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Zimbabwe

Sugar Annual

The supply and demand for sugar in Zimbabwe

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Report Highlights:
Zimbabwe's sugar output in 2015/16 MY is forecast to increase by 14 percent to about 506,000 MT, on improved cane yields and an increase in area harvested. Zimbabwe exported 207,000 tons of sugar in the 2014/15 MY and exports are projected to remain around 200,000 tons in the 2015/16 MY, with the European Union as the main export destination.

Executive Summary

In the 2015/16 MY, Zimbabwe's sugar cane output is forecast to grow by 15 percent to 4.5 million MT, on improved cane yields and an increase in area harvested. Zimbabwe produced 3.9 million MT of sugar cane in the 2014/15 MY, three percent less than 4.0 million MT produced in the 2013/14 MY, mainly as a result of a smaller area that was harvested. In the 2014/15 MY, 43,121 hectares of cane was harvested compared to 46,605 hectares in the 2013/14 MY.

Sugar output in the 2015/16 MY is forecast to increase by 14 percent, to 506,000 MT, from 443,000 MT in the 2014/15 MY. The forecast increments will come from increased cane area, higher sugar cane yields and improved sugar recoveries. In the 2013/14 MY, Zimbabwe produced 488,000 MT of sugar.

Zimbabwe exported 23,980 MT raw sugar to the United States in the 2014/15 MY to fulfil the 2013/14 and 2014/15 Tariff Rate Quotas. The quota for 2015/16 of 12,106 MTRV will only be supplied if it is economically viable to do so. The European Union (EU) continues to be an important export market for Zimbabwe's sugar. A total of 183,160 MT raw sugar was exported to the EU in the 2014/15 MY, under the preferential arrangements, out of total exports of 207,000 MT. Duty free and quota free exports to the EU are anticipated to be around 200,000 MT in the 2015/16 MY.

Sources:
www.tongaat.com

Sugar cane

Production

Sugar cane in Zimbabwe is grown under irrigation in the south-east of the country where the climate and topography are ideal for irrigated production. In the 2014/15 MY, 43,121 hectares were under sugar cane production by three groups of producers, namely, two large estates, large scale farmers and newly resettled farmers. The two privately owned large estates, Triangle and Hippo Valley, grow approximately 80 percent of the country's sugar cane crop for milling and processing into sugar while large scale farmers and newly resettled farmers together grow about 20 percent of the sugar cane crop. Zimbabwe produced 3.9 million MT of sugar cane in the 2014/15 MY, three percent less than 4.0 million MT produced in the 2013/14 MY, mainly as a result of a smaller area harvested. In the 2014/15 MY, 43,121 hectares of cane was harvested compared to 46,605 hectares in the 2013/14 MY.

In the 2015/16 MY, Zimbabwe's sugar cane output is forecast to grow by 15 percent to 4.5 million MT, on improved cane yields and an increase in crop area. The country's sugar production is in a constructive and expansion phase where a private sector sugar company and government are involved in orderly development of sustainable small scale sugar cane producers. Each small scale sugar producer received about 20 hectares of sugar cane in the south-eastern part of the country. The target is to have about 1,000 small scale famers that will produce more than 1.8 million MT of cane at a yield of at least 100 tons per hectare from about 18,880 hectares by the 2017/18 season. Currently, there are over 800 small scale farmers growing approximately 14,000 hectares of sugar cane. The private sector company also provides extension services to the small scale farmers aimed at raising sugar cane yields. This is expected to boost yields from this sector to over 97 tons per hectare in the 2015/16 MY and ultimately to over 100 tons per hectare beyond the 2016/17 MY. Dams have now recovered following good rains in the 2013/14 season and there is adequate water to support full irrigation activities. New root re-planting is currently underway by all three producer groups.

Table 1 summarizes the production of sugar cane in Zimbabwe for 2013/14 MY (actual), 2014/15 MY (estimate) and 2015/16 MY (forecast).

Table 1: The production of sugar in Zimbabwe

Marketing Year	Area harvested (ha)	Cane crushed (MT)	Yield MT/ha	Sugar production* (MT)	Cane/sugar ratio
2015/16	45,500	4,452,800	97.8	506,000	8.8
2014/15	43,121	3,856,000	89.4	443,000	8.7
2013/14	46,605	3,960,000	85.0	488,000	8.1

Table 2: PSD Table for sugar

Sugar Cane for Centrifugal	2013/2014		2014/2015		2015/2016	
Market Begin Year	Apr 2014		Apr 2015		Apr 2016	
Zimbabwe	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted	50	50	44	46	0	50

Area Harvested	47	47	41	43	0	46
Production	3,886	3,960	3,832	3,856	0	4,453
Total Supply	3,886	3,960	3,832	3,856	0	4,453
Utilization for Sugar	3,886	3,960	3,832	3,856	0	4,453
Utilization for Alcohol	0	0	0	0	0	0
Total Utilization	3,886	3,960	3,832	3,856	0	4,453
1000 HA, 1000 MT						

