

## FULL STORY

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### ESWATINI CANE GROWERS ASSOCIATION CRAFTS NEW PATH

By Qondile Ntiwane | 2020-10-14



Eswatini sugar cane growers have embarked on a five-year strategy development which takes into account new developments in world markets and further addresses challenges experienced by growers in the country..

The sugar cane industry has recently been experiencing a lot of pressure due to the economic and markets shifts as well as Lilangeni Dollar exchange rates, with the novel coronavirus pandemic adding to the pressure.

The shrink in the Southern African Customs Union (SACU) market as a result of the Health Promotion Levy, otherwise known as the ‘Sugar Tax’, legislated in South Africa in 2018 as well as the anticipated pressure due to the implementation of the South African Sugar Master Plan are recent developments.

Eswatini Cane Growers Association (ECGA) CEO Dr. Siphon Nkambule mentioned that as of March 31, 2020, the association had a total of 483 active members delivering cane to the three mills which are Mhlume, Simunye and Ubombo Mill

This is expected to result in sugar from the SACU Sugar Industries being redirected to world market destinations due to the drop in sales locally.

He said the sugar cane farmers were broken down into the following categories; 456 small scale, which comprises of up to 50-hectares and all farmer companies, associations or cooperatives, 23 medium scale, which take up to 51 to 999-hectares and four large scale farmers of 1 000 hectares and above).

The ECGA's operations are funded through levy collected from this membership and contribution from MCP.

Nkambule said Eswatini sugar cane growers were involved in the crafting of the strategy and wanted to know how they could remain sustainable and profitable given the current state of the industry.

“The ECGA embarked on a strategy development process with the assistance of Mohale Emmanuel Consulting Services (MECS) who are strategy expert consultants.

Given the numerous challenges the cane grower are faced with in the sugar industry, the CEO said their sustainability was really a major concern.

“Over the past five years electricity costs, have jumped from being only 16 to 26 per cent of total production cost. Also, given the regulations around water usage as well and its scarcity; it is becoming more challenging to produce the right yields of sucrose to at least break-even point. ‘Furthermore, world market sugar prices have been constantly fluctuating in the past, meaning that the grower’s revenue has been unstable as well,” he said.

He added that there has also been increasing pressure from local financial institutions with loans repayment plans, which are viewed as unfavorable by the growers because of high interest.

“The tax collector has also come knocking on many a farmer’s gates to collect what is due to them. This has led some small growers to abandon the industry all together because it was no longer making business sense to stay. The way the Eswatini sugar cane industry is structured, it is likely to push the ‘little man’ out first,” he said.

He mentioned that during the strategy consultations, growers from all regions expressed a strong desire to partake in the whole value chain and get maximum benefit from the sugarcane stick.

“Other stakeholders in the industry are benefiting from the by-products of our sugar cane and we are only paid for the sucrose. There is bagasse that the millers are using as a substitute for coal in their mills and to this day we don’t have the monetary value of that bagasse being used,” said one grower.

“Growers also don’t have a clue how much ethanol is being produced from the sugarcane they supply to the mills. Were the growers benefiting from the whole value chain, it is possible that they wouldn’t be questioning their sustainability as strongly as they are,” he stated.

He said growers understood that in order for them to partake in the whole value chain of the stick of cane, they had to have a round table conversation with the millers.

“All stakeholders in the industry need to have a common vision which will ensure the sustainability of even the smallest player. There needs to be greater transparency between the grower and the miller on all the benefits of the by-products of sugarcane.

“Growers understand that mills have had to invest lots of monies to set up structures designated for the by-products of sugarcane and they are willing to pay their dues if that is what will take for them to participate in the benefits,” he said. In Eswatini sugar cane has grown to be the largest industry, in terms of the share of GDP, with approximately 312 million US\$ (E5.4 billion) revenue per year. Approximately 16 per cent of the total workforce is directly or indirectly employed through the sugar cane industry.