

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Mozambique

**Post:** Pretoria

### Annual Report

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Sugar

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#### Report Highlights:

Mozambique's sugarcane production is expected to increase to almost four million tons in Marketing Year (MY) 2012/13, based on an increase in the area planted to 50,000 hectares. As a result, post forecast that sugar production in Mozambique will increase by 16 percent to 470,000 MT Tell Quell (486,45MTRV). For the 2011/12 MY, Mozambique's sugar production was estimated at 389,425 MT Tell Quell (401,325 MTRV), the largest crop since 1975, and almost 38 percent higher than the previous season. Mozambique's sugar exports are expected to reach 250,000 tons in the 2012/13 MY, on increase local sugar production.

## **Executive Summary**

Post forecast that sugarcane production will increase to almost four million tons in the 2012/13 MY, based on an increase in hectares planted. The sugarcane area is expected to increase to about 50,000 hectares in the 2012/13 MY, driven by new investments in sugarcane production and a sustainable increase in the efficiencies of Mozambique's four commercial sugar mills. In the 2011/12 MY, the sugarcane area harvested increased by 11 percent to 42,700 hectares from the 38,584 hectares harvested in the 2010/11 MY.

Post estimates that sugar production in Mozambique will increase by almost 16 percent to 470,000 MT Tell Quell (486,45 MTRV) in the 2012/13 MY, due to higher sugarcane production on increased area. For the 2011/12 season, Mozambique's sugar production is estimated at 389,425 MT Tell Quell (401,325 MTRV), the largest crop since 1975, and almost 38 percent higher than the previous season.

Mozambique's sugar exports are expected to reach 250,000 tons in the 2012/13 MY, on increased local sugar production. Mozambique exported a record 198,181 tons of sugar at a value of \$83.4 million in the 2011/12 MY. This represented an increase of more than 80 percent from the 107,989 tons exported in the 2010/11 MY, due to an almost 40 percent increase in sugar production.

## **Sugar cane**

## The structure of Mozambique's Sugar Industry

The sugar industry continues to be one of Mozambique's agricultural success stories. It employs about 35,000 people, the second largest employer after the public sector and contributes 25 percent to total agricultural exports, the second largest commodity after tobacco.

The Mozambique sugar industry consists of four major commercial sugar companies, each with their own sugar estates and mills. These four companies are: Maragra, Xinavane (both in the Maputo province), Marromeu and Mafambisse (both in the Sofala Province). The Mozambique government still owns shares in three of the four sugar companies (see also Table 1), but is in the process of decreasing their shareholding as privatization is an ongoing government objectives. Two South African sugar companies, Illovo and Tongaat-Hulett, have invested in Mozambique's sugar industry. Illovo Sugar holds the majority share in Maragra and Tongaat-Hulett the majority shares in Xinavane and Mafambisse.

**Table 1 - The Structure of the Sugar Industry in Mozambique**

Company	Ownership	Shares (%)
<b>Maragra Sugar Manufacturer</b>		
<i>Maragra Sugar, Pvt</i>	Maragra SARL	26
	Illovo Sugar Ltd.	74
<i>Maragra Comercial, Pvt.</i>	Maragra SARL	75
	Others	25
<b>Xinavane Sugar Manufacturer, Pvt.</b>	Moçambique Government	12
	Tongaath-Hulett Ltd.	88
<b>Moçambique Sugar Manufact, Pvt. (Mafambisse)</b>	Tongaath-Hulett Ltd.	75
	Moçambique Govenment	25
<b>Sena Company, Pvt. (Marromeu )</b>	Sena Holding Co.	65
	Térios Group	22
	Moçambique Government	13

