



The South African Sugar Association was established in terms of Sugar Act No. 9 of 1978 with an overall purpose to promote the sustainability of the South African sugar industry.

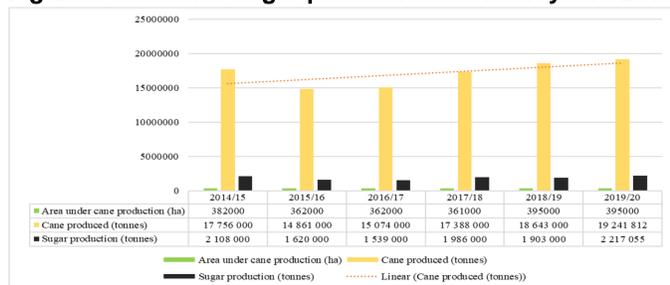
SASA provides support services to the Growers via South African Cane Growers' Association (23866 and South African Farmers' Development Association and to the Millers via South African Sugar Millers' Association. Amongst many services, SASA provides specialist support services such as finance, sugar research, sugar markets and training to cane growing and sugar manufacturing sectors (SASA, 2019).

The association reported that it looks out for the interest of 21,500 registered cane growers, comprising of 1,300 large scale growers and 20,200 small scale growers and 14 sugar mills operating in the cane growing regions which are predominantly Kwazulu-Natal and Mpumalanga, with some farming in the Eastern Cape (GAIN, 2019). The sugar industry plays a significant role to total employment in South Africa with direct employment of approximately 85 000 jobs and indirect employment estimated at 350 000 (SASA, 2019).

PRODUCTION

The South African sugar industry was known as one of the world's leading cost competitive producers of high quality sugar with an average of 2,3 million tons of sugar per annum, of which about 76% was marketed within Southern African Customs Union (SACU) (SASA, 2019). However, due to a number of challenges to be discussed later, local producers' share of the SACU market has declined to about 60% (SASA, 2019). During the 2019/2020 season the estimated production was 19 241 812 tons of Cane Crush and 2 217 055 tons of Saleable Sugar. This marks a return to normal sugar production after four years of drought between the 2015/16 and 2017. As of 2019, the industry value was sitting at R13.3 billion, contributing 0.2% to agricultural Gross Domestic Product (SASA, 2019).

Figure1: Cane and Sugar production between years 2014/15 to 2019/20

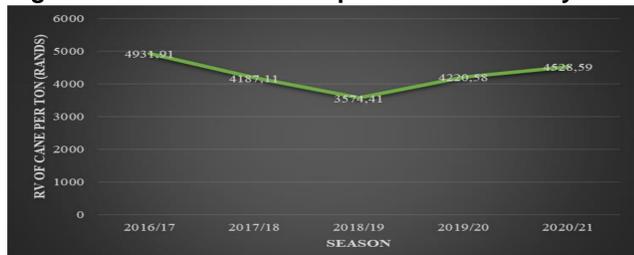


Source: DAFF, 2019 Abstract

MARKET ANALYSIS

For several years the cane growers had been selling their cane at a RV price above R4500/ton. However, in 2018 cane growers experienced a great loss as the market price dropped to approximately R3500/ton while the fuel prices, labour costs, value-added tax and input costs have increased. However, the RV price then recovered during the season 2019/20 and it is anticipated to go above R4500/ton in 2020/21 season (SASA, 2019).

Figure2: Recoverable value per ton of cane for years 2016/17 to 2020/21



Source: SASA, 2019 Facts and Figures

REFERENCES

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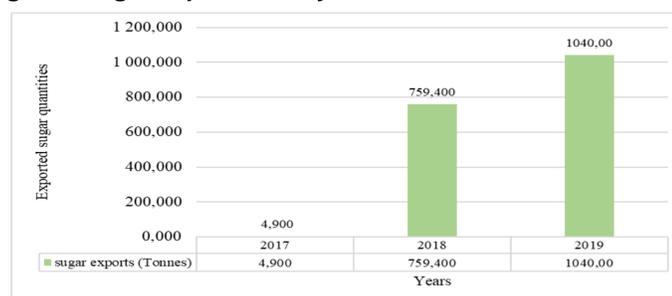
ACKNOWLEDGMENTS



IMPORTS AND EXPORTS

The importing and exporting activities within the South African sugar industry only includes raw and refined sugar, raw sugar cane does not participate in this trade. The challenges faced by the sugar industry such as dropping of market in SA saw the increase of exported sugar to 1.2 million tonnes in the 2017/18 season and this was reported to be at a loss because the World Sugar Price has extremely declined (DAFF, 2019). Considering that the sub-sector depends on export market for the 60% of sugar produced, the temporal ban of imports and exports which was implemented as means of flattening the spread of Corona Virus (COVID-19) in March 2020 is expected to contribute to a great loss to the economy of the industry which will in return lead to great job losses.

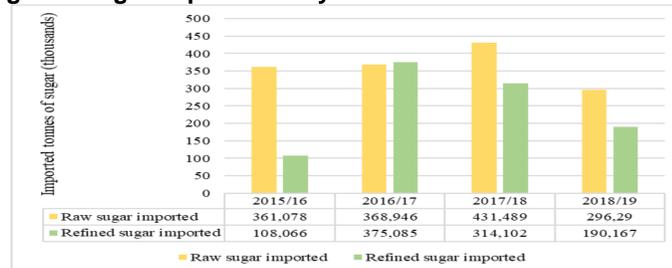
Figure3: Sugar exports from years 2017 to 2019



Source: DAFF, 2019 Abstract

DAFF reported a significant increase on value of exported sugar from 17,5million in 2017, to approximately 3,7billion in 2018 and a preliminary figure of R4.2billion in 2019. In years 2018/19, 258,671 tonnes of sugar was imported from Swaziland alone. This issue is further discussed under challenges section (GAIN,2019).

Figure4: Sugar imports from years 2015/16 to 2018/19



Source: DAFF, 2019 Abstract

SECTOR CHALLENGES

- The health-promotion levy, a tax on sugar-containing beverages, costed the sugar industry about R1.5bn since its implementation in 2018, amounting to the loss of about 9,000 jobs (Sugar Master Plan).
- Lack of market in SA has forced sugar producers to export about 50% of sugar at loss due to World Sugar Price extremely declining below production costs (SASA, 2019).
- A number of millers and cane growers are at the verge of shutting down (SASA, 2019). Ineffective implementation and management of price protection measures to provide a buffer against cheap sugar imports has resulted in large quantities of sugar being imported at a cheaper price in the market than the locally produced sugar (GAIN, 2019).
- Talks about land expropriation without compensation threatens the future of cane growers (GAIN, 2019).
- In addressing the challenges in the sugar industry, on April 8, 2020 the Sugar Master plan which aims at reviving the industry by addressing most of the listed challenges was finalised and the implementation will be decided post COVID-19 lock down.