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Prepared By: Makoma Makgopa

Approved By: Katherine Woody

Report Highlights:

Post forecasts that sugar cane production in Zimbabwe will increase by 4 percent to 3.7 million metric tons (MT) in the 2022/23 marketing year (MY), based on normal weather conditions, availability of sufficient irrigation water, and an increase in area planted. Post forecasts that sugar production will increase by 2 percent to 418,000 MT in the 2022/23 MY, based on an increase in the quantity of sugar delivered to mills, improved sugar cane quality (sucrose content), and constant sugar mill efficiencies (sugar recovery rate). Zimbabwe is expected to fully utilize its allocation of 12,636 MT for the U.S. sugar tariff rate quota in both the 2021/22 and 2022/23 MYs.

Commodities:

Sugar, Centrifugal
Sugar Cane for Centrifugal

Sources:
Green Fuels – https://www.greenfuel.co.zw
Star Africa Corporation – http://www.starafricacorporation.com/
Tongaat Hulett – http://www.tongaat.co.za/
Zimbabwe Sugar Association Experiment Station
Zimbabwe National Water Authority – http://www.zinwa.co.zw

MT = Metric Tons
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 500-2,000 feet (150-600 meters) 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 producers, including large- and small-scale farmers, produce the remaining 20 percent of the country's sugar cane crop. Private growers include all of the individual farmers who are not part of the Triangle and Hippo Valley Estates.

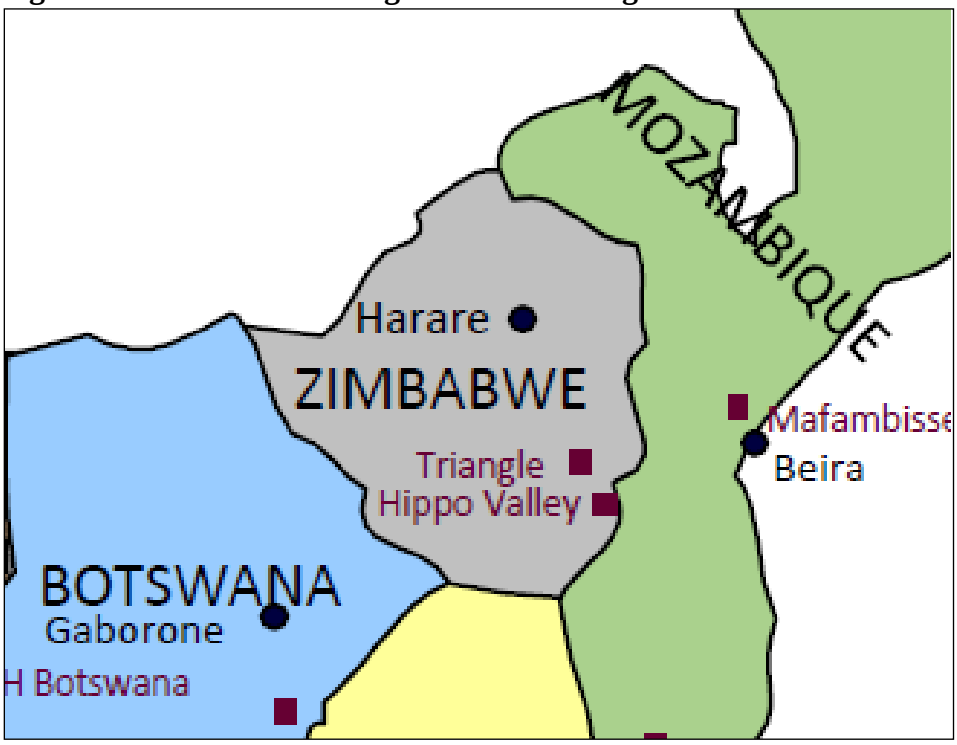
There are two sugar mills in Zimbabwe: Hippo Valley Estates Ltd and Triangle Sugar Estates Ltd. The two mills have a combined sugar production capacity of about 640,000 metric tons (MT) and installed milling capacity of 4.8 million MT of sugar cane per annum. Tongaat-Hulett owns 100 percent of the Triangle 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, while Triangle Sugar Estate produces raw sugar and about 20 percent of the total refined sugar in Zimbabwe.

