



## 2019 FEDERATION OF SADC SUGAR PRODUCERS (FSSP) CONFERENCE

28<sup>th</sup> August 2019, Royal Swazi Spa Convention Centre, Ezulwini, Eswatini

### FINAL COMMUNIQUÉ

On 28<sup>th</sup> August 2019, the Federation of SADC Sugar Producers (FSSP) held its Annual Conference for 2019 at the **Royal Swazi Spa Convention Centre** in Ezulwini, Eswatini. The Conference was hosted by the Eswatini Sugar Association (ESA). The theme of the Conference was “The Future of Sugar”.

Delegates to the Conference comprised local and international sugar industry representatives, government representatives, the SADC & SACU Secretariats and other sector players. The delegates came from Botswana, Malawi, Mauritius, Mozambique, Namibia South Africa, Tanzania, Zimbabwe and the host Eswatini with some of the speakers coming from far afield as the United Kingdom, Australia and Singapore.

The Conference was conducted in three sessions, with the opening session moderated by **Dr Phil Mnisi (ESA CEO)** and the latter two sessions moderated by **Ms Nontobeko Mabuza (ESA Trade & External Affairs Manager)**. The Conference took the form of presentations, with some Q&A sessions, while there was also a panel discussion moderated by **Dr Siphon Nkambule (Eswatini Cane Growers Association CEO)**.

In making the welcome remarks, the ESA CEO expressed the ESA’s excitement at hosting the Conference. He noted that the future of the SADC sugar industries is intertwined, primarily due to the advent of regional integration and the fact that the industries face a common enemy of very low world market prices. He noted and appreciated the continued support of the Eswatini Government to the local sugar industry and in pursuing the sugar industry’s interests in various regional and international forums.

The Chairman of the SADC Sugar Producers Consultative Forum (SPCF), **Mr Trix Trikam**, was represented by **Mr Babongile Mandela** of the South African Sugar Association. In his remarks, the SPCF Chairman thanked the ESA for hosting the Conference and the hospitality extended to delegates. He indicated that the FSSP had made significant contribution to the development of the SADC sugar sector, including the current nature of sugar trade in SADC. Noting that the SADC region contributes over 57% of Africa’s sugar production, he underscored the important role the sector plays in the development of regional economies.

The Conference was officially opened by the **Prime Minister of the Kingdom of Eswatini** whose remarks were delivered by the Deputy Prime Minister (Honourable Senator **Themba Masuku**). He was introduced by the **Honourable Minister of Commerce, Industry and Trade (Sen. Mancoba Khumalo)**. The Honourable Minister of Finance (**Mr. Neal Rejkenburg, MP**) was in attendance.

The Deputy Prime Minister preamble the Prime Minister’s remarks through confessing his own association with the work of the sugar sector in his various roles. On this score, he undertook to communicate with the Prime Minister about the need to create an enabling environment for the sugar sector to succeed, including ensuring that a diversification policy and framework is developed.

In his remarks, the Head of Government welcomed the delegates who were coming from outside the Kingdom and wished the Conference fruitful deliberations. He underscored the importance of the sugar sector in Eswatini by noting that ‘Sugar is Eswatini Gold’. He recognized the role that the sector can play in supporting the Eswatini Government’s strategic roadmap, which is aimed at speeding up economic recovery and growth. He then invited delegates to engage in ‘new thinking’ in light of the fast-changing consumer preferences so that the sugar sector can be sustained into the long-term. He then declared the Conference open.

There were two presentations on either side of the official opening of the Conference by the Prime Minister. The first presentation was by Dr Mike Matsebula on ‘The Role of Sugar in Supporting Eswatini’s Strategic Roadmap’. In his presentation, he emphasized the positive role that the sector plays in Eswatini and the role it can still play in the future. He invited the industry to pursue new initiatives to sustain itself including diversification (e.g. fuel ethanol and cogeneration) and value addition. He then suggested a stakeholder-driven programme which shall put together a framework on what the sugar industry and other role players (including government) should be doing to harness the sugar industry’s potential to benefit current and future generations.

The other presentation during the opening session was by Will Ballard from Czarnikow International (UK), who presented on the “World Sugar Outlook”. He noted that the world sugar balance fundamentals show that the market is moving towards a deficit zone which should support a movement towards higher prices. He however noted that this price improvement will be delayed as there were currently high stocks of sugar which would need to be reduced before prices move higher.

The second session was looking at the current environment for the sugar sector, starting with consideration of the “Sugar Sector as a Vehicle for Developing the Regional Economy” by Sikhumbuzo Dlamini of the Central Bank of Eswatini. He highlighted the need to pursue dedicated initiatives to exploit new product development within the sugar sector to spur new value creation opportunities. He lamented the fact that intra-SADC and intra-Africa trade remained low. He invited the Conference to assign the SPCF to prioritise developing a regional roadmap to industrialise the sugarcane industry focusing on increased beneficiation. He suggested that industry production centres (e.g. a mill) be considered for benefit under the terms of special economic zones.

