South African Sugar Industry A Brief Overview

Bioenergy Workshop

Berg en Dal

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The SA Sugarcane Industry

Sugarcane production
- 26 000 registered growers
- 372 000 ha under cane
- 20 Mt of cane per annum
- 17.4% of total SA field crop production

Sugarcane processing
- 14 sugar mills
- 2 Mt of sugar produced

Size of industry
- R12 billion pa
- Export earnings: R2 billion pa
- 60% of sugar marketed in SACU

Major employer:
- Direct jobs: 79 000
- Indirect employment: 350 000
- Dependent on industry: ~ 1 million

The SA Sugarcane Industry

Growers	Millers
South African Sugar Association	

SASRI
- Mt Edgecombe
- Agriculture research

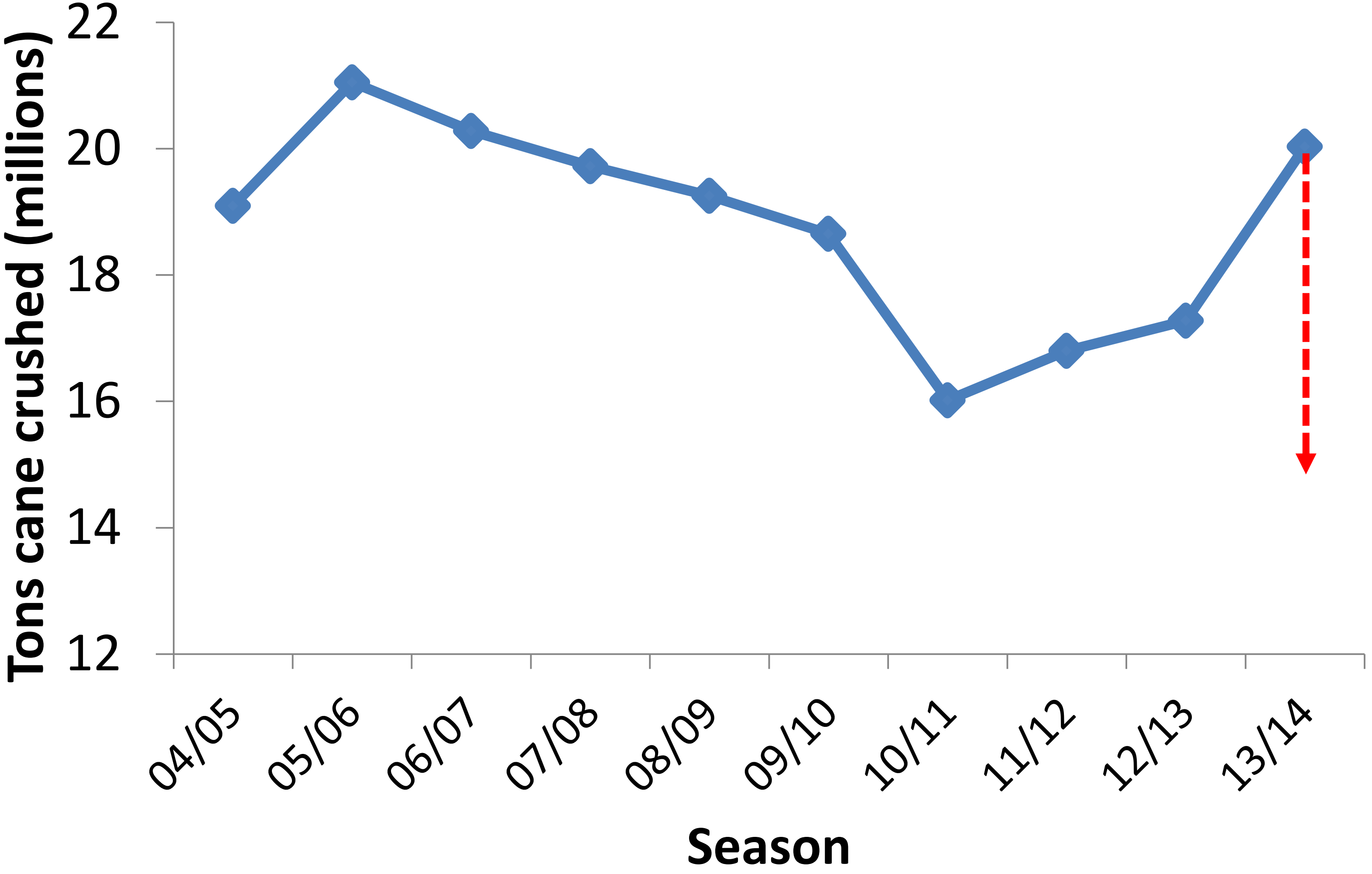
SMRI
- Glenwood
- Processing research

Status of SA Industry

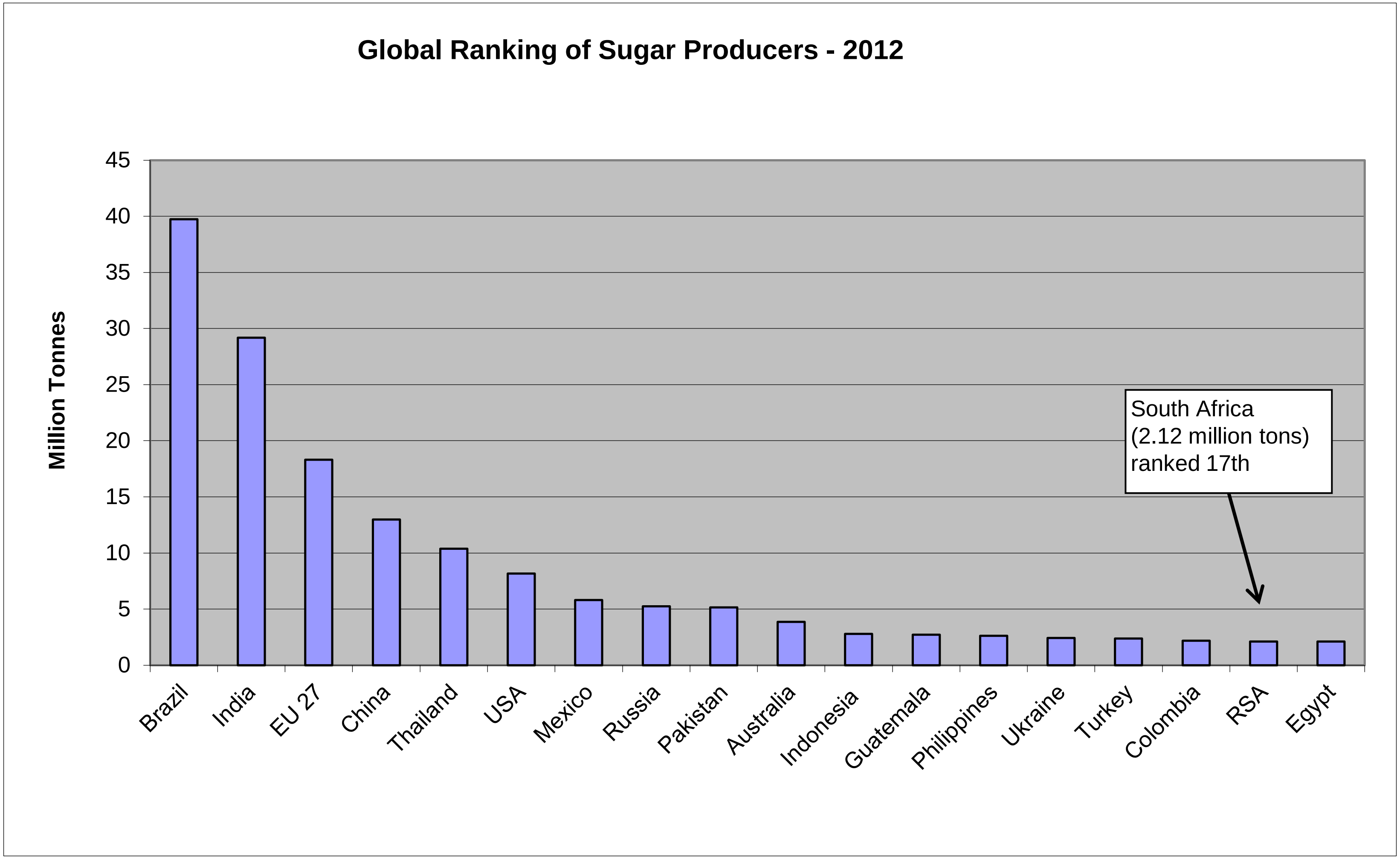
- Globally competitive (despite high cost of cane)
- Sugar milling sector = highly efficient
- Facing significant challenges:
  - Input costs rising sharply
  - Area under cane declining
  - Cane yields in some areas declining
  - Increased competition
    - Imported Brazilian white sugar impacting industry
  - Vulnerable – reliant on one major commodity
  - Changing local and international legislation
- Downsizing and redeployment of capital outside of SA
- Skills shortage

