NEWS FROM WABCG — OCTOBER 2017

Editorial

Next month, we will all meet once again in London, for our annual WABCG/ISO consultation. I am looking forward to this important event, which is the opportunity for all sugar cane and sugar beet growers to share ideas and benchmark their solutions to improve and sustain our production.

We will first focus on the world market situation:

- we will benefit from the knowledge of the ISO economists about the situation of sugar and ethanol markets.
- and representatives from Thailand, a major player in sugar exports, will explain the new sugar policy in their country, how they are preparing for it, and how it can impact the export potential of Thailand.

We will then focus on mitigating risks linked to climate change. Three of our members will share the tools they have implemented in their own country to take up this challenge:

- Mauritius, which has built a collective tool to face climate risk, will tell us how they did this, with what benefit for growers and the entire industry,
- Austria, which has designed adapted private solutions with insurance companies: an interesting partnership that is worth being extended,
- Kenya, which will demonstrate that new technical itineraries, based on the solution proposed last year by our Brazilian member, can be a great success to optimize income at farm level and mitigate risks.

So, dear members of the sugar cane and beet family, I am glad to see you very soon!

Jean-Pierre Dubray, WABCG President

Next meeting :
ISO/WABCG Consultation

27 November 2017
CCT Venues Plus South Quay
193 Marsh Wall
London, UK

A unique way to have news of the state of cane and beet fields all around the world, directly from growers!

Including a session on climate change : how to mitigate and manage risks?

Programme and registration documents available upon request

NEWS FROM SWEDEN

Sweden has about 2 % of the EU-production of sugar. At farm level the beet crop plays a significant role for the total economy. 1,500 beet growers grow a beet area of 30,000 hectares, which means on average 20 hectares of beet per grower.

In the very southern part of Sweden the beets are grown. They are delivered to Örtofta sugar factory, the sole one in Sweden, belonging to Nordic Sugar. This processor is a daughter company to Nordzucker in northern Germany. The slicing capacity is 18,500 tons of beets per day. Sowing is normally done between end of March until 20 April. The interval between two beet crops is between four and seven years.

The main crops in rotation with beets are summer malt barely, winter wheat and winter oil seed rape. Average beet yield is 65 tons per hectare at a sugar content of 17.5 %. Annual yield increase is around 2 %. The beet transport is fully organised by the processor. Average transport distance is 50 km.

Challenging long time storage

A normal campaign lasts from mid September to mid January. Most of the beets are lifted before end of November.

November, December and January are characterised by alternating freezing and thawing conditions which makes the long storage time a bit tricky. The clamps are covered by TopTex which has to be completed by a windproof material when necessary.

Beet growers´ Association

Betodlarna (The Swedish Association of sugar beet growers) represents all of the 1 500 single beet growers in Sweden. Its main task is to take care of the growers´ economic interests and other interests linked to beet growing. The subscription fee is based on every member's contracted volume. On average this means a fee of about 10€/ha, of which more than half goes to research and field trials.

Organisation of sugar beet research

Nordic Beet Research Foundation (NBR) is owned and financed 50-50 by growers (Swedish and Danish Grower Associations) and the sugar industry (Nordic Sugar). Ordinary field trials, as well as more extensive research programmes, are part of NBR´s work.

Anders Lindkvist, General Secretary

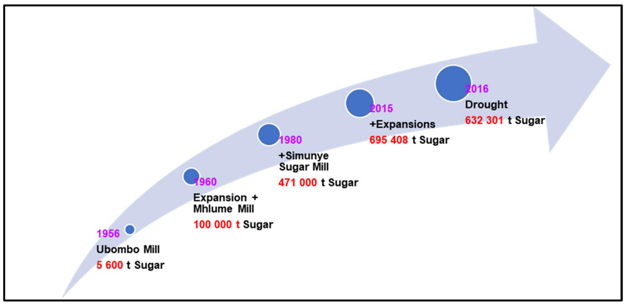
Swedish Association of sugar beet growers, Sweden

Beet growing areas in Sweden

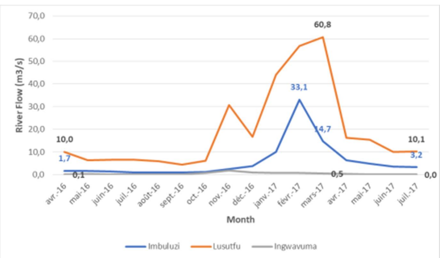
NEWS FROM SWAZILAND

The Swaziland sugarcane farming industry dates back to the late 1950s when one small second hand mill was put up in Big Bend producing less than 6 000 tons of sugar. It has grown tremendously in the past 60 years. It now directly accounts for 13% of gross domestic product and 35% of agricultural employment. Sustainability of the industry in a changing environment is crucial.

At the time of writing the industry has just emerged from a severe drought to face a European Union Market without quotas and a volatile world market price. A former General Manager of Ubombo Sugar Limited in Swaziland, the late Dr Jeremy Gosnell, is believed to have coined the phrase, "*sugarcane is a very forgiving crop*". The axiom has been proven right beyond forgiveness of climatic abuse into forgiveness of socio-economic turbulences as well. The resilience has seen the sugarcane business growing against odds in its 60 plus year history.

