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**Date:** 4/15/2014

**GAIN Report Number:**

## **Zimbabwe**

### **Sugar Annual**

#### **The report covers supply and demand trends for sugar in South Africa**

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**Report Highlights:**

In the 2014/15 MY, Zimbabwe's sugar cane output is projected to drop by three percent to 3.8 MMT, due to a 12 percent drop in area harvested. Cane yield per hectare, however, is expected to increase after good summer rains improved the availability of irrigation water in supply dams. As a result, sugar output in the 2014/15MY is forecast to decrease only marginally to 480,000 MT, after 488,000 MT of sugar was produced in 2013/14 MY. The Zimbabwean government effectively stopped all sugar import since the beginning of the year, however, duty free exports to the European Union are forecast to remain at around 200,000 MT in 2014/15 MY.

## **Executive Summary**

In the 2014/15 MY, Zimbabwe's sugar cane output is projected to drop by three percent to 3.8 million metric tons (MMT), due to a 12 percent drop in area harvested. The drop in area harvested is mainly due to the fact that the sugar mills will not be receiving any cane for producing sugar from the Green Fuel ethanol project. Cane yield per hectare, however, is expected to increase as good summer rains from December 2013 to March 2014, improved the availability of irrigation water in supply dams. In the 2013/14 MY, Zimbabwe harvested 3.9 MMT of sugar cane on 46,605 hectares, marginally less than the 4.0 MMT on 53,486 hectares.

Sugar output in the 2014/15MY is forecast to decrease marginally to 480,000 MT, due to a decline in sugar cane area harvested, after 488,000 MT of sugar was produced in 2013/14 MY. In the 2012/13 MY, Zimbabwe produced 475,000 MT of sugar.

A total of 200,000 MT raw sugar was exported to the European Union (EU) in the 2013/14 MY, under the preferential market arrangements. Duty free and quota free exports to the EU are forecasted to remain at around 200,000 MT in 2014/15 MY. A total of 124,639 MT sugar was imported by Zimbabwe in the 2013/14 MY. Post expects sugar import will decrease drastically in the 2014/15 MY, after the Zimbabwean government introduced restrictions on sugar imports.

## **Sugar cane**

### **Production**

Sugar cane in Zimbabwe is produced in the south-eastern lowveld area of the Masvingo province under irrigation. There are three groups of sugar cane producers: the large estates, large scale farmers and newly resettled farmers. Two large estates, Triangle and Hippo Valley have about 44,000 hectares of sugar cane land and produce in excess of 3.0 MMT of sugar cane or approximately 80 percent of the total cane crop. Tongaat Hulett, a large South African agricultural and agro-processing business, wholly owns Triangle Estates and has 50.3 percent shareholding in Hippo Valley. Large scale farmers and newly resettled farmers collectively produce 20 percent of the crop. Currently, there are three farmer associations registered with the Sugar Association that represent the interests of the private sugar cane farmers, namely: the Zimbabwe Sugar Cane Development Association, the Commercial Sugar Cane Farmers of Zimbabwe and the Zimbabwe Cane Farmers Association.

The “Successful Rural Sugar Cane Farming Community project” (SusCo) aimed at rehabilitating private farmers to increase their supply of sugar cane is still on-going. The project is supported by Tongaat Hulett and funded by a local bank. It seeks to accelerate the private farmer sugarcane re-planting in order to increase sugar cane output from this sector to the potential of 1.4 MMT from 15,880 hectares by 2015. In the 2011/12 MY, Tongaat Hulett together with a local bank established a four year US\$20 million loan revolving facility to enhance sugar cane production growth. The project is currently providing inputs on loan to at least 670 of the 872 newly resettled sugar cane farmers. The private cane farmers are receiving assistance with tillage services, cane replanting and extension services to improve cane yields and extractable sugar content.

In the 2014/15 MY, Zimbabwe’s sugar cane output is projected to drop by three percent to 3.8 MMT, due to a 12 percent drop in area harvested. The drop in area harvested is mainly due to the fact that the sugar mills will not be receiving any cane for producing sugar from the Green Fuel ethanol project. Over the past two years Green Fuel has supplied cane to the mills as no more ethanol production was possible due to storage limitations. However, in August 2013, the Zimbabwean government announced a 10 percent mandatory blending of ethanol with petrol and post foresees that all sugar cane from the Green Fuel project will now be used for ethanol production. Cane yield per hectare, however, is expected to increase as good summer rains from December 2013 to March 2014, improved the availability of irrigation water in supply dams.

In the 2013/14 MY, Zimbabwe harvested 3.9 MMT of sugar cane on 46,605 hectares, marginally less than the 4.0 MMT on 53,486 hectares. The marginal decrease in cane production was mainly due to the effects of the 2012/13 drought that reduced the rate of cane expansion and root replanting.

Table 1 illustrates the production of sugar in Zimbabwe for 2012/13 MY (actual), 2013/14 MY (estimate) and 2014/15 MY (forecast).