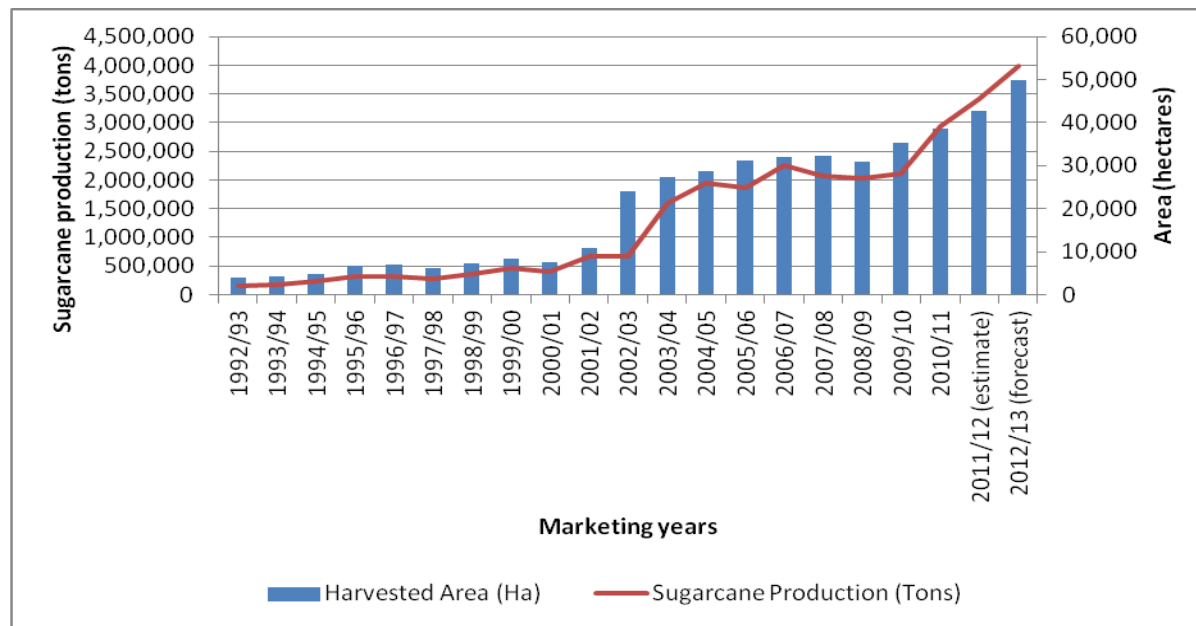
Source: CEPAGRI.

Feasibility studies are under way to establish Mozambique's fifth sugar estate and mill in the Mopeia district of the Zambezia province. The project has been financed by South African investors, and the plantation is expected to cover 30,000 hectares. Planting of cane on the first 10,000 hectares could already take place in late 2012.

## Production

After the end of the civil war in 1992, the Mozambican government began to rehabilitate and modernize the sugar industry. With its natural resources, such as quality soils, regular rainfall and favorable climatic conditions, Mozambique has a comparative advantage in producing sugar. As a result of the rehabilitation program, the area planted with sugar increased from about 4,000 ha in 1992 to more than

40,000 hectares in 2011. Sugarcane harvested for milling increased from 151,000 tons in 1992 to 3.4 million tons in 2011 (see also figure 1).



**Figure 1: The area harvested and production of sugar cane in Mozambique since 1992**

Post forecast that sugarcane production will increase to almost four million tons in the 2012/13 MY, base on an increase in hectares planted. The sugarcane area is expected to increase to about 50,000 hectares in the 2012/13 MY, on new investments and on an increase in the processing efficiencies of Mozambique’s four commercial sugar mills. In the 2011/12 MY, the sugarcane area harvested increased by 11 percent to 42,700 hectares from the 38,584 hectares harvested in the 2010/11 MY.

It is estimated that Mozambique produced 3.4 million tons of sugar cane in the 2011/12 MY, an increase of almost 25 percent from the 2010/11 MY’s 2.9 million tons, due to an increased in area harvested and new sugar varieties that increased yields.

Table 2 illustrates the area harvested, the yield and sugar cane production in Mozambique for the 2010/11 MY (actual), 2011/12 MY (estimated) and 2012/13 MY (forecast).

