COMPETITION AND REGULATION OF THE SUGAR INDUSTRY IN COMESA COUNTRIES

With contributions from: Eswatini Competition Commission; Competition Authority of Kenya; Competition and Fair-Trading Commission of Malawi; Competition Commission of Mauritius; Competition and Consumer Protection Commission of Zambia; Competition and Tariff Commission of Zimbabwe

Executive Summary

This study focuses on competition within the sugar industry at a regional level with specific focus on six COMESA countries (Eswatini, Kenya, Malawi, Mauritius, Zambia, and Zimbabwe). These countries have well established sugar industries with varying levels of government intervention.

The findings show that the sugar milling in these countries is highly concentrated which is linked to inherent features of the industry, notably scale economies in sugar milling and the high costs of transporting cane. The highly concentrated markets have resulted in high sugar prices, and this is largely due to extensive trade restrictions that have been implemented in these countries, as these have protected the dominant sugar companies and allowed them to charge high prices.

Trade and regional integration are important to realise competition in sugar, which is a globally traded commodity, with gains for consumers. COMESA includes countries with excellent conditions for growing sugar cane. Regional competition can ensure that the benefits flow to consumers, and that companies are induced to improve efficiencies in a wider regional market.

The study also found that the share which is paid to cane farmers differs considerably and some of the highest sugar prices are associated with the lowest share to cane farmers meaning that the miller captures the majority of the high profit margin being made. Regulation is thus important, especially to ensure a fair share of returns for sugarcane farmers and investment in farming systems to improve overall performance such as irrigation and improved varieties. This is essential with increased weather variability associated with climate change.

It is recommended that the COMESA Competition and Consumer Commission ('the CCCC') should advocate governments to implement steps to reduce restrictions and increase intra-regional trade as this will mean a growing industry, improved efficiencies and better prices. In addition, increased investment in cross-border infrastructure and the harmonization of border clearance procedures will also enhance regional trade. It is also recommended that there should be a review of the existing relationships involving millers, growers and other industry stakeholders which could be considered in countries such as Eswatini Malawi and Zambia.

Table of Contents

Table of figures

Table of tables

1. Introduction

Sugarcane is a strategic crop for many countries across Africa as it provides significant revenue and jobs. Sugarcane accounts for about 80% of the sugar produced worldwide while the remaining 20% is produced from sugar beet.[1] Sugarcane's significance extends beyond sugar production to include ethanol and bioenergy, thereby enhancing its economic relevance.[2] In the Common Market for Eastern and Southern Africa (COMESA) 10 of the 11 sugar producing countries use sugarcane while one country (Egypt) uses both sugarcane and sugar beet.[3] Further, Africa accounts for 6 percent of the global sugar production with COMESA Member States accounting for 52 percent of the African sugar production. The COMESA Bloc is a net exporter of sugar with 45 percent of the total African exports.[4] The main net exporters include Malawi, Eswatini, Mauritius, Zambia and Zimbabwe.

However, the world sugar market has historically been distorted as governments seek to protect various levels of their domestic sugar value chain. Understanding the sugar value chain in a particular country and within the region provides insight into developments in regional integration and intra-African trade.

Smaller countries, like those included in this study, tend to have concentrated industries given economies of scale in sugar milling (Roberts 2010). However, the benefits from economies of scale erode when dominant firms abuse their market power in national markets.

This study focuses on competition within the sugar industry at national and regional level with specific focus on six COMESA countries (Eswatini, Kenya, Malawi, Mauritius, Zambia, and Zimbabwe). These countries were selected as they have well established sugar industries with varying levels of government intervention. The study considers the market structure of the sugar value chain within each domestic market and the impact on competition within the region. It uses trade and price data. For the trade data, the study used the Trade Map portal of official data for trade. We also use data from national statistics authorities and other departments in the countries, and from interviews with key stakeholders. Semi-structured interviews were conducted in the six COMESA countries between February and March 2025. A range of market participants were interviewed including millers, farmers, and industry associations, as well as government officials.

The structure of the paper includes section 1, which maps out the supply chain. Section 2 provides a market overview and concentration analysis. Section 3 contains the trade analysis.