**Table 1: The production of sugar in Zimbabwe**

<b>Marketing Year</b>	<b>Area harvested (ha)</b>	<b>Cane crushed (MT)</b>	<b>Yield MT/ha</b>	<b>Sugar production (MT)</b>	<b>Cane/sugar ratio</b>
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<b>2014/15</b>	41,200	3,831,600	93.0	480,000	8.0
<b>2013/14</b>	46,605	3,886,489	83.4	488,000	8.0
<b>2012/13</b>	53,486	3,929,056	73.4	475,000	8.3
<b>2011/12</b>	42,828	3,058,000	71.4	372,000	8.2
<b>2010/11</b>	40,663	2,692,000	66.2	333,000	8.1

**Table 2: PSD table for sugar cane**

Sugar Cane for Centrifugal Zimbabwe	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Apr 2012		Market Year Begin: Apr 2013		Market Year Begin: Apr 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	53	58	45	50		44
Area Harvested	53	53	45	47		41
Production	3,929	3,929	3,880	3,886		3,832
Total Supply	3,929	3,929	3,880	3,886		3,832
Utilization for Sugar	3,929	3,929	3,880	3,886		3,832
Utilization for Alcohol	0	0	0	0		0
Total Utilization	3,929	3,929	3,880	3,886		3,832
1000 HA, 1000 MT						

## Sugar

### Production

There are two sugar mills for crushing cane in the lowveld, with a combined milling capacity of more than 640,000 tons per annum, and both mills are owned by Tongaat Hulett. Sugar output in the 2014/15MY is forecast to decrease marginally to 480,000 MT, due to a decline in sugar cane area harvested, after 488,000 MT of sugar was produced in 2013/14 MY. In the 2012/13 MY, Zimbabwe produced 475,000 MT of sugar.

### Consumption

Total domestic sugar consumption in the 2013/14 MY is estimated at 340,000 MT. Demand for sugar decreased slightly due to a general low level of liquidity in the country. However, sales of locally produced sugar were reduced in 2013/14 MY, due to a surge in sugar imports onto the domestic market as a result of the low world price of sugar. About 180,000 MT of locally produced sugar was sold while sugar imports of about 124,000 MTRV complemented local supply. Post expects local demand in the 2014/15 MY, would stay at the same level as in the 2013/14 MY e.g. 350,000 MT.

### Domestic prices

The influx of cheap sugar into the domestic market in 2013/14 MY, due to the significantly lower international prices impacted negatively on the price of locally produced sugar. The wholesale price of sugar declined by 18 percent from 46.95 cents/lb to 38.10 cents/lb, while the retail price decreased by 11 percent from 49.90 cents/lb to 44.23 cents/lb. The sugar industry, however, engaged the Zimbabwean government to restrict sugar imports. As a result, with effect from 17 January 2014, the government effectively stopped all sugar imports, except for importation of white manufacturer's grade sugar for the beverage industry.

### Trade

The duty free and quota free access for Zimbabwean sugar to the European Union (EU) is still in place. A total of 200,000 MT raw sugar was exported to the EU in the 2013/14 MY under the preferential market arrangements. Duty free and quota free exports to the EU are forecasted to remain at around 200,000 MT in 2014/15 MY.

Zimbabwe's duty-free quota into the USA in 2014/15 MY is 12,880 MTRV and will only be supplied if it is economically viable to do so.

A total of 124,639 MT sugar comprising of 53,171 MT of refined sugar and 71,468 MT of raw sugar was imported, by Zimbabwe, in the 2013/14 MY. Post expects sugar import will decrease drastically in the 2014/15 MY, after the Zimbabwean government introduced restrictions on sugar imports.

**Table 3: Imports of sugar in 2013**

Country of import	Quantity of raw sugar imported (MTRV)	Quantity of refined sugar (MTRV)
South Africa	41,468	64,570
Malawi	2,460	-
Zambia	1,796	-

<b>Brazil</b>	3,425	854
<b>India</b>	1,040	2,800
<b>Other</b>	2,982	3,244
<b>Total</b>	<b>53,171</b>	<b>71,468</b>

**Table 4: PSD table for sugar**

Sugar, Centrifugal Zimbabwe	2012/2013		2013/2014		2014/2015	
	Market Year Begin: May 2012		Market Year Begin: May 2013		Market Year Begin: May 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	107	107	73	70		142
Beet Sugar Production	0	0	0	0		0
Cane Sugar Production	478	475	460	488		480
Total Sugar Production	478	475	460	488		480
Raw Imports	22	22	20	53		0
Refined Imp.(Raw Val)	56	56	50	71		10
Total Imports	78	78	70	124		10
Total Supply	663	660	603	682		632
Raw Exports	201	201	200	200		200
Refined Exp.(Raw Val)	0	0	0	0		0
Total Exports	201	201	200	200		200
Human Dom. Consumption	389	389	336	340		350
Other Disappearance	0	0	0	0		0
Total Use	389	389	336	340		350
Ending Stocks	73	70	67	142		82
Total Distribution	663	660	603	682		632
1000 MT						