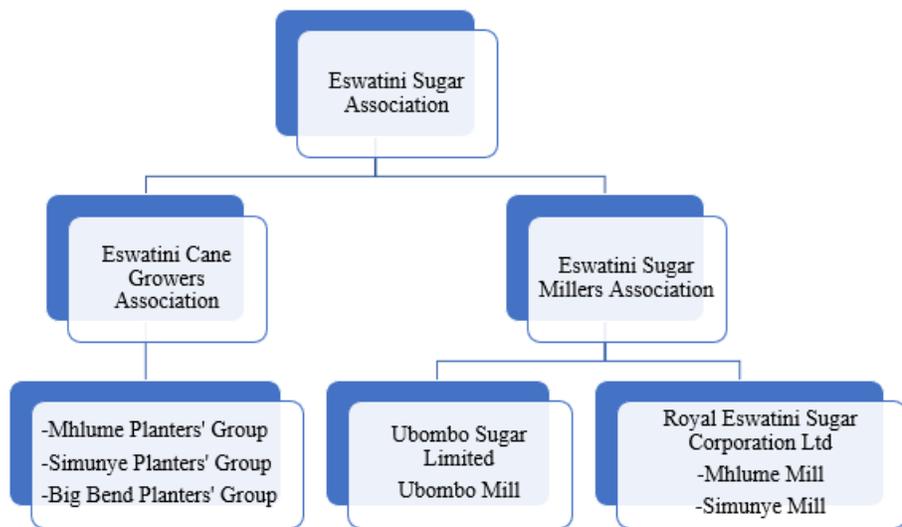
Eswatini sugar cane production in MY 2023/24 was affected by unfavorable climatic conditions and proliferation of the yellow aphid leaf. This affected cane production and quality resulting to the season ending earlier than normal. Therefore, Post expects cane production to improve in MY 2024/25 on carry-over cane, a rebound in cane quality and normal weather. Sugar production in MY 2024/25 is forecast to rise on improved cane deliveries and this will translate to an increase in exports. Post expects Eswatini will fully utilize its allocated U.S. tariff rate quota in MYs 2023/24 and 2024/25.



The main stakeholders and structure of the Eswatini sugar industry are presented in **Figure 2**. The Eswatini Sugar Association (ESA) is the highest decision-making authority on issues affecting sugar cane growers and sugar millers. ESA provides support services to the entire industry’s value chain, which includes marketing of all sugar and molasses, agricultural research and extension, cane testing, warehousing and distribution, and policy advocacy. The Eswatini Cane Growers Association represents the interests of all growers (Mhlume, Simunye, and Big Bend planters’ groups) except for miller-owned estates.

Eswatini has three sugar mills owned by two companies: Royal Eswatini Sugar Corporation Ltd (Mhlume and Simunye mills) and Ubombo Sugar Limited (Ubombo mill), as presented in **Figure 2**. South African-based RCL Sugar Company co-owns the Royal Eswatini Sugar Corporation, while Illovo Sugar owns Ubombo. These mills are members of the Eswatini Millers Association.

**Figure 2: Structure of the Eswatini Sugar Industry**



Source: Eswatini Sugar Association & Eswatini Cane Growers Association

The marketing year (MY) for sugar cane is April-March, while the sugar MY is May-April. For the purposes of this report, raw cane sugar is converted to refined sugar using a factor of 1.07.

## **Sugar Cane**

### **Production**

Post forecasts area under sugar cane production in Eswatini will increase slightly by 1.6 percent in MY 2024/25, to 64,000 hectares (ha). Growth in area is largely due to producers who previously diversified to macadamia returning to sugar cane production especially since global sugar prices have risen in the past year. The Eswatini sugar industry expects modest expansion in area under production after growers had to carry over cane from MY 2023/24 due to unfavorable production conditions. Harvested area is expected to remain stagnant in MY 2024/25.

MY 2023/24 planted area saw a modest 3 percent expansion over the previous season, according to industry data, while harvested area increased by 5 percent despite heavy and frequent rains that left fields waterlogged and made it difficult for producers to harvest in some areas.

