

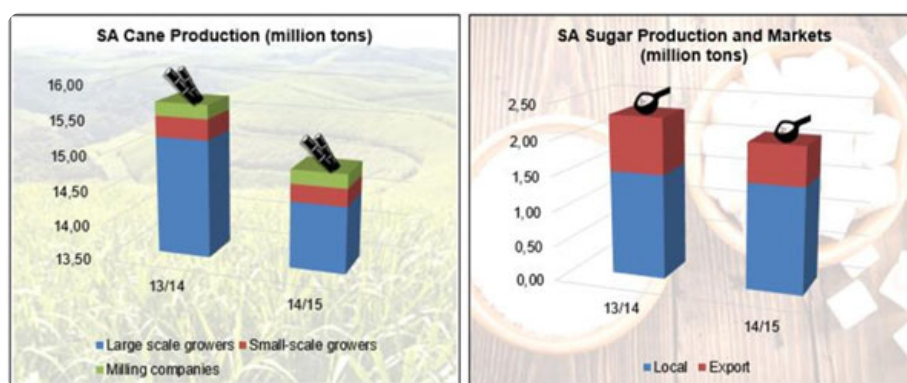
A sticky situation: SA's sugar industry woes

Hackneyed puns aside, South Africa's sugar industry is in dire straits. Whilst the Goddess of the Harvest (or perhaps more literally the unfavourable weather conditions), is perceived to be the sole inflictor of such woe, **Insight Survey** claims that the current quagmire is in fact the combined result of a myriad of other factors - beyond that of the elements.

Issued by [Insight Survey](#)² Nov 2015



Insight Survey's latest **South African Sugar Landscape Report 2015** addresses the complexity of this issue by fleshing out the various constituent market restraints; in so doing providing a comprehensively nuanced understanding of the industry environment and market dynamics.

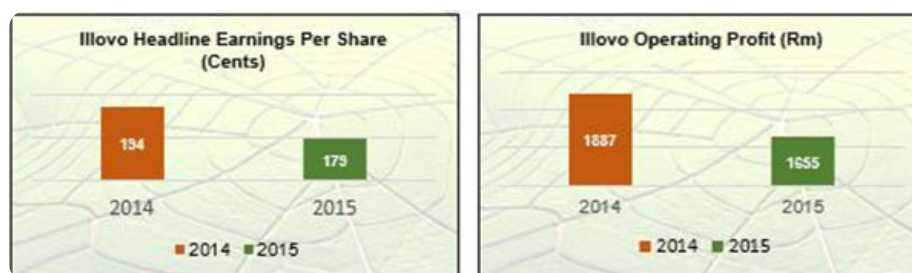


Source: [Illovo](#); Graphics by Insight Survey

The graphs above indicate the extent to which local production has waned. This is, as is widely assumed, predominantly the result of a drought- and frost-afflicted season. These withering yields have no doubt contributed to withering profits. However, whilst a direct correlation is implicit, the current fiscal strife is in fact more of a political issue than a simple meteorological one.

From a production perspective, yields have been further hamstrung by the languid pace of the land claims process, which has inculcated a great deal of doubt into investment in both local sugarcane and sugar production. In terms of trade, the lack of preferential market access for local sugar exports (e.g. exclusion from EU markets) has severely impacted the competitiveness of the industry. Furthermore, we have witnessed South Africa's share in the SACU sugar market being increasingly replaced by imports from other SADC countries on duty-free quotas (as per the SADC Trade Protocol).

There has also been a dramatic increase in the importation of value-added sugar confectionary. These saccharine treats, which are receiving extensive subsidies in developed sugar-producing countries, are inundating the local market and obstructing the establishment of downstream sugar-based products (1).



Source: [Illovo](#); Graphics by Insight Survey

In light of such legislative impediments (coupled with the world sugar price languishing at USD 4,3c/lb) we are seeing a decisive shift in strategy from South Africa's two sugar-producing juggernauts. Tongaat Hulett and Illovo have seen their share prices plummet over the last year by 8.3% and 41.2% respectively; and as such are now shifting their export focus capitalise on a predicted 30% rise in the demand for sugar in southern and eastern Africa over the next six years (2).

Given the paramount importance of the sugar industry to the South African economy, let's hope that Sub-Saharan Africa offers a route out of this 'sticky situation'!

The **South African Sugar Landscape Report 2015** (83 pages) provides a dynamic synthesis of industry research, examining the sugar industry from a uniquely holistic perspective, with detailed insights into the entire value chain - from production through to consumption.

Some key questions the report will help you to answer:

- What are the key factors that are driving and restraining the growth of the local and global markets?
- What are the local and global production and consumption trends?
- What are the local and global import and export trends?
- What are the local retail vs industrial consumer market statistics?
- What are the local and global sugar consumption trends and statistics?
- What are the key threats to the local and global consumer market (sugar and sucrose)?

Please note that the 83-page PowerPoint report is available for purchase for R15,000 (excluding VAT). Alternatively, individual sections can be purchased for R5,000 (excluding VAT). For additional information simply contact us at info@insightsurvey.co.za or directly on (0)21 045-0202.

For a full brochure please go to: [South African Sugar Landscape Report 2015](#).

About Insight Survey:

Insight Survey is a South African B2B market research company with almost 10 years of heritage, focusing on business-to-business (B2B) market research to ensure smarter, more-profitable business decisions are made with reduced investment risk.

We offer B2B market research solutions to help you to successfully improve or expand your business, enter new markets, launch new products or better understand your internal or external environment.

Our bespoke Competitive Business Intelligence Research can help give you the edge in a global marketplace, empowering your business to overcome industry challenges quickly and effectively, and enabling you to realise your potential and achieve your vision.

From strategic overviews of your business's competitive environment through to specific competitor profiles, our customised Competitive Intelligence Research is designed to meet your unique needs.

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