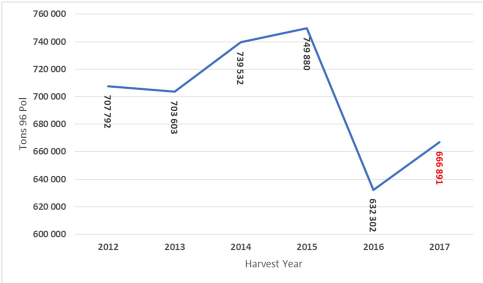


The El Niño phenomenon brought with it a severe drought in Southern Africa. In the case of Swaziland the drought extended from late 2014, through 2015, into 2016. Since the industry is under 100% irrigation the rainfall, dam and river levels at the start of the current season illustrate the situation.



Levels of Water in Major Dams Servicing the Swaziland Sugarcane Industry over Last 16 Months

Prophecies ranging from devastation to demise were pronounced. Indeed, some degree of devastation was observed but the demise never materialised and is not expected to in the foreseeable future. The figure below shows the impact of the drought on sugar (96 pol) yields year on year, as well as forecast performance for current campaign.



Sugar Yield by the Swaziland Sugarcane Industry

The forecast slow recovery in sugar (96 Pol) yield is taking cognizance of the long term impact of extreme weather conditions on a perennial crop as opposed to an annual crop. Damage done, to perennial crops, during the drought, cascades to future years something that does not necessarily happen in annual crops.

The revenue generated by the industry (in local currency) showed an increase, against drop in yield, thanks to a higher price brought about by weaker local currency against major world currencies as well as greater proportion of local (Southern African Customs Union, SACU) Market (SWZL2.7-Billion in 2016/17 compared to SWZL2.5-billion in 2015-16). Expressed in Euros the revenue showed a decline year on year (164M€ in 2016-2017 compared to 181M€ in 2015-2016).
Swaziland cane growing survived the severe drought thanks to socio-economic dynamics that brought about an upsurge in price.

By the time this article is published sugar quotas in the EU will be history and world sugar prices as volatile as ever. However, the above trends show that predicting the fate of the Swaziland sugarcane industry is not simple to predict and any pessimism is likely to be exaggerated.
The bottom line is that growers have to maximize yields and manage input costs, while millers have to improve efficiency and the Swaziland Sugar Association to access new and better priced markets.

Dr Sipho V. Nkambule, Chief Executive Officer
Swaziland Cane Growers Association, Swaziland

NEWS FROM CHILE

As a brief summary, we can present some data reflecting the reality of sugar beet growing in Chile. Currently, the area under sugar beet ranges between 15,000 and 16,000 hectares and is processed by 3 factories producing sugar and by-products. The crop has experienced a gradual decrease over time, since more than 15 years ago it was grown on about 50,000 hectares for processing in 5 factories.

The reduction in area is a result of the increase in costs and a nominal decrease in the value of the product expressed in real national currency. The import of sugar is free and there is no specific customs protection.

The sale of sugar in the domestic market has been disrupted by the application of specific taxes on sweetened soda drinks and the application of warning labels for the consumption of foods with high sugar content.

On the other hand, the use of improved seed varieties, the optimisation of planting technology and the choice of better land for the crop have been accompanied by an increase in yields.

During the previous harvesting season, a yield of 106 tonnes of clean beet at 16% Pol/ha was the national average. This value increased during the current season to 113 tonnes of beet at 16% Pol/ha. Moreover, as a special milestone, we can mention a record yield obtained in the province of Los Angeles (latitude 37° south) of 118 tonnes of beet at 16% Pol/ha as an average on the 5,000 hectares harvested.

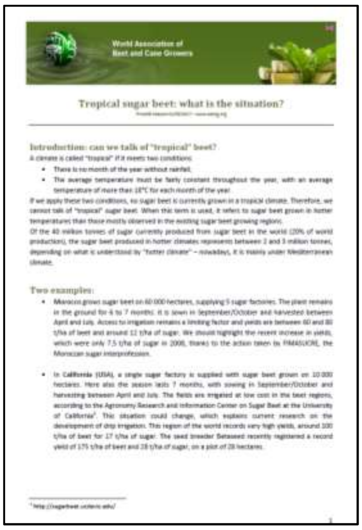
The current purchasing price of beet, at its lowest level for the last few years, is US$ 50 per tonne of beet at 16% Pol. This price has previously been up to US $60 per tonne at 16% Pol. The sugar company carried out the current harvesting campaign on 1,000 sowing contracts, which indicates that average sowing units are less than 15 hectares per contract. It is important to underline that the effective planted area per producer ranges from 10 to 400 hectares.

Finally, we can point out that our Sugar Beet Growers' Association, Fenare, represents around 80% of the growing area in Chile.

Jorge Guzman, President,
Federacion Nacíónal de Remolacheros (FENARE), Chile

Latest studies made by WABCG
are available upon request.

Latest study (Sept.) :
Tropical sugar beets: dream or reality ?!



Still available…

"What technical support is available to beet and cane growers around the world?" *(June 2017)*

&

"The European Union sugar market after quotas: what prospects?" *(March 2017)*