Post forecasts cane production will increase by 6 percent in MY 2024/25 to 5.5 million metric tons (MT) based on a return to normal weather conditions, carry-over cane from MY 2023/24, a return to average yields, sufficient water for irrigation, and installation of more efficient irrigation systems. Some growers have installed drip irrigation systems and plan to expand the area using more efficient irrigation techniques that deliver water directly to the crop and optimizes fertilizer application, thus boosting cane production. Due to unfavorable climatic condition and some pest pressure in MY 2023/24, some growers ended the season earlier than normal while others decided not to harvest cane due to low quality levels. The expectation is that carry-over cane will boost overall production for MY 2024/25. The Eswatini sugar industry continues to be concerned about yellow leaf aphid, as there is currently no industry-wide strategy to deal with the pest.

Cane production is estimated to have dropped by 6 percent in MY 2023/24 compared to the previous season. Growers in Eswatini experienced adverse weather that hampered cane production. Excessive rainfall, hail damage, and strong winds led to waterlogged soils, damaged fields, and a decline in yields. Growers also observed increased periods of cloud cover that caused reduced solar radiation, which led to a drop in the sucrose content of cane. Production was also affected by the infestation of yellow leaf aphids, which causes yield loss and cane stunting. Post contacts confirm that yellow aphids are now the leading concern for producers among all other pest and diseases known to affect cane in Eswatini. These events led to some growers deciding not to harvest their cane or ending the season earlier in MY 2023/24. Some producers waited to harvest additional cane in March 2024 at the very end of the MY, betting on a rebound in cane quality. However, Eswatini received heavy rains last month, which hampered those plans in some areas.

In MY 2023/24, producers were also affected by increases in the prices for diesel and electricity, pushing up costs for irrigation, harvesting and haulage, which account for approximately 58 percent of total cane production costs. Fertilizer costs decreased slightly but are still higher than the levels seen prior to the Russia-Ukraine conflict. Further, the infestation of pests such as the yellow leaf aphid, grasshoppers, and Eldana moths has led to an increased need for the application of pesticides, which pushes up production costs and hampers profit margins for growers.

Eswatini relies on South Africa for about 80 percent of its electricity supply, but South Africa is currently experiencing significant power generation and supply challenges that could affect the Eswatini sugar industry by pushing production costs even higher, as well as the growers' fears of a total collapse of the grid. (For more information, see Post's GAIN report on South Africa's load shedding: [Load Shedding and the Economic Strain on the Food Supply Chain](#).) Currently, scheduled power outages in South Africa do not affect Eswatini due to a contract term between the two countries that prohibits a cut in supply to Eswatini so long as the country makes timely payments to Eskom, the South African state-owned power operator. However, the contract between the two countries will be up for renewal in October 2025, which worries Eswatini's sugar producers, as they fear that new contract terms could lead to the same kind of regular power outages seen in South Africa and significant electricity tariff hikes.

The 2022/23 season was affected by late season heavy rains that pushed harvesting into February 2023, well past the normal end of harvest in November. Sucrose content diminishes the longer cane stays on the field past its peak harvest window. Therefore, cane delivered to the mills in the final stretch of the MY 2022/23 harvest was lower quality with diminished sucrose content that affected overall recovery rates for the season.

**Table 1** shows sugar cane production and yields in Eswatini since MY 2013/14. Cane yields in MY 2023/24 are estimated to be lower than the previous MY due to adverse weather effects and the proliferation of pests. Yields in MY 2024/25 are forecast to recover slightly, in line with long term average.