---

[1] Sugarcane in Africa; International Plant Biotechnology Outreach. 2017

[2] Sugarcane Industry Statistics in Africa – SME Blue Pages

[3] The 10 sugar producing countries using sugarcane in COMESA are Sudan, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Swaziland, Uganda, Zambia and Zimbabwe (see Muzoroni.T, Musengele. B, Lihasi.L, Ingara.F, 2016 Comparative assessment of the competitiveness of sugar production in the COMESA region).

[4] https://www.comesa.int/comesa-countries-maintain-high-sugar-production/ accessed on 22 July 2025

Section 4 is the country review, while section 5 assesses competition within and across countries in East and Southern Africa. Section 6 concludes.

1.1 **Sugar value chain**

The sugar value chain comprises of upstream and downstream activities. This includes growing sugarcane, sugar production through sugarcane milling and processing and distribution. There are various inputs used in the different levels of the value chain and producers also need to adhere to various government regulations.

The upstream level of the sugar value chain is sugarcane production by farmers (Figure 1). This first stage of production is important as it can significantly influence the final volume and price of sugar produced. Growers aim for cane that has a high sucrose content (which means more sugar per tonne of cane) which is affected by various factors including access to water, cane varieties and farming methods. Sugarcane is a water-intensive crop and, in countries without high rainfall, it requires irrigation which is often done through flood, overhead and drip irrigation. However, irrigation is only possible in those countries with sufficient access to water such as Eswatini, Malawi, Zambia, Zimbabwe and some parts of Kenya. Other significant costs of growing cane are fertilisers, labour costs, chemicals (herbicides, pesticides) and transportation of sugarcane to mills.[5] Sugarcane production involves heavy application of fertilizer, and it is estimated that fertilizer accounts for between 20% to 50% of the costs of producing sugarcane.

There are various types of growers of sugarcane (Figure 1). The nucleus (miller-cum-planter) estates and corporate farms usually grow cane on a large scale.[6] Independent growers and farmers may grow cane on a large or small scale basis.[7] The contribution of small-scale farmers to total sugar cane milled varies from country to country as shown below. Most sugarcane production takes place close to a milling facility as the estimated maximum economic feasible distance to transport sugarcane is about 15 to 20 kms.[8] Sugar cane can be manually or mechanically harvested.

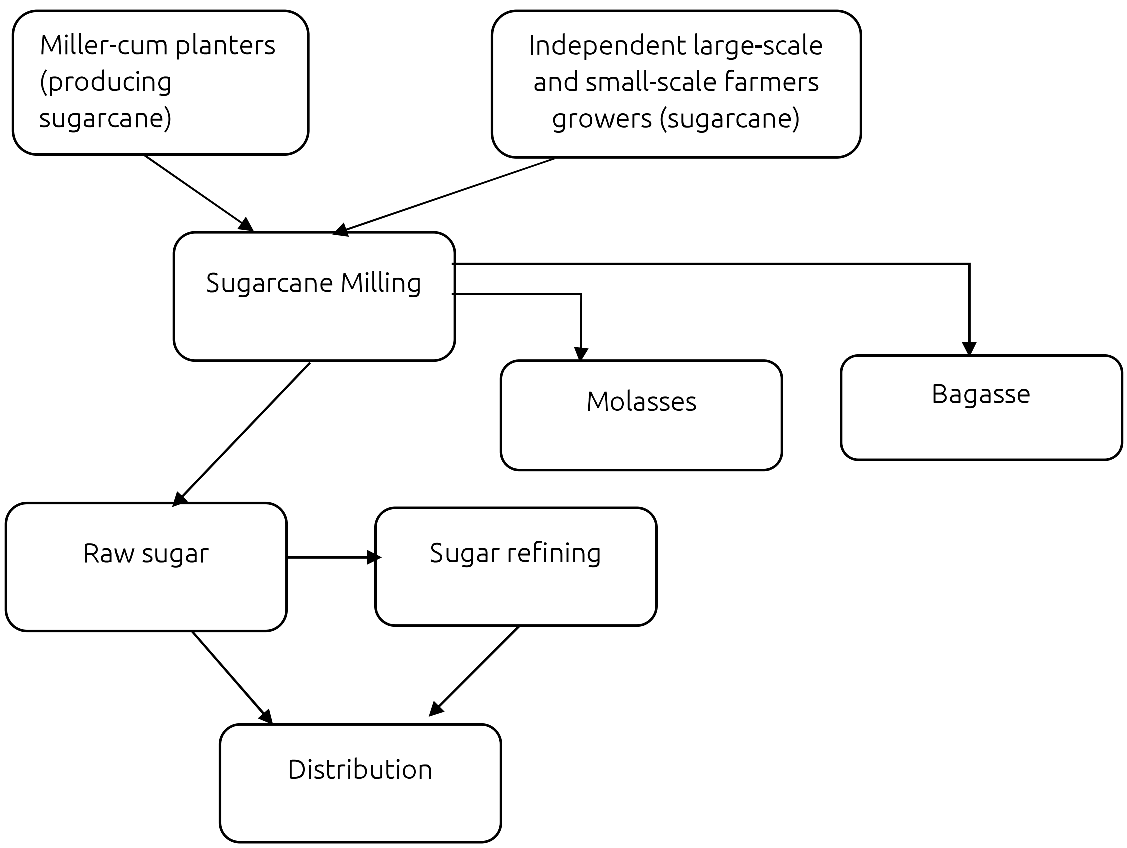
Sugarcane production is also affected by the seed cane variety used which determines its maturity and sucrose content. The period of maturity for sugarcane for the countries studied tends to vary from 12 to 24 months. The highest period of maturity for sugarcane was in Kenya ranging from 16-24 months while for the other countries studied, sugarcane matures in 12 months. This has an implication on productivity. Other important factors in considering seed cane include disease, drought resistance, yield capacity and sucrose content. Once seed cane is planted, it stays in the ground for about 5-10 years as there can be multiple harvests