**Table 2: The production of sugar cane in Mozambique**

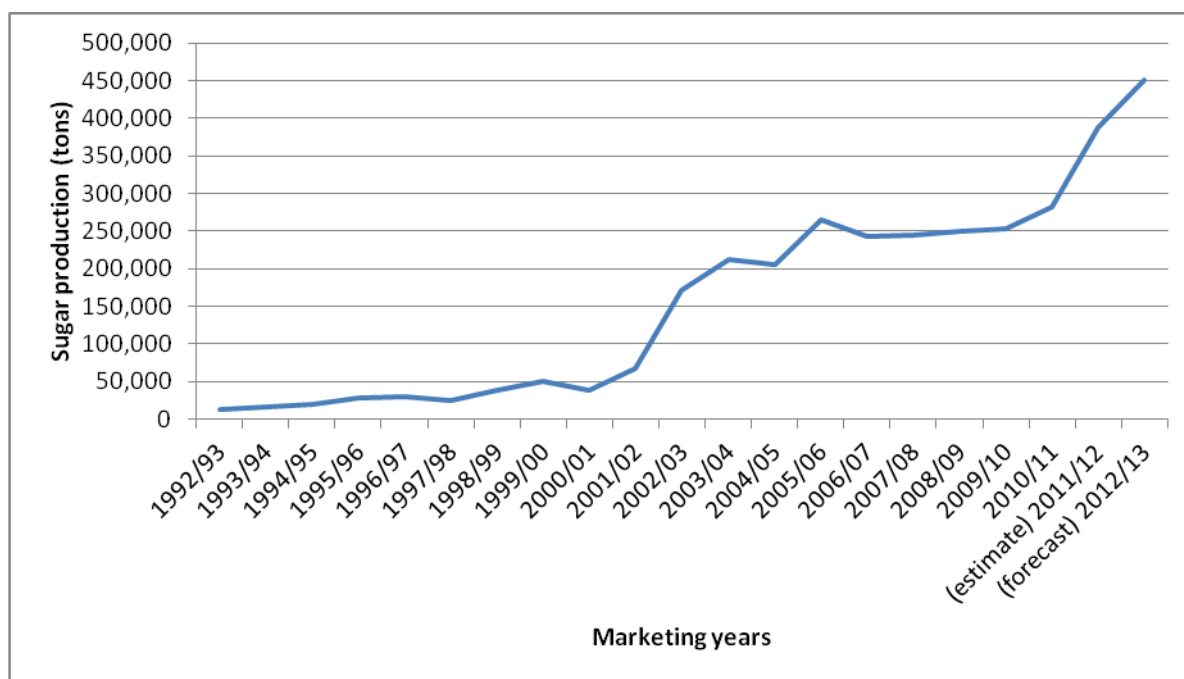
Season	Area harvested (HA)	Yield (MT/HA)	Cane crushed (MT)
2010/11	38,584	76.3	2,945,000
2011/12	42,700	79.6	3,400,000
2012/13	50,000	81.0	3,980,000

Sugar Cane for Centrifugal Mozambique	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Area Planted</b>		40		44		52
<b>Area Harvested</b>		39		43		50
<b>Production</b>		2,945		3,400		3,980
<b>Total Supply</b>		2,945		3,400		3,980
<b>Utilization for Sugar</b>		2,945		3,400		3,980
<b>Utilizatn for Alcohol</b>		0		0		0
<b>Total Utilization</b>		2,945		3,400		3,980
1000 HA, 1000 MT						

## Sugar

### Production

Since 2000, sugar production in Mozambique shows a sustained increase as economic and political stability have attracted new investments especially in the sugar industry where Mozambique has a competitive advantage in the production of sugar due to its favorable natural agro-ecological conditions.



**Figure 2: The production of sugar in Mozambique since 1992**

Post estimates that sugar production in Mozambique will increase by almost 16 percent to 450,000 MT Tell Quell (465,750 MTRV) in the 2012/13 MY, due to higher sugarcane production on increased area planted. For the 2011/12 season, Mozambique's sugar production is estimated at 387,754 MT Tell Quell (401,325 MTRV), the largest crop since 1975, and almost 38 percent higher than the previous season. Table 3 illustrates the production of sugar in Mozambique for the 2010/11 MY (actual), 2011/12 MY (estimate) and 2012/13 MY (forecast).