**Table 1: Sugar Cane Production and Yields in Eswatini**

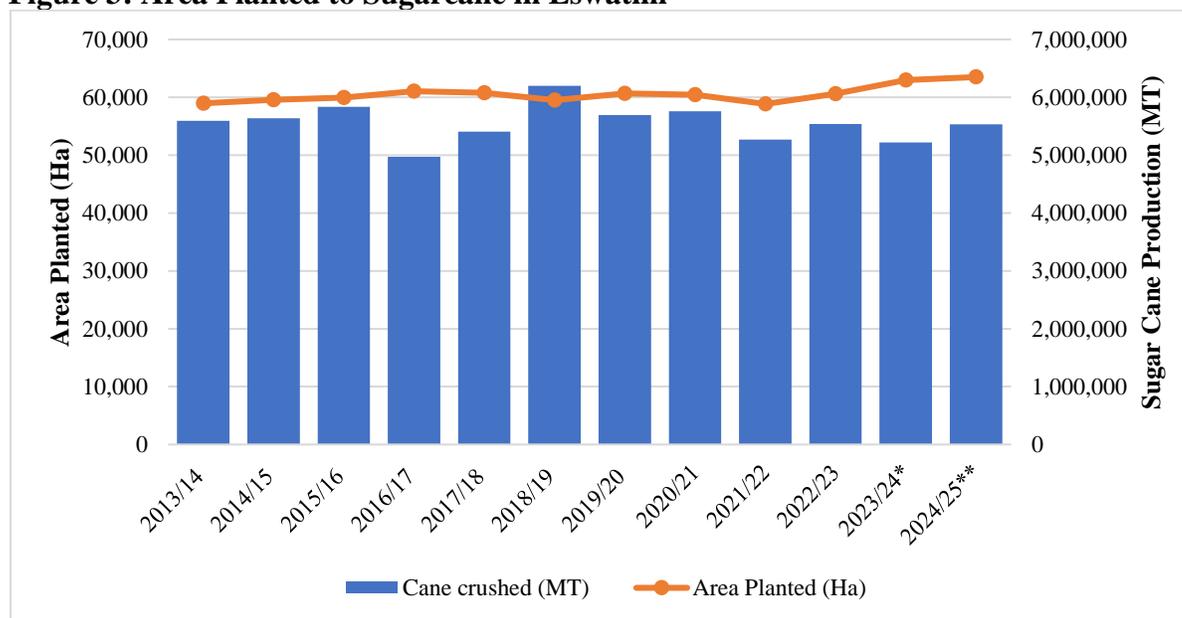
	<b>Cane Crushed (MT)</b>	<b>Area Planted (Ha)</b>	<b>Area Harvested (Ha)</b>	<b>Cane Yield (MT/Ha)</b>
2013/14	5,591,830	58,979	55,478	101
2014/15	5,639,193	59,586	56,438	100
2015/16	5,836,553	59,924	57,685	101
2016/17	4,973,571	61,073	55,557	90
2017/18	5,405,151	60,757	57,770	94
2018/19	6,197,753	59,520	57,397	108
2019/20	5,690,255	60,642	59,080	96
2020/21	5,759,016	60,424	58,523	98
2021/22	5,266,602	58,849	56,936	93
2022/23	5,539,396	60,622	57,393	97
2023/24*	5,220,432	62,971	59,660	88
2024/25**	5,533,500	63,500	59,500	93

Sources: Eswatini Sugar Association, Eswatini Cane Growers Association & Post Forecast

\*Estimate

\*\*Post Forecast

**Figure 3: Area Planted to Sugarcane in Eswatini**



Source: Eswatini Sugar Association, Eswatini Cane growers Association, & Post Forecast  
 \*Estimate \*\*Post Forecast

**Table 2: Production, Supply, and Distribution (PS&D) for Sugar Cane**

Sugar Cane for Centrifugal Market Year Begins Swaziland	2022/2023		2023/2024		2024/2025	
	Apr 2022		Apr 2023		Apr 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Area Planted</b> (1000 HA)	61	61	61	63	0	64
<b>Area Harvested</b> (1000 HA)	57	57	59	60	0	60
<b>Production</b> (1000 MT)	5539	5539	5621	5220	0	5534
<b>Total Supply</b> (1000 MT)	5539	5539	5621	5220	0	5534
<b>Utilization for Sugar</b> (1000 MT)	5539	5539	5621	5220	0	5534
<b>Utilizatn for Alcohol</b> (1000 MT)	0	0	0	0	0	0
<b>Total Utilization</b> (1000 MT)	5539	5539	5621	5220	0	5534
(1000 HA) ,(1000 MT)						

## Sugar

### Production

Post forecasts sugar production will increase by 6 percent in MY 2024/25, to 635,000 MT. This is based on an increase in cane deliveries to mills, a rebound in the cane quality, and improved milling efficiencies. Millers had expected to have a sufficient period (January-March) to perform maintenance and prepare for MY 2024/25, as the previous season ended earlier than usual. 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. **Table 3** shows that the sugar recovery rate is expected to be sustained at 11.5 percent in MY 2024/25, based on an expectation of timely cane deliveries to mills in the coming season.

Sugar production in MY 2023/24 dropped to 599,000 MT, down 4 percent from the previous season, largely due to a decrease in cane deliveries and cane quality. Additionally, one milling company ended the season earlier than usual due to the effects of weather conditions and pest pressure on cane quality.