[5] Interviews with stakeholders.
[6] Interviews with stakeholders.
[7] Interviews with stakeholders.
[8] Interviews with stakeholders.

from the same seed cane year after year. This process is called ratooning and contributes to lowering the cost of cultivating sugarcane as well as period of maturity for the sugarcane. However, there tends to be a reduction in yields with each subsequent harvest.[9]

The next level of the value chain is the milling operation (Figure 1). The mill first crushes the sugarcane. It extracts the cane juice (sucrose) and removes the impurities, with the main by-products being molasses and bagasse. This results in raw sugar which may be sold in various forms of specialised sugar.[10] Raw sugar can be refined further into white sugar, caster sugar and icing sugar.[11] In some countries, like Malawi, Zambia and Zimbabwe, sugar is required to be fortified with Vitamin A.[12] The distribution can occur at the level of raw or refined sugar.

Figure 1: Sugar value chain



[9] Interviews with stakeholders
[10] Interviews with stakeholders
[11] Interviews with stakeholders
[12] Interviews with stakeholders

Source: Authors compilation

Changes in the crystallization in the milling and refining process produce a range of special sugars with varying tastes and textures. Households (direct consumption) and manufacturers (industrial use in baking, confectionary, beverage and food processing) use both brown and white sugar.[13] The molasses is also used mostly for industrial purposes in distilleries to produce alcohol and bioethanol. Growers may use some of the waste (vinasse) in the milling process as fertiliser. The bagasse and sugarcane trash may be used to generate electricity and steam which is then used to run the factory. In some countries, such as Mauritius, the electricity goes into the national grid.

The volume of sugar a mill produces is closely linked to the volume of sucrose it extracts from the cane. In addition to the quality of the cane, the yield is better when the cane is harvested at the right time (not too soon or too late in the growth phase), in the right way, and crushed soon after being cut. Sugarcane growers in some countries, such as Kenya, Malawi and Zambia, may be limited in their choice of millers by distance (which influences sucrose quantity) and cost of transporting a bulky product. In other countries, such as Eswatini and Mauritius, sugar cane growers are allocated to millers through a quota system. However, distance and time may still play an important role in miller allocation due to its effect on sucrose content. The overall efficiency and productivity of millers also influence milling output. The ratio of tons of cane crushed to tons of sugar (TCTS) extracted from delivered cane provides an indication of the quality of cane delivered and the miller's efficiency. Ageing machinery with frequent mill breakdowns and low reinvestment in new technologies influences miller efficiency.

Millers require a high volume of cane to capitalise on economies of scale and achieve efficient processing costs. Millers may purchase all their cane from independent or corporate growers or may be fully or partially vertically integrated. Millers sourcing independently grown cane require coordination with the growers to ensure sufficient supply throughout the harvesting and milling season. Independent growers and millers usually have supply contracts. These agreements provide certainty to the growers that their cane will be processed, and the time they need to supply the cane. In some exception instances for some countries, millers provide financial or technical assistance to the grower as part of the cane supply agreement. These agreements may include details on how proceeds will be shared between growers and millers.