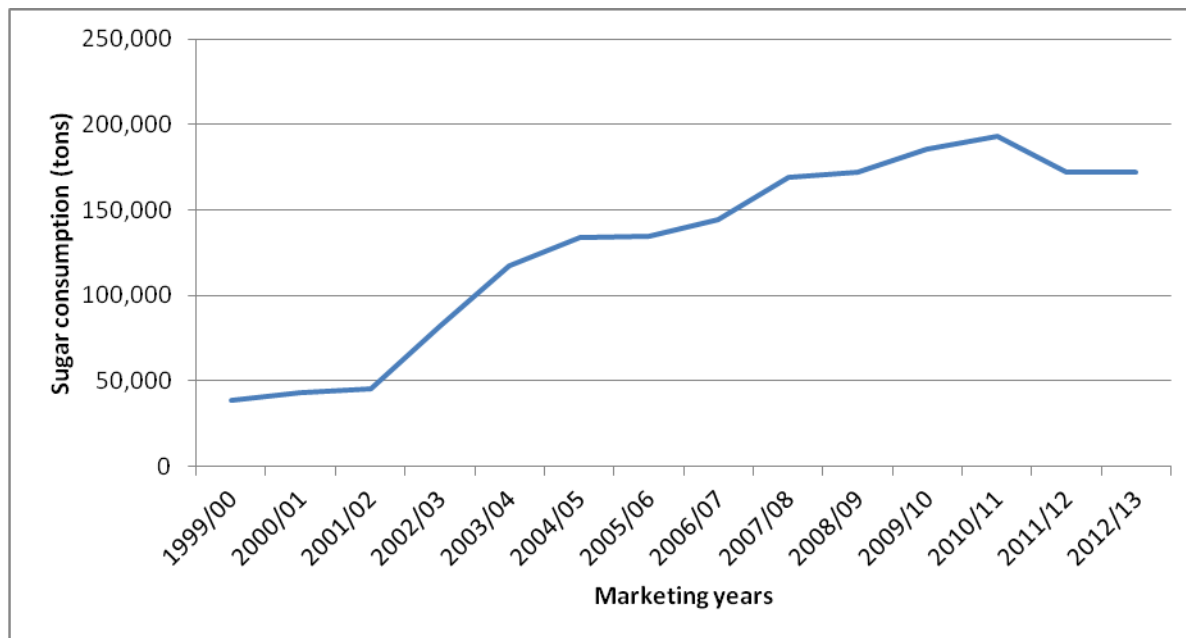
**Table 3: The production of sugar in Mozambique**

Season	Cane crushed (MT)	Sugar production (MT*)	Cane/sugar Ratio
2010/11	2,728,541	281,726	9.69
2011/12	3,440,000	387,754	8.80
2012/13	3,980,000	450,000	8.80

\*Tel Quell x 1.035 = Raw value, Refined x 1.07 = Raw value

### Consumption

Domestic sugar consumption in Mozambique for 2011/12 MY was estimated at 172,073 tons compared to the 193,400 tons in the 2010/11 MY. The sugar industry explained that the 11 percent decline was due to an increase in overall food inflation in Mozambique. Sugar consumption is expected to stay constant at 172,000 tons in the 2012/13 MY as food inflation is expected to stabilize. Figure 3 illustrates the growth in sugar consumption in Mozambique since 1999. About 80 percent of all sugar consume in Mozambique is brown unrefined sugar as there is no “white end” refining mills in Mozambique. The 20 percent white sugar consume is imported, mainly from South Africa.

