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Swaziland

Sugar Annual

The supply and demand of sugar in Swaziland

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Report Highlights:
The drought is forecasted to severely impact the 2016/17 MY Swaziland sugar cane crop. Post forecasts that the sugar cane production in Swaziland will decrease by 21% to 4,600,000 MT in the 2016/17 MY, which will result in a 24% decrease in sugar production to 530,000 MT in the 2016/17 MY.

Commodities:

Sugar, Centrifugal
Sugar Cane for Centrifugal

Executive Summary

Post forecasts that the sugar cane production in Swaziland will decrease by 21% to 4,600,000 MT in the 2016/17 MY, from 5,836,553 MT in the 2015/16 MY due to lower yields as a result of the 2015 drought which will severely impact the availability of irrigation water. This will result in a 24% decrease in sugar production to 530,000 MT in the 2016/17 MY, from the 2015/16 MY peak sugar production of 695,408 MT.

Swaziland's local sugar consumption is forecasted at about 51,000 MT in the 2016/17 MY. Post has amended the consumption figures by excluding the Namibia, Lesotho, South Africa and Botswana data from the SACU sales, and including marginal imports to arrive at the local consumption figures.

Post forecasts that Swaziland`s sugar exports will decrease by about 25% to 498,236 MT in the 2016/17 MY from 663,046 MT in the 2015/16 MY based on the decrease in sugar production. Post has amended the export data by including the Swaziland sales to SACU countries, namely, Namibia, Lesotho, South Africa and Botswana. Swaziland sugar imports are only marginal at about 4,000 MT annually.

Post forecasts that the Swaziland sugar exports to the United States will decrease by 43% to 16,000 MT in the 2016/17 MY from 28,219 MT in the 2015/16 MY, based on the decrease sugar production and industry forecasts.

Sources:
http://www.ssa.co.sz
http://www.illovo.co.za
http://www.huletts.co.za

The structure of the industry

The sugar industry is a key contributor to the Swaziland agriculture industry and economy. Sugar production accounts for almost 60 percent of the total Swaziland agricultural output, and contributes at least 10% to the country's Gross Domestic Product, as well as at least 16% 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 namely; large millers and estates (77 percent of production**)**; large growers (17 percent of production), medium size growers (5 percent of production) and small growers (1 percent of production)**.** 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.

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, respectively, represented by 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 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.

Sugar cane Production:

Production

Post forecasts that the sugar cane production in Swaziland will decrease by 21% to 4,600,000 MT in the 2016/17 MY, from 5,836,553 MT in the 2015/16 MY due to lower yields as a result of the 2015 drought which will severely impact the availability of irrigation water. The 2014/15 MY sugar cane production remains unchanged at 5,639,193 MT based on final industry data. **Table 1** illustrates the production of sugar cane in Swaziland from 2013/14 MY to the 2016/17 MY forecast.

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

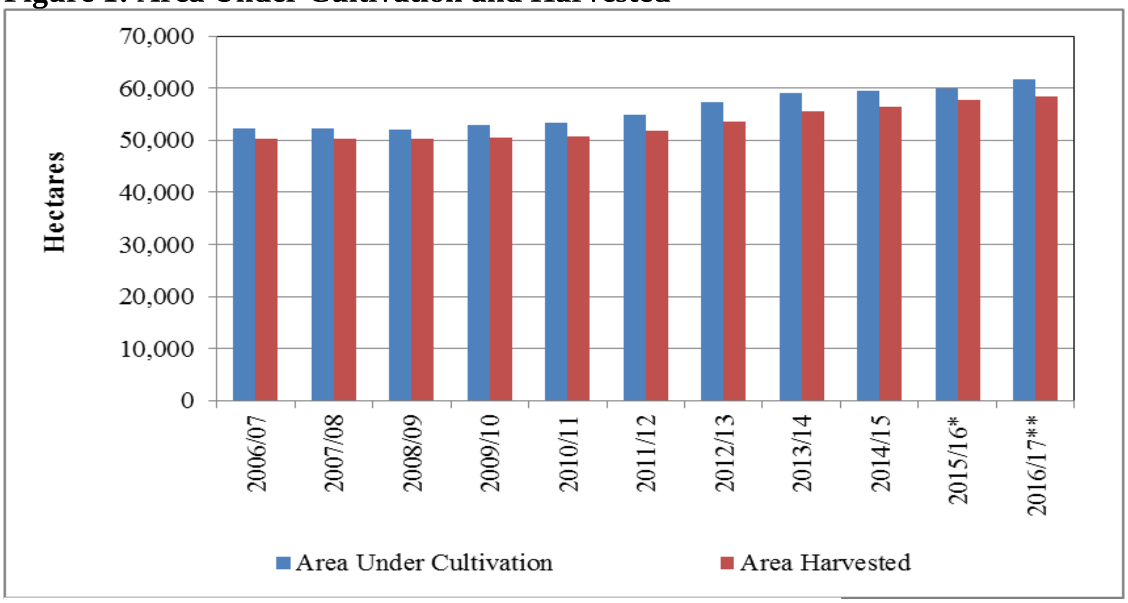
Season	Area Planted (HA)	Area harvested (HA)	Yield (MT/HA)	Cane crushed (MT)	Sugar produced (MT*)	Cane/sugar ratio