Zimbabwe only has two sugar refineries: Triangle Sugar Refinery and Star Africa Sugar Refinery Ltd, an independent sugar refinery based in Harare (the Bulawayo Star Africa refinery is currently not operational). Star Africa produces about 80 percent of the total refined sugar in Zimbabwe, including bottler-grade white sugar (premium refined sugar that has been graded). The Star Africa refinery has the capacity to produce 200,000 MT of refined sugar annually, while the Triangle refinery can produce 140,000 MT of refined per year.

The Zimbabwe Sugar Association is the highest decision-making authority on common issues for sugar cane growers and sugar millers, including sugar cane pricing and government lobbying. In addition, the Zimbabwe Sugar Association Experiment Station (ZSAES) conducts research on sugar cane varieties, pests, and diseases and is funded from sugar sales.

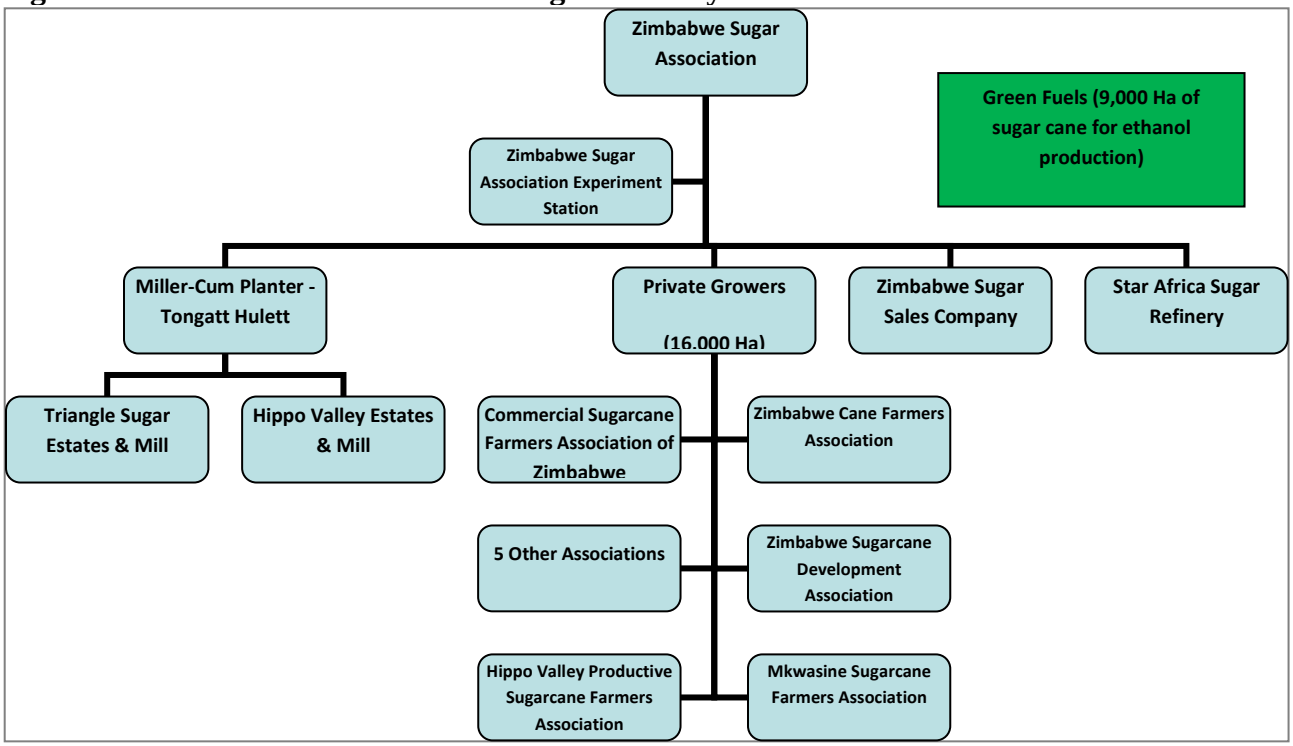
Due to diverse interests and regular disagreements, there are at least 10 associations representing private growers, as shown in **Figure 2**. The Zimbabwe Sugar Sales Company (ZSSC) was founded by growers and is the main organization that exports and sells sugar domestically on behalf of the industry to the Star Africa and Triangle sugar mills for further processing.