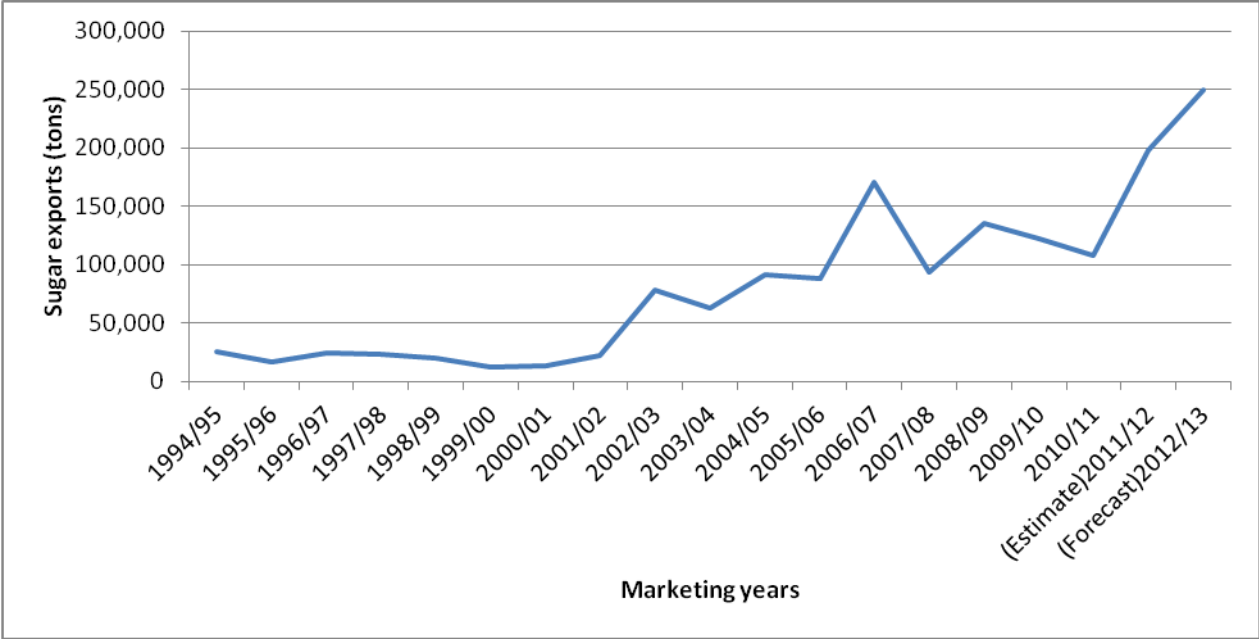


**Figure 3: The growth in sugar consumption in Mozambique since 1999**

### Trade

Mozambique’s sugar exports are expected to reach 250,000 MT in the 2012/13 MY, in-line with increased local sugar production. Mozambique exported a record 198,181 tons of sugar at a value of \$83.4 million in the 2011/12 MY (see also Figure 4). This represented more than an 80 percent increase from the 107,989 MT exported in the 2010/11 MY, due to an almost 40 percent increase in sugar production. Mozambique exports sugar to basically only two markets, namely, the European Union (EU), under the new Economic Partnership Agreements (EPA) introduced in 2009, and the United

States under the Tariff Rate Quota, both agreements allow preferential access. All sugar exported in 2011 went to the EU market as the income realization in that market was higher than in the United States market. In 2010, Mozambique exported 82,989 MT to the EU market and 24,989 MT to the United States. Post expects Mozambique will services both the EU and United states markets in the 2012/13 MY.



**Figure 4: Mozambique’s sugar exports from 1994**

Table 4 illustrates the exports of Mozambique sugar to the different markets for the 2008/09 (actual), 2009/10 (actual), 2010/11 (actual) and 2011/12 (estimate) and 2012/13 (forecast) marketing years.

**Table 5: The exports of Mozambique sugar to different markets**

Year	EU Market	USA Market	SACU market	Total Exports	Value
2010	82,989	24,989		107,989	US\$50 million
2011 (estimate)	198,181			198,181	US\$83 million
2012 (forecast)	230,000	20,000		250,000	US\$92 million

Source: CEPAGRI

**Import**

Mozambique’s sugar imports are relatively small at 30,000 tons and amount to less than 10 percent of total production. In fact, most of Mozambique’s sugar imports fall under the arrangement that is called “toll refining”. “Toll refining” is where Mozambique exports raw sugar to South Africa in exchange for white refined sugar at a payment of \$80 per ton.

**PS&D Table**

Sugar, Centrifugal Mozambique	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Beginning Stocks</b>	74	74	69	91		146
<b>Beet Sugar Production</b>	0	0	0	0		0
<b>Cane Sugar Production</b>	330	292	350	402		465
<b>Total Sugar Production</b>	330	292	350	402		465
<b>Raw Imports</b>	0	0	0	0		0
<b>Refined Imp.(Raw Val)</b>	165	30	155	30		30
<b>Total Imports</b>	165	30	155	30		30
<b>Total Supply</b>	569	396	574	523		641
<b>Raw Exports</b>	300	112	300	205		260
<b>Refined Exp.(Raw Val)</b>	0	0	0	0		0
<b>Total Exports</b>	300	112	300	205		260
<b>Human Dom. Consumption</b>	200	193	200	172		172
<b>Other Disappearance</b>	0	0	0	0		0
<b>Total Use</b>	200	193	200	172		172
<b>Ending Stocks</b>	69	91	74	146		209
<b>Total Distribution</b>	569	396	574	523		641
1000 MT						