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***	61,800	58,500	78.6	4,600,000	530,000	8.7

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

Figure 1 below shows that the Swaziland area under cultivation has been on a steady increase since the 2006/07 MY. The 2016/17 MY area under cultivation is forecasted to increase by three percent to 61,800 hectares.

Figure 1: Area Under Cultivation and Harvested



*** Estimate ** Forecast; Source: Swaziland Sugar Association**

Table 2: PS&D for sugar cane

Sugar Cane for Centrifugal	2014/2015		2015/2016		2016/2017	
Market Begin Year	Apr 2014		Apr 2015		Apr 2016	
Swaziland	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	60	60	62	60	0	62
Area Harvested	56	56	59	58	0	59
Production	5,639	5,639	5,850	5,837	0	4,600
Total Supply	5,639	5,639	5,850	5,837	0	4,600
Utilization for Sugar	5,639	5,639	5,850	5,837	0	4,600
Utilizatn for Alcohol	0	0	0	0	0	0
Total Utilization	5,639	5,639	5,850	5,837	0	4,600
(1000 HA) ,(1000 MT)						

Sugar:

Production

Post forecasts that the Swaziland sugar production will decrease by 24% to 530,000 MT in the 2016/17 MY, from the peak sugar production of 695,408 MT in the 2015/16 MY based on the decrease in the sugar cane crop due to the decrease in cane yields as a result of the drought. The 2014/15 MY sugar production remains unchanged at 686,778 MT based on final industry data.

Consumption

Swaziland's local sugar consumption is forecasted at about 51,000 MT in the 2016/17 MY. Domestic sugar consumption is driven by economic growth, averaging 3% over the last decade, as well as food and beverage manufactures 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 Canners – Swazican, and the Coca Cola concentrate manufacturing plant. Post has amended the Swaziland local consumption figures by excluding the Namibia, Lesotho, South Africa and Botswana data from the SACU sales, and including marginal imports to arrive at the local consumption figures.

Trade

Post forecasts that Swaziland`s sugar exports will decrease by about 25% to 498,000 MT in the 2016/17 MY from 663,046 MT in the 2015/16 MY based on the decrease in the sugar production. The 2014/15 MY exports have been revised upwards to 641,207 MT based on post workings and 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 at about 4,000 MT annually.

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 sugar production. The SACU market comprises of South Africa, Botswana, Lesotho, Namibia and Swaziland. 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 initialed in 2014, allowing Swaziland to continue exporting to the EU, however, lower prices have negatively impacted export revenues from this market.

The United States also allows preferential access for Swaziland sugar under its Tariff Rate Quota program. Post forecasts that the Swaziland sugar exports to the United States will decrease by 43% to 16,000 MT in the 2016/17 MY from 28,219 MT in the 2015/16 MY, based on the decrease in sugar production and industry data. The 2014/15 MY sugar exports to the United States remain unchanged at 34,000 MT based on industry data.

Table 3: Swaziland sugar sales to various markets

Period	SACU Market (Incl. Swaziland)	Regional Market	EU Market	USA	World Market	TOTAL SALES
2005/0	316,455	138,256	152,201	27,7	1,999	**636,667**

6				56		
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*	408,753	36,354	240,720	28,219	-	**714,046**
2016/17**	379,038	-	154,198	16,000	-	**549,236**

*** Estimate ** Forecast**

Source: Swaziland Sugar Association

Table 4: PS&D for sugar

Sugar, Centrifugal	2014/2015		2015/2016		2016/2017	
Market Begin Year	April 2014		April 2015		April 2016	
Swaziland	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	40	40	40	40	0	24
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	705	687	720	695	0	530
Total Sugar Production	705	687	720	695	0	530
Raw Imports	0	4	0	4	0	10
Refined Imp.(Raw Val)	0	0	0	0	0	0
Total Imports	0	4	0	4	0	10
Total Supply	745	731	760	739	0	564
Raw Exports	450	442	450	418	0	299
Refined Exp.(Raw Val)	43	199	50	245	0	199
Total Exports	493	641	500	663	0	498
Human Dom. Consumption	211	49	219	51	0	51
Other Disappearance	1	1	1	1	0	1
Total Use	212	50	220	52	0	52
Ending Stocks	40	40	40	24	0	14
Total Distribution	745	731	760	739	0	564
(1000 MT)						