In MY 2022/23, millers were affected by labor strike at one mill that temporarily halted operations (and diminished cane quality due to delayed deliveries and crushing at the mill), as well as late season heavy rains that waterlogged fields and pushed the cane harvest into February, which is three months later than normal, thus reducing the overall recovery rate for MY 2022/23.

**Table 3: Sugar Production and Sugar Recovery Rates (Sugar/Cane Ratio)**

Marketing Year	Cane Crushed (MT)	Sugar Produced (MT)	Sugar/Cane Ratio (Percentage)
2013/14	5,591,830	653,337	11.68%
2014/15	5,639,193	686,778	12.18%
2015/16	5,836,553	695,408	11.91%
2016/17	4,973,571	586,086	11.78%
2017/18	5,405,151	650,126	12.03%
2018/19	6,197,753	746,983	12.05%
2019/20	5,690,255	673,369	11.83%
2020/21	5,759,016	684,562	11.89%
2021/22	5,266,602	613,895	11.66%
2022/23	5,539,396	625,361	11.29%
2023/24*	5,220,432	598,900	11.47%
2024/25**	5,533,500	635,000	11.48%

Source: Eswatini Sugar Association, Eswatini Cane growers Association & Post Forecast

\*Estimate      \*\*Post Forecast

## **Consumption**

Eswatini's domestic consumption of sugar is forecast to remain unchanged at 73,000 MT in MY 2024/25. Consumer purchasing power has been hampered by persistent price inflation (expected to remain elevated at 5.31 percent in 2024), which will limit the upside of domestic consumption for MY 2024/25. Additionally, the short-term outlook for Eswatini projects slowed GDP growth of 2.9 percent in 2024, down from 3 percent estimated in 2023.

Annual per capita consumption of sugar in Eswatini is forecast to increase slightly to 16.2 kg. Consumption of sugar is supported by improved market access in remote areas of the country, which are now serviced by large retail groups such as Shoprite under the Usave brand. Eswatini sugar consumption remains relatively low compared to other countries, such as South Africa (38kg) and the United States (68 to 77 kg).

Eswatini has always enjoyed strong sugar demand from food and beverage manufacturers who use sugar as one of their main ingredients. Trade sources indicate that the impact of artificial sweeteners on sugar consumption has thus far been insignificant in the country, and the Eswatini sugar industry is not concerned at this stage. However, given the increasing trend of using artificial sweeteners in South Africa, in the long run it is expected that Eswatini manufacturers may also adopt the use of artificial sweeteners to remain competitive in the region.

The main food and beverage manufacturers that utilize sugar in Eswatini are Bromor Foods, Kraft Foods (previously Cadbury), Ngwane Mills, Parmalat, and Eswatini Fruit Canners – Swazican. There are two boutique companies that use sugar to produce limited quantities of rum, vodka, and craft gin in Eswatini.

## **Trade**

### **Exports**

Post forecasts sugar exports from Eswatini will increase by 10 percent to 602,000 MT, based on increased production, global demand, and the sugar industry's campaign to increase access in regional markets. Global sugar prices increased significantly in MY 2023/24 due to the effects of adverse weather on production in major sugar-producing countries. The expectation is that global demand will remain elevated for at least part of MY 2024/25, thus encouraging Eswatini to export. Despite a dip in sugar production last season, sugar exports in MY 2023/24 increased by 13 percent on high global sugar prices, a weak exchange rate, an additional U.S. quota allocation, and available carry-over stocks.

Eswatini is a member of the Southern African Customs Union (SACU) and thus has access to duty-free exports to Botswana, Lesotho, Namibia, and South Africa. In MY 2023/24, exports to SACU are estimated to have declined slightly on a drop in production volumes coupled with increased production in South Africa. SACU is the most important market for the Eswatini sugar industry. In MY 2022/23, exports to SACU accounted for 68 percent of the country's sugar exports, with approximately 97 of exported supplies going to South Africa, the largest economy in the region.

Eswatini is a beneficiary of the U.S. sugar tariff-rate quota (TRQ), which allows the country to export raw sugar duty-free to the United States. The United States is considered a premium market for Eswatini sugar, so the sugar industry fully utilizes its quota allocation and any additional allocations each year. In MY 2022/23, Eswatini exported 4 percent of its sugar to the United States after Eswatini received a base allocation of 17,213 MT and an additional allocation of 8,450 MT for fiscal year (FY) 2023 (October 1, 2022–September 30, 2023). To date, for FY 2024 in addition to the initial allocation of 17,213 MT, Eswatini received a further 8,800 MT allocation. The sugar industry marketing year runs from April to March, while the TRQ year runs from October to September, which results in the TRQ for two different FYs being recorded in one MY.