Johan van der Merwe of Illovo Sugar Africa presented on the “Regional and International Sugar Trade Dynamics” where he noted that African sugar production comprised approximately 55% of African consumption, indicating that there was about \$9 billion worth of imported sugar which could be replaced by locally-produced sugar, thus supporting internal investment within Africa’s sugar sector. He realized that the African market had grown by over 70% in the recent past but internal production had not kept pace. He asked the Conference to take note of the vast investment opportunities in sugar in the continent and the role of preferential trade in supporting the sector’s sustainability wherein the ultimate intent must be to ensure African markets are supplied with African sugar.

There was a video presentation by Julian Price and Philip de Paas from the ACP London Sugar Industries Group on the region’s need to get itself ready for a new trading relationship with the UK post-Brexit. The presentation noted that the UK was an important market for ACP and SADC,



and thus invited delegates to keep the item on the SADC agenda and ensure that Governments stay involved. They pleaded with the forum to support initiatives that advocate for a development-friendly UK sugar policy, including a preferential trade regime (quotas, etc). They suggested that the SADC governments stay close to the EU as well concerning sugar trade matters.

The contribution of sugar to nutritional security in the SADC region was the subject of Mauro Ferrao's presentation from the Association of Sugar Producers of Mozambique (APAMO). He advised the Conference to recognize that malnutrition is not only a health problem but is an economic problem as well. He noted that, in Mozambique, Vitamin A fortification was found to be one of the most viable interventions to combat hidden hunger. He then concluded by saying that there was need for a proper framework to emphasise and guarantee nutritional security in SADC wherein a clear role for sugar could be clarified.

Matthew Godfrey and Dr David Kannar of Nutrition Innovation in Singapore and Australia, respectively, presented on new sugar-centred product development to respond to changes in consumer preferences. They noted that the market for 'bad' sugars was diminishing while there was a growing market for 'good' sugars. They invited industries to consider embracing innovations focusing on natural sugars – instead of replacements – as these are likely to result in more sustainable markets for the industries. The Conference was encouraged to embrace sugar as the solution to sweetening preferences.

The need to secure a sugar-powered future for various economies in the region was the topic of presentation by Ms. Sharon de Sousa from the ESA. In her presentation, she highlighted the fact that sugar was under attack from various sources and lobbyists. She observed that consumers and governments were seemingly taking heed and were responding through shifting away from traditional sugar. The solution, she proposed, was to ask how best to pursue sufficient value addition and diversification through using the whole stick of cane to revitalize the industry. She emphasized the need to improve and ensure enforceable preferential trade arrangements to secure regional industries and exploit market opportunities within SADC.

The Conference ended with a panel discussion comprising panelists, namely, Devesh Dhukhira (Mauritius Sugar Syndicate), Trix Trikam (South African Sugar Association) and Oswald Magwenzi (Ubombo Sugar Ltd, Eswatini). They recognized the need to maximise value extraction from a stick of cane, through improving competitiveness and pursuing the development and exploitation of new products – supported by sustainable market access arrangements. The equitable sharing of proceeds from diversification and value addition was considered imperative, including initiatives for sustainable production of sugar (e.g. Fairtrade sugar markets should be paying prices that are above costs of production).

From the foregoing the Conference:

- Emphasised the continued importance of the sugar sector in supporting economies of SADC countries.
- Noted that the world sugar market is showing signs of recovery but the extent of price improvement will be more gradual.
- Agreed on the need to secure a balanced approach to preferential trade in sugar within Africa.



- Recognized the threats to the future of the sugar sector and noted the need to focus energies on pursuing sustainable programmes for diversification and value addition.
- Agreed on the importance of the UK market for sugar and the need to advocate for a development-oriented sugar policy in the UK.
- The important role that the sugar sector can play in supporting the nutritional needs of SADC communities was observed.
- The threats to the future of the sector, mainly from changes in consumer preferences, were recognized and the solution was agreed to be a sugar-centered product development programme.
- Engage on research and development programmes on value addition and diversification as important pillars for a sustainable sugar sector into the future.
- The need to view the industry as a sugarcane industry (as opposed to limiting it to a sugar industry) was noted. This would allow pursuance of various value addition and diversification initiatives from the sugarcane crop.
- Sugar industries need to work with government and other partners to ensure that industry initiatives get necessary policy support.
- The industry was recognised as a catalyst for agri-business development and industrialisation in SADC.

The Conference agreed to share this communique with appropriate stakeholders with a view to influence strategies and policies in favour of securing a sustainable future for SADC sugar industries through ensuring that there is a future for sugar in the emerging consumption preferences. The outcome of the Conference was considered suitable to guide further work to be pursued by the SPCF and SADC Technical Committee on Sugar (TCS).

The Conference was closed by the ESA Vice President, Mr George White who expressed his appreciation at the fact that the Conference recognised the value of the sugarcane crop. He encouraged delegates to continue to work on this agenda, through fostering collaboration between millers and growers and between governments. He thanked delegates for their attendance of the Conference and expressed appreciation to the sponsors (FNB Eswatini and Destiny Group) for supporting the event.

Signed   
FSSP Conference Chairman

Date 30 August 2019