Sugar

Production

Zimbabwe has two sugar mills that are privately owned by Tongaat Hulett and have a combined installed milling capacity of 4.8 million tons of sugar cane per annum. The mills, located at Triangle and Hippo Valley in the south-eastern sugar producing area can produce up to 640,000 MT of raw sugar. Sugar output in the 2015/16 MY is forecast to increase by 14 percent, to 506,000 MT, from the 443,000 MT produced in the 2014/15 MY. The forecast increments will come from increased cane area, higher sugar cane yields and improved sugar recoveries. In the 2013/14 MY, Zimbabwe produced 488,000 MT of sugar. The decline in sugar production in 2014/15 MY is attributed to the fact that no cane was diverted from the independent ethanol plant that operates in Chisumbanje close to the mills. In 2013/14 MY, cane diverted from the ethanol plant was equivalent to 39,000 MT sugar.

Consumption

Domestic sales reached 303,000 MT in the 2014/15 MY. Local sales were augmented by imports of about 40,000 MT. The two main categories of consumers are manufacturers (beverages, confectioners, bakers and pharmaceuticals) and households. White sugar consumption is estimated at 100,000 MT and brown sugar consumption is about 240,000 MT. The level of domestic consumption is expected to remain stable in the 2015/16 MY at around 350,000 MT. Per capita consumption of sugar in 2014 was estimated at 21.50 kg raw value sugar per person.

Domestic prices

Both the wholesale and retail prices of sugar remained stable in the 2014/15 MY at 38.10 US cents/lb and 44.23 US cents/lb, respectively. This is after the Zimbabwe government, in early 2014, enforced regulatory measures to protect the local market from an influx of sugar imports because of the significantly lower international prices. In March 2014, the government confirmed that no raw sugar import permits would be issued and sugar imports would attract a duty of 10 percent plus $100 per ton from countries other than the Southern African Development Community (SADC) and the Common Market for Eastern and Sothern Africa (COMESA). The Zimbabwean government, however, suspended the duty on manufacturer’s grade sugar for the beverage industry. The country’s three main beverage manufactures have been allowed to import a total of approximately 3,400 MT manufacturer’s grade sugar per month duty free.

Trade

Zimbabwe exported 23,980 MT raw sugar to the United States in the 2014/15 MY to fulfil the 2013/14 and 2014/15 Tariff Rate Quotas. The quota for the 2015/16 fiscal year of 12,106 MTRV will only be supplied if it is economically viable to do so.

The duty-free, quota-free access for Zimbabwean sugar granted to African, Caribbean and Pacific Group of States (ACP) and Least Developed Countries (LDC) counties is still in place and will remain in force up to October 2017. The European Union (EU) continues to be an important export market for the country's sugar. A total of 183,160 MT raw sugar was exported to the EU in the 2014/15 MY under the preferential arrangements. Duty free and quota free exports to the EU are anticipated to be around 200,000 MT in the 2015/16 MY.

A total of 40,984 MT sugar comprising 27,295 MT refined sugar and 13,689 MT raw sugar was imported in 2014/15 MY, a reduction of 67 percent from 124, 639 MT imported in the 2013/14 MY. Tariffs on sugar imports introduced by government in 2014 to protect the domestic industry drastically reduced the level of sugar imports. South Africa was the main importer of both raw and refined sugar. Table 3 shows sugar imports from various countries. Sugar imports in the 2015/16 MY is expected to decrease even further to about 25,000 MT.

Table 3: Imports of sugar in 2014

Country of import	**Quantity of raw sugar imported (MT)**	**Quantity of refined sugar imported (MT)**	**Total**
South Africa	7,784	26,921	34,705
Zambia	1,882	28	1,910
Botswana	240	0	240
India	393	0	393
Swaziland	0	346	346
Other	3,390	0	3,390
Total	**13,689**	**27,295**	**40, 984**

Table 4: PSD Table for sugar

Sugar, Centrifugal	2013/2014		2014/2015		2015/2016	
Market Begin Year	May 2013		May 2014		May 2015	
Zimbabwe	USDA Official	New post	USDA Official	New post	USDA Official	New post
Beginning Stocks	70	70	142	142	0	69
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	488	488	480	443	0	506
Total Sugar Production	488	488	480	443	0	506

Raw Imports	53	53	0	14	0	10
Refined Imp.(Raw Val)	71	71	10	27	0	15
Total Imports	124	124	10	41	0	25
Total Supply	682	682	632	626	0	600
Raw Exports	200	200	200	207	0	200
Refined Exp.(Raw Val)	0	0	0	0	0	0
Total Exports	200	200	200	207	0	200
Human Dom. Consumption	340	340	350	350	0	350
Other Disappearance	0	0	0	0	0	0
Total Use	340	340	350	350	0	350
Ending Stocks	142	142	82	69	0	50
Total Distribution	682	682	632	626	0	600
1000 MT						