[13] Interviews with stakeholders

2. Market Overview and Concentration Analysis

1.2 **Country overview**

The sugar producing countries in COMESA, which are the focus of this study, include those with extremes of performance and apparent competition. Eswatini, Zambia and Mauritius are low-cost producers and substantial net exporters, with Eswatini and Mauritius exporting well over half of their production (Table 1). Malawi, Zambia and Zimbabwe are also net exporters. Kenya, although being the largest producer of the six countries is also by far the least efficient and requires imports to meet around one-third of its demand. The very large area of cane production in Kenya, more than four times the area in Eswatini and 12 times the area in Malawi, has very low yields. While an estimated 60 metric tonnes (Mt) of sugar cane is produced per hectare in Kenya, the annual cane production and growing area given an estimate of 35Mt per hectare per annum, as the cane takes 16-24 months to mature in Kenya compared to around 12 months in the other countries while, in addition, some land is not being properly cultivated as mills have been mothballed. The great majority is produced by independent growers and very little is irrigated. Moreover, when the cane is harvested in Kenya it has a low average sucrose content meaning high milling costs per Mt of sugar produced.

Sugarcane yields in Zambia, Malawi, Zimbabwe and Eswatini are much higher, with extensive irrigation and the majority of cane being produced by the millers themselves. All production is irrigated in Eswatini and Zimbabwe and the majority in Malawi and Zambia. Mauritius is mainly rainfed and has low yields and sucrose content.

Kenya has by far the most competitors with nine private producers and four government-owned mills, while Zambia, Malawi and Zimbabwe are quasi-monopolies (with the largest producer accounting for more than 80% of production) (Table 2). Eswatini's two producers have a large common shareholder, and Mauritius has three producers of equal size, meaning these countries' production is also highly concentrated. However, the industry is highly regulated in all countries which means that competition cannot be read from market structure. Regulation influences the prices paid for sugarcane to farmers, the barriers to entry into sugar cane growing and milling, and the producer prices of sugar. The regulation includes extensive restrictions on international trade, notwithstanding substantial trade flows and the countries being members of the Common Market.

At the regional level, one company, Associated British Foods (Illovo Sugar) owns the quasi-monopolist in both Malawi and Zambia and is the majority shareholder in the second producer in Eswatini. In Zimbabwe, Tongaat Hulett is the main producer[14] by comparison, in Mauritius and Kenya there are mainly locally owned producers.

[14] ABF/Illovo and Tongaat Hulett are also major producers in South Africa, although not a COMESA member state, it is the most important producer in Southern Africa.

Table 1: Comparative country overview, 2023/2024, unless otherwise indicated

	Eswatini	Kenya 2022	Malawi	Mauritius	Zambia	Zimbabwe
Cane prod, th Mt	5,153	8,676	2,501	2,196	4,344[15]	3,500
Area harvested, ha	58,840	242,508	20,359	34,759		47 000
% cane by indep growers	38%	90%+	20%[16]	45%	40%[17]	20%
Number of mills	3	16	2	3	4	2
Cane crushed, th MT	5,153	8,676	2,501	2,196	4,344[18]	3,500
Cane Yield (T per HA)	88	60	95[19]	63[20]	113[21]	91[22]
Sugar prod, th Mt (Brown/White&Industrial)	625	800	285	229 (119/109)	504[23]	410 (287/123)
Sugar/cane ratio %, or TC/TS		11.6 TC/TS			8.35%[24]	8.5%
Sucrose %	11.9%	11%	14%[25]	10%	14%[26]	14%
Consumption th Mt H-hold; Industrial	73	1,100	246[27]	35	300* 140*	170 114
Net trade bal, Raw sugar Mt 2024	437,367	-27,702	10,472	28,649	87,640	24,178
Exports, Mt 2024	439,581	245	14,685	113,921	87,649	35,170
Imports, Mt 2024	2,214	27,947	4,213	85,272	9	10,992
Net trade bal, Refined Mt 2024	28,490	-309,764	1,176	170,932	346	-1,973
Exports, Mt 2024	28,557	1,426	2,951	172,041	364	4,828
Imports, Mt 2024	67	311,190	1,775	1,109	18	6,801
Cane price to farmers US$/Mt		38.25				

