

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

Date: 4/13/2012

GAIN Report Number:

Zimbabwe

Sugar Annual

The report focuses on the production and usage of sugar in Zimbabwe

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Report Highlights:

Zimbabwe's sugar output in 2012/13 is expected to increase by almost 16 percent to 430,000MT from the 372,000MT level in 2011/12 season due to an expected six-percent increase in area harvested, improvement in sugarcane yields and enhancements in the efficiencies of the sugar mills after significant investments. Sugarcane production in the 2012/13 season is estimated at 3.5 million tons, 17 percent more than the three million of the 2011/12 season. Sugar exports are projected to reach 160,000 tons in the 2012/13 season, with the European Union and the United States as major export destinations. Due to firm domestic prices, no regional exports are expected in 2012/13 season.

Executive Summary

Post forecasts that 3.5 million tons of sugarcane will be harvested in the 2012/13 (April 2012 to March 2013) milling season. A sugarcane crop of 3.5 million tons is 17 percent higher than the estimated three million tons of sugarcane harvested in the 2011/12 season. The increase in sugarcane production can be attributed to a six-percent increase in the expected area harvested to 37,500 hectares and to an improvement in sugarcane yields per hectare. This increase in yields is mainly due to availability and timely application of production inputs such as fertilizers and chemicals following improved stabilization of Zimbabwe's economy since dollarization in 2009.

Total sugar production in the 2012/2013 marketing season is forecasts to increase to 430,000MT from the expected 372,000MT in the 2011/12 marketing year. The almost 16 percent expected increase can be attributed to cane yield improvements and greater mill efficiency after significant investments in the replanting of cane fields and the refurbishment and rehabilitation of mills.

Total raw sugar exports are projected to reach 160,000 tons, with the European Union (EU) and the United States as the major export destinations. However, the 2012 United States quota of 12,880 tons raw sugar will only be supplied if it is commercially viable to do so. Zimbabwe's market to the EU is secure up to 2015 for duty-free and quota-free sugar exports under the Economic Partnership Agreement. Due to firm domestic prices, Zimbabwe did not export to the regional markets in 2011/12 season, and no regional exports are expected in the 2012/13 season.

Sugarcane

Production

Sugarcane production in Zimbabwe takes place under irrigation in the southeast, low altitude areas of Zimbabwe, also known as the lowveld. Sugarcane is produced by large, privately-owned sugar estates and private farmers. The two large privately-owned estates, namely, Triangle and Hippo Valley Estates comprise 28,494 hectares of cane under production and produce about 80 percent of Zimbabwe's sugar crop. Tongaat Hullet, a large South African agricultural and agro-processing business, wholly owns Triangle and has a 50 percent stake in Hippo Valley Estates. Private growers and newly resettled farmers occupy about 15,880 hectares and produce about 20 percent of the sugarcane crop. The large estates have a potential to produce over three million tons of sugarcane while private farmers and newly resettled farmers have the potential to produce 1.4 million tons of sugarcane, bringing the total sugarcane production potential for Zimbabwe to about 4.4 million tons.

However, the full potential of sugarcane production is not being realized. Currently, private growers are only supplying about 490,000 tons of sugarcane. Most sugarcane plots allocated to newly resettled farmers are underutilized due to the unavailability of credit and financing. This has led to the development of initiatives aimed at rehabilitating and restoring cane production on approximately 11,000 hectares of land on the private growers' cane fields over the next three to four years. These plans to restore private growers' cane lands hinge on continued access to the European Union (EU) Adaptation Funding program, of which Zimbabwe was allocated €45 million (US\$58 million). Of this, €9.2 million (US\$12 million) was made available for rehabilitation of infrastructure and replanting of 1,200 hectares of private grower cane land in 2010/11 season, and was completed in August 2011. A tranche of €8.4 million (US\$11 million) is expected to be released for the further replanting of cane, and the rehabilitation of the Mkwesine rail line.

