

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Mozambique

**Post:** Pretoria

### Sugar Annual Report

**Report Categories:**

Sugar

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**Report Highlights:**

Post forecasts that sugarcane production in Mozambique will increase to almost 3.8 million tons in the 2013/14 MY, based on an increase in hectares planted. The sugarcane area is expected to increase by about five percent to 48,000 hectares. As a result, sugar production will increase by almost 12 percent to a record 445,500 MT and sugar exports are expected to reach 275,000 tons. Mozambique exported a record of 243,583 tons of sugar in the 2012/13 MY.

**Executive Summary:**

Since 2000, sugar production in Mozambique showed a sustain increase as economic and political stability attracted new investments in the industry. Post forecasts that this trend will continue the 2013/14 MY (from May 2013 to April 2014) and that sugarcane production will increase to almost 3.8 million tons based on an increase in hectares planted. The sugarcane area is expected to increase by about five percent to 48,000 hectares in the 2013/14 MY. In the 2012/13 MY, the sugarcane area harvested increased by 8 percent to 45,917 hectares, from the 42,700 hectares harvested in the 2011/12 MY.

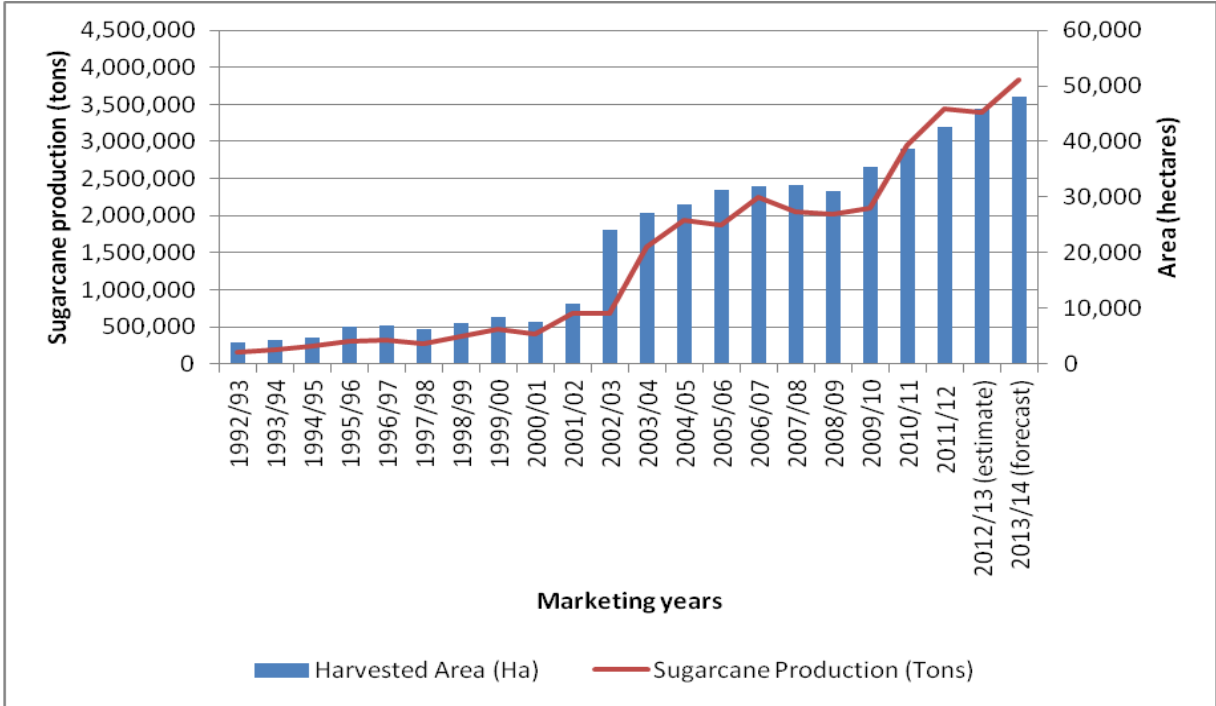
Sugar production in Mozambique is expected to increase by almost 12 percent to a record 445,500 MT (460,575 MTRV) in the 2013/14, due to an increase in sugarcane production. For the 2012/13 season, Mozambique's sugar production was estimated at 396,719 MT (410,604 MTRV), two percent higher than the previous season.

Mozambique's sugar exports are expected to reach 275,000 tons in the 2013/14 MY, on increase of local sugar production. Mozambique exported a record of 243,583 tons of sugar in the 2012/13 MY. This represent an increase of more than 100 percent from the 107,989 tons exported in the 2010/11 MY. Due to the Economic Partnership Agreements (EPA) with the European Union (EU) that was introduced in 2009, Mozambique exports all its sugar to the EU market. EPA allows for preferential access to the EU market for Mozambique sugar. The United States also allows preferential access for Mozambique sugar under its Tariff Rate Quota. However, due to higher income realization, Mozambique exported only to the EU in the 2011/12 MY and 2012/13 MY. Post expects Mozambique will again only service the EU market in the 2013/14 MY.

# Sugarcane

## 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 the 1992/93 MY to more than 45,000 hectares in 2012/13 MY, while sugarcane production milling increased from 151,000 tons in the 1992/93 MY to 3.4 million tons in 2012/13 MY (see also figure 1).



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

Post forecasts that sugarcane production will increase to almost 3.8 million tons in the 2013/14 MY, base on an increase in hectares planted. The sugarcane area is expected to increase by about five percent to 48,000 hectares in the 2013/14 MY. In the 2012/13 MY, the sugarcane area harvested increased by 8 percent to 45,917 hectares from the 42,700 hectares harvested in the 2011/12 MY.