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



Source: Tongaat Hulett

Figure 2: Structure of the Zimbabwe Sugar Industry



Source: Zimbabwe Sugar Association Experiment Station

Sugar Cane:

Production

Post forecasts sugar cane production in Zimbabwe will increase by 4 percent to 3.7 million MT in the 2022/23 marketing year (MY), up from 3.45 million MT in the 2021/22 MY, based on normal weather conditions, availability of sufficient irrigation water, and an increase in area planted. This increase is expected to be partially offset by lower sugar cane yields because farmers were unable to apply optimal amounts of fertilizer and chemicals due to increasing input costs. Sugar cane production in the 2021/22 MY was revised down to 3.45 million MT based on updated industry figures and lower-than-expected yields because of irrigation water shortages, poor maintenance of irrigation infrastructure, and increased input costs. There is no commercial sugar beet production in Zimbabwe.

Dam levels in 2022 are slightly lower than in 2021, as shown in **Table 1**. However, industry sources expect that there will be sufficient irrigation water for the 2022/23 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: Levels of Dams Supplying Irrigation Water to the Sugar Industry

Dam Name	Full Volume (Cubic Meters)	% Full on March 31, 2017	% Full on March 29, 2018	% Full on April 2, 2019	% Full on April 2, 2020	% Full on March 23, 2021	% Full on April 22, 2022
Tugwi Mukosi	1,802,600	69	74	59	42	104	100
Mutirikwi	1,378,080	36	50	52	40	96	100
Manjirenji	274,170	95	94	83	71	96	80
Manyuchi	30,600	103	107	77	51	102	100

Source: Zimbabwe National Water Authority

Post forecasts that sugar cane planted area will increase by 2 percent to 55,000 hectares (Ha) in the 2022/23 MY, up from 54,000 Ha in the 2021/22 MY, due to good progress made by Tongaat Hullet to secure 99-year leases for cropland, the availability of irrigation water, and an acceleration of sugar cane root replanting (farmers aim to replant 15 percent of sugar-growing areas annually). **Table 2** provides statistics on Zimbabwe's sugar cane production and yields from the 2014/15 MY to the 2022/23 MY. While average yields are estimated at 75 MT/Ha in the 2022/23 MY, the variation in yields ranges widely from 4 MT/Ha for poorly performing farms 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	53,000	47,000	3,543,771	75.4
2021/22*	54,000	47,000	3,450,000	73.4
2022/23**	55,000	49,000	3,600,000	75

*Post Estimate **Post Forecast
Sources: Tongaat Hulett and Post Forecasts

Zimbabwe currently has 19 varieties of sugar cane approved for planting in the country. While the industry seeks to limit any single variety to less than 40 percent of planted area in order to minimize and diversify risks, the N14 variety currently accounts for about 57 percent of total 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 of planted area due to its fine particles that can flood mill diffusers, this variety is estimated to account for at least 43 percent of the total sugar cane production. About 450 to 500 hectares is dedicated to the production of seed cane, and the industry replants about 12 percent of sugar cane area annually.

The main diseases of concern in Zimbabwe include smut, ratoon stunting disease (RSD), leaf scald, brown rust, orange rust (no official reported cases last season), and sugar cane yellow leaf. The main pests of concern include eldana moths, sugar cane yellow aphids, and black maize beetles. Viral diseases in crops are not closely monitored and controlled. As part of the industry's biosecurity and risk-mitigating strategy, the ZSAES routinely scouts for pests and diseases in all sugar cane farms, including subsistence farms that produce chewing sugar cane.

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

Sugar Cane for Centrifugal	2020/2021		2021/2022		2022/2023	
Market Begin Year	Apr 2021		Apr 2022		April 2023	
Zimbabwe	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	55	53	54	54	0	55
Area Harvested	47	47	48	47	0	49
Production	3544	3544	3600	3518	0	3669
Total Supply	3544	3544	3600	3518	0	3669
Utilization for Sugar	3479	3479	3533	3450	0	3600
Utilization for Alcohol	65	65	67	68	0	69
Total Utilization	3544	3544	3600	3518	0	3669
(1000 HA) ,(1000 MT)						

Sugar:

Production

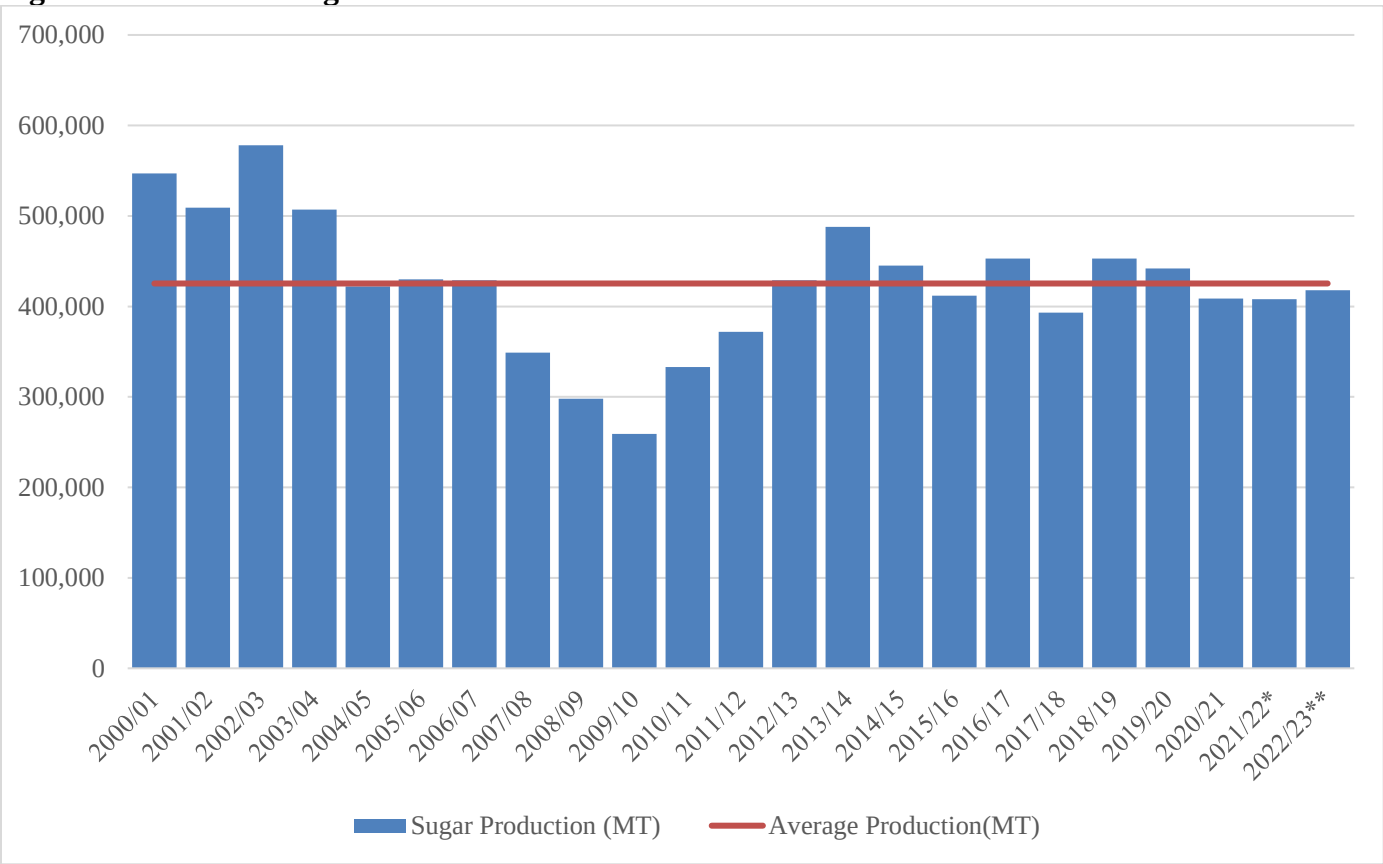
Post forecasts that sugar production in Zimbabwe will increase by 2 percent to 418,000 MT in the 2022/23 MY, up from 408,000 MT in the 2021/22 MY. This is based on an increase in the quantity of sugar cane delivered to mills and improved sugar cane quality (sucrose content), offset by a small decrease in 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.

Zimbabwe's 2021/22 MY sugar production was revised down to 408,000 MT, based on updated industry statistics, including lower-than-expected quantities of sugar cane delivered to the mills, poor sugar cane quality, and lower mill efficiencies. The impact of COVID-19 on sugar production in the 2021/22 MY and 2022/23 MY is projected to be minimal based on industry efforts and government support in ensuring that the sugar milling season started as scheduled and sugar mills are fully operational during the COVID-19 pandemic.

Figure 3 shows that the 2022/23 MY and 2021/22 MY sugar production is still below the industry average and has not returned to the peak production of 578,000 MT achieved in the 2002/03 MY. The decrease in sugar production from the 2002/03 MY to the 2009/10 MY was mainly due to the rapid decline in the economic performance of Zimbabwe under the regime of President Robert Mugabe.