In addition to the EU initiative, Tongaat Hullet Zimbabwe recently launched the Successful Rural Sugarcane Farming Community Project (SusCo), whose goal is to assist and accelerate private cane replanting in order to increase sugarcane output to the potential of 1.4 million tons from the entire 15,880 hectares by 2015. Together with a local bank, the company has established a four-year, US\$20 million revolving loan facility to enhance sugarcane production. The project is providing inputs on loan to 872 newly resettled sugarcane growers, assistance with tillage services, replanting of cane and extension services. These initiatives are expected to increase the volume of cane crushed by at least 20 percent this season. The private growers' sugarcane yields are expected to increase from 54 tons per hectare to at least 90 tons per hectare. This together with Tongaat Hullet's improvement of its own sugarcane yields at its estates will increase sugarcane and sugar production in Zimbabwe.

Hence, post forecasts that sugarcane to be harvested in the 2012/13 season could reach 3.5 million tons, 17 percent higher than the estimated three million tons of sugarcane harvested in the 2011/12 season. The increase sugarcane production can be attributed to a six-percent increase in the area harvested to 37,500 hectares and to improved sugarcane yields. Sugarcane yields are expected to improve to 93.3 tons per hectare from the 85 ton per hectare in the 2011/12 season. This increase in yields is mainly due to availability and timely application of inputs such as fertilizers and chemicals following increased stabilization of Zimbabwe's economy after the dollarization in 2009. Sugarcane and sugar production data from the 2008/09 marketing season are shown in table 1 below.

Table 1: Production data of sugarcane and sugar in Zimbabwe from 2008/09 marketing season

Season	Area harvested (ha)	Cane crushed (MT)	Yield MT/ha	Sugar production (MT)	Cane/sugar ratio
2008/09	35,320	2,582,200	68.8	297,864	8.67
2009/10	36,174	2,338,300	64.6	258,962	9.03
2010/11	35,290	2,695,828	76.4	332,000	8.12
2011/12 (estimate)	35,290	3,000,000	85.0	372,000	8.06
2012/13 (forecast)	37,500	3,500,000	93.3	430,000	8.10

Sugarcane for bio-ethanol

About 5,500 hectares of sugarcane for processing into ethanol was planted under a joint venture project between the Agriculture and Rural Development Authority (ARDA), a quasi- government organization and Green Fuels Private Limited, a private sector investor company. Construction of the \$600 million ethanol distillery plant at Chisumbanje in the sugar producing area in southeast of the country was completed in September 2011. Over the next year, the target is to put 12,000 hectares of sugarcane for ethanol production. So far, about 400 local farmers in the area are envisaged to put an additional 10,000 hectares under sugarcane as part of an out-grower scheme supplying sugarcane to the plant.

Sugarcane for Centrifugal Zimbabwe	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Apr 2010		Market Year Begin: Apr 2011		Market Year Begin: Apr 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	38	38		38		45
Area Harvested	38	38		35		38
Production	2,565	2,696		3,000		3,500
Total Supply	2,565	2,696		3,000		3,500
Utilization for Sugar	2,565	2,696		3,000		3,500
Utilizatn for Alcohol	0	0		0		0
Total Utilization	2,565	2,696		3,000		3,500
1000 HA, 1000 MT						

Sugar

Production

Sugarcane is crushed and milled at Triangle and Hippo Valley Estates sugar mills with a combined capacity to crush 4.8 million tons of cane in a 38-week crushing season and an installed milling capacity of 600,000MT of raw sugar. Refining capacity is 150,000MT per annum.

Total sugar production in the 2012/2013 (April 2012 to March 2013) is forecast to increase to 430,000MT from the 372,000MT for the 2011/12 marketing year. The almost 16 percent increase is attributed to improvements in cane yields and mill efficiencies following a significant investments in replanting of cane fields and the refurbishment and rehabilitation of sugar mills.