2013: 450 000 tons - 19% of SA production

SA Cane Production



World Sugar Production

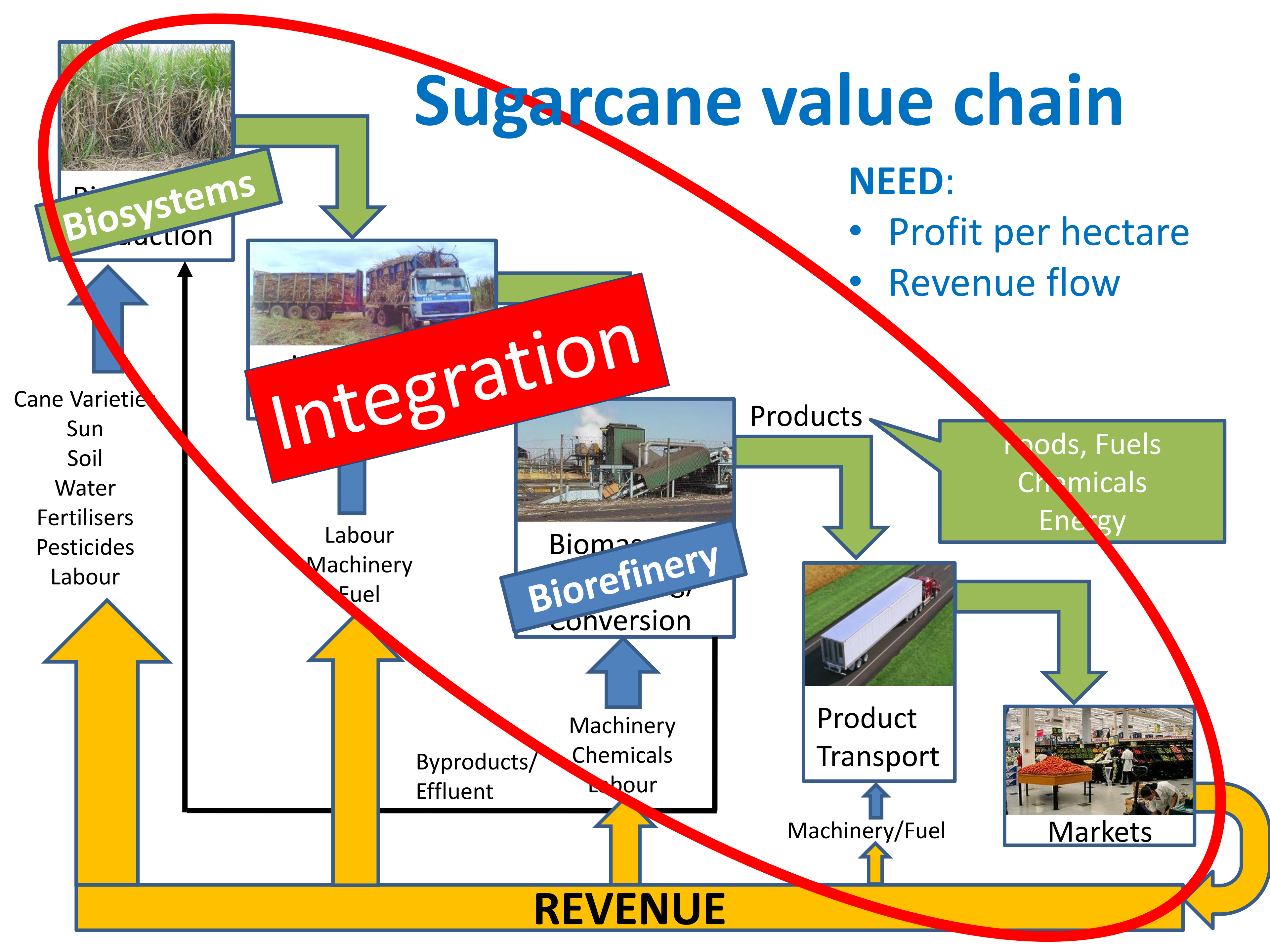


Need for Change

- *Status quo* is not sustainable
- New approach/step change required
- Milling/processing sector embracing idea of exploiting the full potential of the crop – not just sugar anymore!
  - *"……….cannot afford to remain a bulk export sugar and bulk molasses seller, **it must diversify to survive**"*
  - *"………..one day sugar could become the by-product of the sugarcane processing industry"*