Table 4 below shows that the sugar-to-cane ratio is forecast to decrease slightly to 11.6 percent in the 2022/23 MY, based on the operating environment for the mills in 2022.

Figure 3: Zimbabwe Sugar Production



*Post Estimate **Post Forecast
Sources: Tongaat Hulett and Post Forecasts

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%
2017/18	3,101,000	393,000	12.7%
2018/19	3,582,994	452,972	12.6%
2019/20	3,562,000	442,000	12.4%
2020/21	3,543,771	408,518	11.5%
2021/22*	3,450,000	408,000	11.82%
2022/23**	3,600,000	418,000	11.6%

*Post Estimate **Post Forecast
Sources: Tongaat Hulett and Post Forecasts

Consumption

Post forecasts that the 2022/23 MY sugar consumption in Zimbabwe will remain flat at 280,000 MT, the same volume consumed in the 2021/22 MY. This is based on a decline in consumer's disposable incomes due to hyperinflation in the economy. The 2021/22 MY domestic consumption was revised down by 5,000 MY, to 280,000 MT, based on updated industry sales data and consumer's decreasing disposable incomes caused by harsh economic challenges in the country.

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

Zimbabwe's per capita consumption of sugar is approximately 24 kg/year, which is higher than the average Africa per capita consumption of 17.2 kg/year, as well as global sugar per capita consumption of 23 kg/year. However, there are opportunities for further growth as some neighboring countries such as South Africa have per capita consumption of 45 kg/year. The growth in Zimbabwe`s per capita consumption is highly constrained by the limits on consumers' disposable income and lower demand from the struggling manufacturing sector. So far in 2022, the average domestic retail price of white and brown sugar in Zimbabwe is about $1.38/kg, up from $1.00/kg in 2021. 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's sugar exports will increase by 4 percent to 105,000 MT in the 2022/23 MY, up from 101,000 MT in the 2021/22 MY, based on increased sugar production. The 2020/21 MY sugar exports were revised downwards to 101,000 MT, based on the pace of exports through February 2022 and the impact of COVID-19 on supply chains. 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, East Africa (mainly Kenya), Botswana, and South Africa. Zimbabwe is a beneficiary of the U.S. tariff rate quota (TRQ), typically receiving an annual raw sugar allocation of 12,636 MT, which allows it to export that volume of raw sugar duty-free to the United States. The TRQ amount has remained constant over the last several years, and Zimbabwe always utilizes its full quota allocation and any additional re-allocations each year. Post expects the country to fully utilize its allocations in the 2021/22 and 2022/23 MYs.

Exports to Europe have fallen significantly 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 by removing restrictions for domestic sugar beet production and preferential sugar prices for

developing countries including Zimbabwe. This change resulted in an increase in domestic sugar supply and decreases in sugar prices in the EU. Zimbabwe does not have a sugar quota to the EU.

Table 5: Raw Sugar Exports

Zimbabwe Export Statistics					
Commodity: Raw Sugar, HS170111, HS170112, HS170113, HS170114					
Year Ending: March					
Reporter	**Unit**	**2018/19**	**2019/20**	**2020/21**	**2021/22***
World	T	62,815	98,608	94,162	87,871
Kenya	T	37,339	61,953	70,032	70,032
United States	T	12,034	13,804	19,378	13,087
Botswana	T	115	40	3,940	3,940
South Africa	T	8,334	2,902	812	812
EU 27	T	4,993	19,909	0	0

Source: Trade Data Monitor *Export data through February 2022

Table 6: Refined Sugar Exports

Zimbabwe Export Statistics					
Commodity: Refined Sugar, HS170191, HS170199					
Year Ending: March					
Reporter	**Unit**	**2018/19**	**2019/20**	**2020/21**	**2021/22***
World	T	10,094	16,303	12,797	12,808
Kenya	T	8,014	13,957	9,095	7,500
Namibia	T	0	935	2,138	5,345
South Africa	T	0	1,410	1,564	36
Zambia	T	2,080	0	0	0
Botswana	T	0	1	0	0

Source: Trade Data Monitor *Export data through February 2022

Imports

Zimbabwean sugar imports have been minimal for the past three seasons, as shown in **Tables 7 and 8**, due to the adequate raw sugar supply in the domestic market. The only imports in the 2021/22 MY have come from other countries in the Southern African Development Community (SADC). In addition, the drive by the industry to address 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. There is a 10 percent tariff plus $100/MT on all sugar imports coming from non-SADC countries to protect the domestic industry, which has also resulted in minimal sugar imports.

