
Africa Sugar *Digest*

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Zambia: South African firm to invest USD 251 million in new sugar plant

AGZAM of South Africa plans a USD 251 million sugar and ethanol plant in Zambia, according to the Zambia Development Agency (ZDA). The new project will produce 200,000 tonnes of sugar and 28 million litres of ethanol per year, starting in 2013; it will create a round 4,000 jobs and will develop a 15,000-hectare nucleus estate and 3,000 hectares under independent out-growers in the country's southern region. Once completed, the project will increase Zambia's sugar production by 50 percent.

Zambia Sugar plc, the country's largest sugar producer, completed last year a USD 174 million expansion program, which doubled its annual production capacity to 440,000 tonnes. Zambian domestic consumption is estimated at 150,000 tonnes a year.

Ethiopia: Government invites Indian sugar companies

An Ethiopian high level delegation visited India in early April and invited the sugar industry to invest in their country. Several incentives are offered, such as cheap land, inexpensive labour and easy repayment options, which are part of an aggressive program to boost the country's agricultural production. At present, the country's four sugar factories are run by the government and produce some 300,000 tonnes of sugar per year. The government aims to increase production to 1.2 million tonnes in the next 5 years. Ethiopia said India has made significant advances in sugar and they would like the industry to invest in their country and share their expertise. The delegation visited all the major sugar producing states, including Uttar Pradesh, Maharashtra and Tamil Nadu.

A report by UK *The Guardian* reported a deal signed by Karuturi, one of the world's top 25 agri-businesses, on the leasing of 250,000 hectares of virgin and fertile land on a 50-year term, and paying USD 247 per week. In addition, the company receives tax breaks as incentives. The land is located in the Gambella province, near the Sudan border. A spokesperson for Karuturi said that the company will start with 20,000 hectares of oil palm, 15,000 hectares of cane and 40,000 hectares of rice, edible oils and maize and cotton. "This is phase one. In three years, he said, we will have 300,000 hectares cultivated and maybe 60,000 workers."

Gambella has opened 1.1 million hectares to investors, a quarter of its best farmland, and 896 companies have come to the region in the last three years, said *The Guardian*.

South Africa: Illovo may go for ethanol

Illovo Sugars said it will assess the viability of producing ethanol from cane, after South Africa's Department of Energy said it would announce the regulated prices for bio-ethanol and bio-diesel by March 2012. The Biofuels Industrial Strategy targets a 2 percent biofuels contribution to liquid fuels production by 2013, which translates into 400 million litres a year.

The South African Sugar Association (SASA) said the government's current exclusion of brownfields projects - sites already used for other agricultural purposes - hinders South Africa's sugar industry and potential investors, and that new areas suitable for cane cultivation are limited.

Mozambique: 2010 sugar production to 281,700 tonnes

Mozambique's sugar production in 2010 was 281,700 tonnes, a 12 percent increase on year, according to local newspaper *Notícias*, quoting the Centre for the Promotion of Agriculture (Cepagri). All four sugar factories in the country (Marromeu, Mafambisse, Xinavane and Maragra) are operating at maximum capacity, and production has benefited from improvements in agricultural yields; although the quality of cane has been affected by adverse weather conditions.

The 2010 season produced 2.7 million tonnes of cane, 281,700 t of sugar, and 117,000 t of molasses, from a total harvesting area of 38,584 hectares. Compared to 2009 these figures represent increases of 19 percent, 12 percent and 23 percent in production of cane, sugar and molasses, respectively; there was a 9 percent increase in harvesting area.

Cepagri said that sugar sales in the domestic market continue strong, because of the sector's development and the growth in domestic consumption. Last year, Mozambique exported 107,900 tonnes of sugar, with revenues of USD 50.7 million. Some 82,900 tonnes were shipped to the European Union under the Everything but Arms (EBA) deal, and 24,900 went to the United States.

Swaziland: Output to grow by 25% in 5 years

The Swaziland Sugar Association (SSA) said recently that production will increase by 150,000 tonnes in the next five years, or 25 percent of the current annual production of 600,000 tonnes. An estimated 12,000 hectares will be integrated thanks to new irrigation projects, bringing the total land under cane to 66,000 hectares.

Swaziland exports half of its sugar to East Africa and Europe, while the other half is consumed locally and in the Southern Africa Customs Union, which is treated as a domestic market.

Swaziland is reckoned as one of the lowest cost producers in Africa, although the industry faces rising energy costs, said SSA. Electricity is used to power irrigation pumps and coal to fire boilers. SSA said the sector did not benefit fully from the high international prices, which reached 30-year highs last February, because of long-term contracts. Some gains were realised on marginal sales to the world free market.

There are three mills in the country: two owned by the Royal Swaziland Sugar Corporation (Mlume and Simunye), the third (Ubombo Ranches) owned jointly by South Africa's Illovo Sugar and a local firm. Sugar is the second largest source of foreign exchange for Swaziland.

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