Table 2 illustrates the area harvested, the yield and sugarcane production in Mozambique for the 2011/12 MY (actual), 2012/13 MY (estimated) and 2013/14 MY (forecast).

**Table 2: The production of sugarcane in Mozambique**

Season	Area harvested (HA)	Yield (MT/HA)	Cane crushed (MT)
2011/12	42,700	80.6	3,441,784
2012/13	45,917	73.9	3,393,904
2013/14	48,000	80.0	3,840,000

In the meanwhile, the South African sugar producer TSB announced it does intend to undertake a feasibility study for a new sugar production base in Mozambique. This announcement follows as a result of the right granted by the Mozambican government to TSB and its local partners to develop a 37,500 ha sugarcane growing project and processing plant at Massingir dam. If the project is approved by the investors, financial closure is expected to be completed by September 2014 and the first sugar production is likely to start in 2017.

The Massingir area has a number of favorable natural resource advantages such as fertile free-draining red soils, a large secure water source from the Massingir dam, which is situated across the Oliphants River, and good sunshine hours, which will translate into high yields of sugarcane. The area is situated 300 km from Maputo with reasonable access to the capital's port by both road and rail. Another reason for TSB considering investing in Mozambique is due to Mozambique's duty free access to the European Union market for sugar, which South Africa does not have.

**Table 3: PS&D Table for sugarcane**

Sugarcane for Centrifugal Mozambique	2011/2012		2012/2013		2013/2014	
	Market Year Begin: May 2011		Market Year Begin: May 2012		Market Year Begin: May 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted		43		46		48
Area Harvested		43		46		48
Production		3,442		3,394		3,840
Total Supply		3,442		3,394		3,840
Utilization for Sugar		3,442		3,394		3,840
Utilization for Alcohol		0		0		0
Total Utilization		3,442		3,394		3,840
1000 HA, 1000 MT						

## Sugar

## Production

Since 2000, sugar production in Mozambique showed a sustain increase as economic and political stability attracted new investments in the industry (see Figure 2). Post forecasts that this trend will continue in the 2013/14 MY and that sugar production in Mozambique will increase by almost 12 percent to a record 445,500 MT (460,575 MTRV), due to an increase in sugarcane production. For the 2012/13 season, Mozambique's sugar production is estimated at 396,719 MT (410,604 MTRV), two percent higher than the previous season.



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

Table 4 illustrates the production of sugar in Mozambique for the 2011/12 MY (actual), 2012/13 MY (estimate) and 2013/14 MY (forecast).

**Table 4: The production of sugar in Mozambique**

Season	Cane crushed (MT)	Sugar production (MT*)	Cane/sugar Ratio
2011/12	3,441,784	389,425	8.84
2012/13	3,394,904	396,719	8.55
2013/14	3,840,000	445,500	8.60

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

## Consumption

For the last few years a declining trend in Mozambique's domestic sugar consumption is noticeable.

Domestic sugar consumption in Mozambique for 2012/13 MY is estimated at 164,096 tons compared to 172,073 tons in the 2011/12 MY and 193,400 tons in the 2010/11 MY. The sugar industry explained to post that the decline was due to an increase in overall food inflation in Mozambique. Sugar consumption is expected to stay constant at about 165,000 tons in the 2013/14 MY, as food inflation is expected to stabilize. About 80 percent of all sugar consumed 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.

**Trade**

**Exports**

Mozambique’s sugar exports are expected to reach 275,000 tons in the 2013/14 MY, on increase of local sugar production. Mozambique exported a record of 243,583 tons of sugar at value of \$126.2 million in the 2012/13 MY (see also Figure 4). This represent an increase of more than 100 percent from the 107,989 tons exported in the 2010/11 MY, due to an almost 50 percent increase in sugar production. The main export market for Mozambique’s sugar is the European Union (EU), under the Economic Partnership Agreements (EPA) that was introduced in 2009. EPA allows for preferential access to the EU market for Mozambique sugar. The United States also allows preferential access for Mozambique sugar under its Tariff Rate Quota. However, due to higher income realization, Mozambique exported only to the EU in the 2011/12 MY and 2012/13 MY. Post expects Mozambique will again only service the EU market in the 2013/14 MY.



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

Table 5 illustrates the exports of Mozambique sugar to the different markets for the 2011/12 MY 2012/13 MY (estimate) and 2013/14 MY (forecast).

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

Year	EU Market	USA Market	Total Exports	Value
2011/12 (actual)	198,181	0	198,181	US\$83 million
2012/13 (estimate)	243,583	0	243,583	US\$126 million
2013/14 (forecast)	275,000	0	275,000	US\$140 million

Source: CEPAGRI

### Imports

Mozambique's imported 15,875 tons of sugar in the 2012/13 MY, as the mills do not produce refined (white) sugar. 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 \$100 per ton.

**Table 6: PS&D Table for sugar**

Sugar, Centrifugal Mozambique	2011/2012		2012/2013		2013/2014	
	Market Year Begin: May 2011		Market Year Begin: May 2012		Market Year Begin: May 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	40	40	40	66	40	65
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	350	403	350	410	350	460
Total Sugar Production	350	403	350	410	350	460
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	80	13	100	17	100	20
Total Imports	80	13	100	17	100	20
Total Supply	470	456	490	493	490	545
Raw Exports	230	205	250	253	250	285
Refined Exp.(Raw Val)	0	0	0	0	0	0
Total Exports	230	205	250	253	250	285
Human Dom. Consumption	200	185	200	175	200	177
Other Disappearance	0	0	0	0	0	0
Total Use	200	185	200	175	200	177
Ending Stocks	40	66	40	65	40	83
Total Distribution	470	456	490	493	490	545
1000 MT						