Eswatini benefits from a derogation to participate within the Common Market for Eastern and Southern Africa (COMESA), as a non-reciprocal member of the free trade agreement. Kenya has a safeguard measure on imported sugar, which is expected to expire in November 2025. Under the safeguard, Kenya requests an upper limit of 350,000 MT of sugar imports to be shared among COMESA member states. Any imports from COMESA within that quota limit may access the Kenyan market duty free, and Eswatini typically benefits from this provision. If exports exceed the quota limit, Kenya imposes a 10 percent tariff on refined sugar. Sugar exports to Kenya account for 4 percent of Eswatini’s foreign sales.

The EU had been another large market for Eswatini sugar, as Eswatini has quota-free and duty-free market access for sugar exports to the EU under the Southern African Development Community-EU Economic Partnership Agreement (SADC-EU EPA). However, future volumes of raw sugar exports to Europe are uncertain, given changes to the EU’s domestic sugar policies, including the removal of restrictions for domestic sugar beet production and the end of preferential prices for sugar imports from least developed countries. These changes have resulted in an increase in sugar production in the EU, decreased sugar prices in Europe, and subsequently decreased EU imports from other countries over time.

**Table 4: Eswatini’s Raw Sugar Exports**

<b>Eswatini Exports to the World</b>				
<b>Commodity: Raw Sugar HS170111, HS170112, HS170113, HS170114</b>				
<b>Year Ending Plus: May – April</b>				
<b>Reporter</b>	<b>Unit</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
<b>World</b>	<b>T</b>	<b>612,953</b>	<b>468,025</b>	<b>438,602</b>
South Africa	T	351,622	329,219	296,025
EU 27 External Trade (Brexit)	T	100,184	99,028	107,338
United States Consumption	T	24,265	19,986	19,972
Kenya	T	38,807	6,000	6,503
Botswana	T	13,896	5,079	4,146
Switzerland	T	1,828	3,339	4,004
Namibia	T	1,212	679	576
Canada	T	252	27	31
United Kingdom HMRC	T	80,875	4,643	1

Source: Trade Data Monitor, LLC.

**Table 5: Eswatini's Refined Sugar Exports**

<b>Eswatini Exports to the World</b>				
<b>Commodity: Refined Sugar HS170191, HS170199</b>				
<b>Year Ending Plus: May – April</b>				
<b>Reporter</b>	<b>Unit</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
<b>World</b>	<b>T</b>	<b>49,223</b>	<b>58,547</b>	<b>48,959</b>
South Africa	T	27,713	22,766	23,786
Kenya	T	16,887	28,830	14,989
Namibia	T	4,502	5,416	4,636
Zimbabwe	T	0	1,436	3,342
EU 27 External Trade (Brexit)	T	108	79	1,357
United Kingdom HMRC	T	0	0	644
Zambia	T	0	0	150
Switzerland	T	2	0	45
China	T	0	4	7

Source: Trade Data Monitor, LLC.

### **Imports**

Eswatini sugar imports are minimal due to the country's high production volumes, which typically far exceed domestic consumption. Eswatini's imports are mainly from South Africa and are less than 3,000 MT per marketing year.

### **Stocks**

Post forecasts closing stocks will decrease to 50,000 MT in MY 2024/25, down from estimated MY 2023/24 stock of 91,000 MT, based on expected increases in exports and sustained domestic consumption. The Eswatini Sugar Association owns the closing stocks of unsold sugar at the end of the season. Stocks held by retailers, wholesalers, and pre-packers are considered sold at the end of the season. Large ending stocks greater than 40,000 MT pose a challenge to the industry as the Eswatini Sugar Association must pay storage fees for such sugar and compensate millers and growers as all the sugar must be sold at the end of each season.