Table 7: Raw Sugar Imports

Zimbabwe Import Statistics					
Commodity: Raw Sugar, HS170111, HS170112, HS170113, HS170114					
Year Ending: March					
Reporter	**Unit**	**2018/19**	**2019/20**	**2020/21**	**2021/22***
World	T	4	35	812	214
South Africa	T	4	35	563	181
Botswana	T	0	0	219	0
Zambia	T	0	0	30	30

Source: Trade Data Monitor *Export data through February 2022

Table 8: Refined Sugar Imports

Zimbabwe Import Statistics					
Commodity: Refined Sugar, HS170191, HS170199					
Year Ending: March					
Reporter	**Unit**	**2018/19**	**2019/20**	**2020/21**	**2021/22***
World	T	27	62	1,389	2,318
South Africa	T	26	61	1,389	740
Zambia	T	0	0	0	1,577
India	T	0	1	0	0

Source: Trade Data Monitor *Export data through February 2022

Closing Stocks

Post forecasts that closing stocks will increase significantly to 146,000 MT in the 2022/23 MY, up from 111,000 MT in the 2021/22 MY, based on the increase in sugar production and decrease in domestic consumption. 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 per the agreed “division of proceeds” formulas used by the milling companies and industry. 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 growers and millers have to pay for the storage of such sugar.

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

Sugar, Centrifugal	2020/2021		2021/2022		2022/2023	
Market Begin Year	April 2021		April 2022		April 2023	
Zimbabwe	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	60	60	82	82	0	111
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	409	409	415	408	0	418
Total Sugar Production	409	409	415	408	0	418
Raw Imports	1	1	1	1	0	1
Refined Imp.(Raw Val)	1	1	1	1	0	1
Total Imports	2	2	2	2	0	2
Total Supply	471	471	499	492	0	531
Raw Exports	86	86	90	88	0	92
Refined Exp.(Raw Val)	13	13	13	13	0	13
Total Exports	99	99	103	101	0	105
Human Dom. Consumption	290	290	285	280	0	280
Other Disappearance	0	0	0	0	0	0
Total Use	290	290	285	280	0	280
Ending Stocks	82	82	111	111	0	146
Total Distribution	471	471	499	492	0	531
(1000 MT)						

Policies and Regulations:

U.S. Sugar TRQ

The United States allows duty-free access for Zimbabwe sugar exports under the TRQ program. The total TRQ allocation and re-allocations offered to Zimbabwe averages about 12,000 to 14,000 MT annually. Zimbabwe usually fully utilizes its sugar quota as prices in the U.S. market remain attractive compared to other countries. Post expects that Zimbabwe will fully utilize its allocated TRQ in the 2021/22 and 2022/23 MYs.

Customs Duties

In 2014, the Zimbabwe government instituted a 10 percent customs duty plus $100/MT surtax on all sugar imports from countries outside of SADC and the Common Market for Eastern and Sothern Africa (COMESA) in a bid to protect the local industry from an influx of sugar imports from countries such as Brazil and India.

Import Permits

In 2014, the government confirmed that no raw sugar import permits would be issued for 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 African Continental Free Trade Area (AfCFTA) 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. To maintain low retail prices for sugar in Zimbabwe, the 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 the level 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, to produce and market ethanol for fuel-blending purposes. There are about 11 companies with licenses to blend ethanol into gasoline for retail sale at the pump.

Post estimates that total annual ethanol production in Zimbabwe ranges between 40 million to 120 million liters. The volume varies based on changes in sugar cane production, the quality of sugar cane, and factory efficiencies. Green Fuels has about 9,000 ha under cultivation for sugar cane for the sole purpose of ethanol production. The company has the capacity to produce about 120 million liters of

ethanol annually. Fuel-grade ethanol produced by Triangle Sugar is a complementary product to sugar and is produced from molasses, a co-product of sugar production. This makes ethanol produced by Triangle Sugar cheaper than the ethanol produced by Green Fuels from fermentable sugar. Triangle Sugar's ethanol production is estimated to range from 20 to 50 million liters annually.

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.

Vitamin A Fortification

In 2017, the Zimbabwean government implemented a regulation for the mandatory fortification of household sugar with Vitamin A. 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. 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.

Attachments:

No Attachments