Consumption

Total local sugar consumption in 2011/12 season reached 280,000MT. Demand for locally produced sugar was reasonably firm despite a general low level of liquidity in the country and is expected to remain firm in 2012/13 marketing season. Sugar is largely consumed directly, with a very small percentage consumed through value-added products. The industry is currently not producing alternative sweeteners. The per capita sugar consumption is estimated at 24.6kg per annum. Consumption patterns are more influenced by availability rather than price. Annual sugar sales in the domestic market are expected to reach 285,000 MT in the 2012/13 season.

Domestic prices

Since February 2009, sales to the domestic market have been conducted in US dollars and the prices are now in line with regional sugar prices. The wholesale price of sugar is 40.39 US cents per lb, while the retail price is 43.82 US cents per lb.

Trade

Due to firm domestic prices, there were no exports to the regional markets in 2011/12 season and no regional exports are expected in 2012/13 marketing year. However, the Zimbabwean sugar industry continues to enjoy preferential market access to the EU and to the United States.

Zimbabwe, through the EU Sugar Adaptation Strategy, has duty-free and quota-free access into the preferential markets of the EU. It also has a duty-free quota into the United States. A total of 113,940MT sugar comprising 13,940MT refined sugar and 100,000MT raw sugar were exported to the EU in 2011. The 2012 United States quota of 12,880 tons raw sugar will only be supplied if it is commercially viable to do so. Duty-free and quota-free exports to the EU are expected to reach 160,000MT in 2012/13 season. Zimbabwe's market to the EU is secure up to 2015 and the country can export duty-free and quota-free sugar to the EU subject to the 'safeguard clause' of the Economic Partnership Agreement. Table 2 below shows details of raw sugar exports in the previous seasons.

Table 2: Exports of sugar to other countries

Export Trade

Country	Zimbabwe
Commodity	<u>Sugar, Centrifugal</u>

Time Period	CY	Units:	MT
Exports for:	2010		2011
U.S.	20,119	U.S.	0
Others		Others	
EU	115,000	EU	113,940
Total for Others	135,119		113,940
Others not Listed	0		0
Grand Total	135,119		113,940

Total exports decreased 15 percent from 135,119MT in 2010 to 113,940MT in 2011 largely because there were no regional exports in 2011 due to firm domestic demand. Currently, there is no incentive to export regionally as domestic sugar prices are much firmer compared to the regional prices.

An estimated 43,437MT of sugar was imported into the country duty-free in 2011, mainly by retailers and individuals to augment local supplies and improve availability of basic commodities after the government relaxed import regulations and waived duties of basic commodities at the end of 2008. Of this quantity 9,541MT was raw sugar imports from the region as shown in Table 3 below. The balance of 33,894MT was refined white sugar imported from South Africa and Malawi.

Table 3: Imports of sugar in 2011

Country of import	Quantity of raw sugar imported (MTRV)	Quantity of refined sugar (MTRV)
South Africa	239	33,264
Malawi	5,876	630
Mozambique	180	0
Zambia	3,225	0
Botswana	21	0
Total	9,541	33,894

Sugar, Centrifugal Zimbabwe	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Apr 2010		Market Year Begin: Apr 2011		Market Year Begin: Apr 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	29	29	110	110		107
Beet Sugar Production	0		0	0		0

Cane Sugar Production	335	335	372	372		430
Total Sugar Production	335	335	372	372		430
Raw Imports	0		0	0		0
Refined Imp.(Raw Val)	88	88	20	40		20
Total Imports	88	88	20	40		20
Total Supply	452	452	502	522		557
Raw Exports	135	135	135	135		160
Refined Exp.(Raw Val)	0	0	0	0		0
Total Exports	135	135	135	135		160
Human Dom. Consumption	207	207	267	280		285
Other Disappearance	0	0	0	0		0
Total Use	207	207	267	280		285
Ending Stocks	110	110	100	107		112
Total Distribution	452	452	502	522		557

1000 MT