**Table 6: Production, Supply, and Distribution (PS&D) for Sugar**

Sugar, Centrifugal Market Year Begins Swaziland	2022/2023		2023/2024		2024/2025	
	May 2022		May 2023		May 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Beginning Stocks</b> (1000 MT)	47	47	54	112	0	91
<b>Beet Sugar Production</b> (1000 MT)	0	0	0	0	0	0
<b>Cane Sugar Production</b> (1000 MT)	625	625	652	599	0	635
<b>Total Sugar Production</b> (1000 MT)	625	625	652	599	0	635
<b>Raw Imports</b> (1000 MT)	1	2	1	1	0	1
<b>Refined Imp.(Raw Val)</b> (1000 MT)	0	0	0	0	0	0
<b>Total Imports</b> (1000 MT)	1	2	1	1	0	1
<b>Total Supply</b> (1000 MT)	673	674	707	712	0	727
<b>Raw Exports</b> (1000 MT)	500	439	535	500	0	550
<b>Refined Exp.(Raw Val)</b> (1000 MT)	45	49	46	46	0	52
<b>Total Exports</b> (1000 MT)	545	488	581	546	0	602
<b>Human Dom. Consumption</b> (1000 MT)	72	72	73	73	0	73
<b>Other Disappearance</b> (1000 MT)	2	2	2	2	0	2
<b>Total Use</b> (1000 MT)	74	74	75	75	0	75
<b>Ending Stocks</b> (1000 MT)	54	112	51	91	0	50
<b>Total Distribution</b> (1000 MT)	673	674	707	712	0	727
(1000 MT)						

## **Trade Policy and Regulations**

### **Markets Standards**

The sugar industry in Eswatini decided to seek certification of international [BonSucro](#) standards to demonstrate to buyers the sector's commitment to produce sugar cane sustainably and uphold social responsibility principles. Producers are working towards complying with BonSucro requirements, although adherence is expected to result in additional production costs without any corresponding increase in profit. The Eswatini Sugar Association is paying for the BonSucro audit, but it will be up to the industry to fund any changes needed to meet the program's standards. This process started in 2022, and it is expected to take at least 6 years to complete.

### **Electricity Cogeneration**

The Eswatini sugar industry uses bagasse to generate electricity, which is used by sugar mills during peak production periods. None of the electricity generated from the sugar mills is supplied to the national electricity grid due to the absence of appropriate incentives and policies by the state-controlled Eswatini Electricity Company. Eswatini sugar cane growers are currently not compensated for the bagasse used in electricity production, and there have been drawn-out industry discussions to change these terms.

### **Ethanol Production**

There is currently no commercial production of fuel-grade ethanol from sugar cane in Eswatini. However, one of the country's sugar mills, [RES Corporation](#), and an independent distiller, [USA Distillers](#) produce beverage-grade ethanol, neutral ethyl alcohol for high-value applications, and feints (used for the manufacturing of methylated spirits). It is expected that ethanol production will continue to increase in Eswatini based on the increase in sugar production. RES indicated that it is considering an option of supplying fuel-grade ethanol if Eswatini institutes a blending mandate.

### **Sugar Marketing and Sales**

The Eswatini Sugar Association (ESA) is responsible for marketing of all sugar produced in Eswatini (both raw and refined). The revenue obtained through the sale of sugar and molasses is shared between growers and millers based on an agreed process and formula guided by the Sugar Act of 1967 and the Eswatini Sugar Agreement. The ESA provides a rebate (discount) to value-adding industries located within Eswatini to encourage and support domestic sugar sales.

### **U.S. Sugar Quota**

The United States allows duty-free access for exports of raw sugar from Eswatini under the U.S. sugar tariff-rate quota (TRQ) program. The total TRQ allocation offered to Eswatini is 17,213 MT annually, and the country always utilizes its full quota allocation, as well as any additional allocations. Prices in the U.S. market remain attractive compared to other countries. Post forecasts that Eswatini will fully utilize its allocated TRQ in FY 2024.

## **European Union**

The EU has historically been an important market for the Eswatini sugar industry, accounting for 24-55 percent of exports. However, changes in the EU domestic sugar policy have resulted in reduced market opportunities in the EU. Key changes in EU domestic sugar policies include removal of restrictions for domestic sugar beet production and an end to the preferential prices that were previously extended to least developed countries, including Eswatini. Such changes have resulted in increased sugar production in the EU, as well as decreased sugar prices, resulting in a fall in the EU's imports of sugar. As a result, Eswatini's sugar exports to the EU are expected to continue decreasing over time.

### **Report Sources:**

Eswatini Sugar Association – <https://esa.co.sz/>

Eswatini Canegrowers Association – <http://www.ecga.co.sz/>

Royal Eswatini Sugar – <https://www.res.co.sz/home.php>

### **Attachments:**

No Attachments