Change is Happening

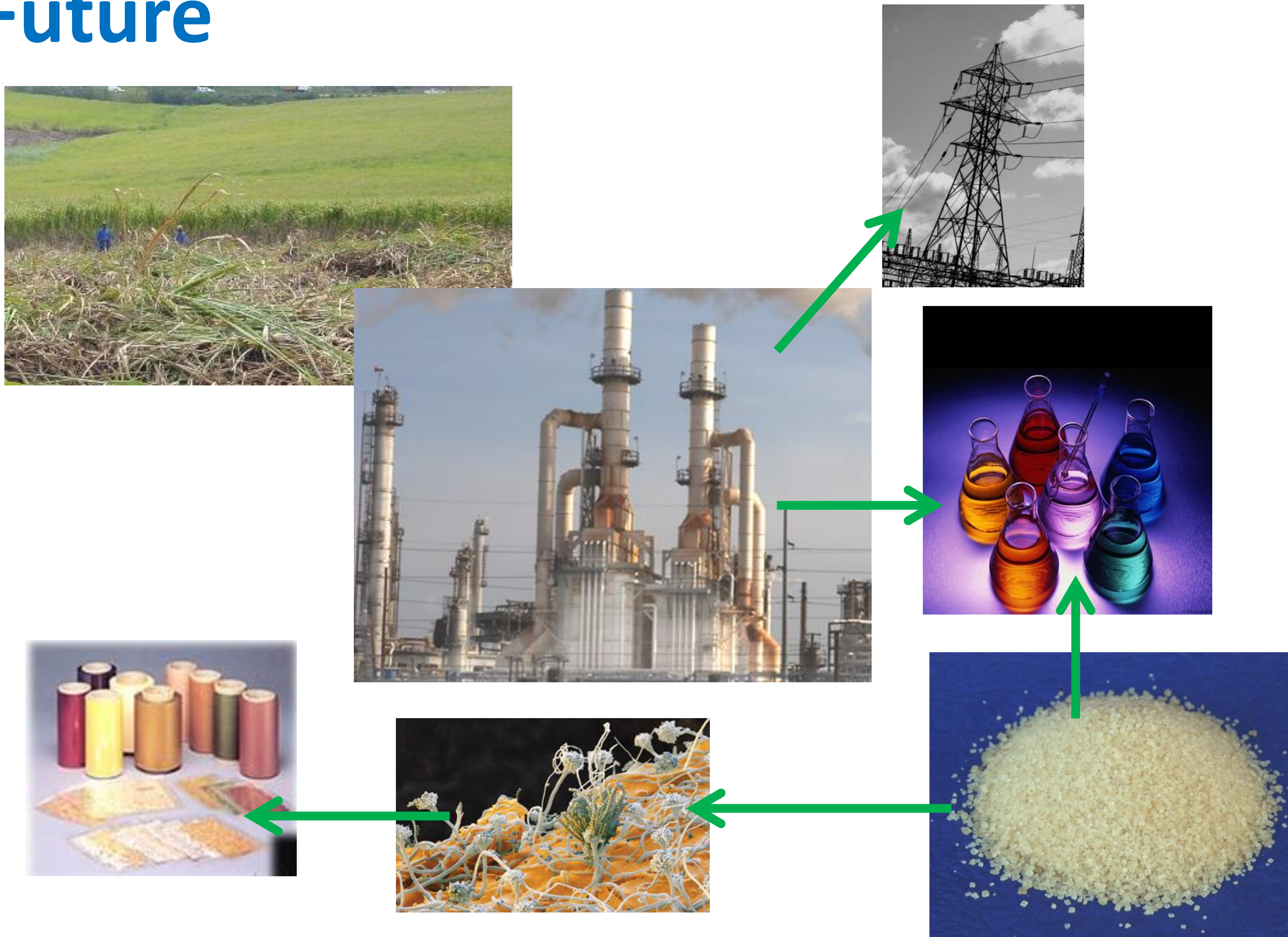
- Industry is now vigorously pursuing biomass to energy projects
  - Engaging with Govt re renewable energy electricity tariffs
  - Looking to bring in additional biomass from fields (25% of crop = “tops & trash”)
- Increased focus on energy efficiency
- Bioethanol - mandatory blending from Oct 2015 and subsidy scheme - being considered
  - Petrol: 2-10%
  - Biodiesel: 5%
- But is it enough?
  - Need to seek additional revenue streams from current feedstock – Biorefinery concept


Sugarcane value chain
NEED:
• Profit per hectare
• Revenue flow
Biosystems
Integration
Cane Varieties
Sun
Soil
Water
Fertilisers
Pesticides
Labour
Labour
Machinery
Fuel
Products
Foods, Fuels
Chemicals
Energy
Biorefinery
Conversion
Machinery
Chemicals
Labour
Byproducts/
Effluent
Product
Transport
Machinery/Fuel
Markets
REVENUE

The Old Days

Today

Future



Thank you