[15] Excludes Kasama Sugar whose volumes are negligible
[16] Based on the average of sugar cain grown at Salima Sugar and Illovo Sugar own estates in 2023
[17] Based on Zambia Sugar
[18] Total in 2024 except Kasama Sugar but we understanding their volumes are very negligible
[19] Volume weighted average by cane crushed for Illovo (both estates 2023) and Salima (out growers and own estate).
[20] Volume weighted average by cane crushed by millers and growers
[21] Volume weighted average excluding Kasama Sugar data
[22] Volume weighted average
[23] Interviews, Zambia Sugar AR; Kasama Sugar from ARC Briefing Papers No. 1-2014 Why are Sugar Prices so High in Zambia.p65
[24] Zambia Sugar figures as in ARs, as Zambia Sugar account for 84% of the total sugar sold in Zambia.
[25] Volume weighted average cane crushed in 2023
[26] Volume weighted average excluding Kasama Sugar data and weighted by cane crushed in 2024
[27] Total of Illovo and Salima Sugar in 2023 for consumption on the domestic market

	Eswatini	Kenya 2022	Malawi	Mauritius	Zambia	Zimbabwe
Sugar prod price domestic US$/Mt	572[28]	1143[29]	983#	693#	795[30]	
Household		1201				1100
Industrial		656				850/950
Sugar prod price export, US$/Mt			630		743[31]	542
Retail, 2kg pack, US$					2.31[32]	2.60
Retail, per kg, US$	1.16[33]	1.40#	1.54 (brown)[34] 1.72(refined)	1.25[35]		1.30

Notes and sources: for individual countries refer to section 4.

* Based on data received during site visit

\# for 2023

Table 2: Milling companies, 2024, unless otherwise indicated

Country	Milling company	market share, %	% ownership multinational
Eswatini	Royal Eswatini Sugar Corp Ltd	63%	Shareholders: Tibiyo Taka Ngwane (53.1%), RCL (29.1%), Nigeria Govt (10%), Eswatini Govt (6.5%), Individuals (1.3%).
	Ubombo	37%	The firm's shareholders are Illovo which has a 60% share with 40% of shares held by Tibiyo Taka Ngwane
Kenya	Rai group	46%	Kenyan (4 mills)
	Other private	42%	8 mills
	Government	12%	Kenyan (4 mills)
Malawi	Illovo Sugar (ABF)	91%	Associated British Foods (ABF) UK, owner Illovo Sugar Africa Hldg Ltd, 2016,[36] through SUCOMA Holdings Ltd

[28] Calculated from sugar sales revenue and sugar sales volumes for year to 31 March 2024 in Eswatini Sugar Association AR. This is aggregated for raw sugar, direct consumption sugar and refined sugar.
[29] Ex factory, 2023
[30] Calculated from local revenue and local sugar sales for year to 31 August 2024 in Zambia Sugar Illovo AR. Note, this does not take account of local molasses sales which may be included in local revenue.
[31] Calculated from local revenue and local sugar sales for year to 31 August 2024 in Zambia Sugar Illovo AR. Note, this does not take account of local molasses sales which may be included in local revenue.
[32] June 2024, when government capped 2kg price at K60.
[33] The price per kg of sugar in Eswatini is for 2024 calculated from the 3kg pack prices collected by the authority
[34] The prices for both brown and refined sugar are for 2023 calculated based on publicly available information on prices of sugar in Malawi
[35] This is the average price for white sugar, data obtained from the Statistics Mauritius for 2023
[36] See https://www.illovosugarafrica.com/media/announcement/P31%20ILLOVO%20SUGAR%20MALAWI%20AR%202023%20A5.pdf

			holds 76% of Illovo Sugar Malawi, balance by public and institutional
	Salima Sugar	9%	88% Malawi government; Home Sugar from India 12%
Mauritius	TerraAgri	33%	Listed Mauritius Stock Exchange, five shareholders hold more than 5%
	Omnicane	33%	Listed Mauritius Stock Exchange, Omnicane Holdings Ltd 70%, National Pensions Fund 10%, Others 20%.[37]
	Alteo	34%	Listed Mauritius Stock Exchange, Ciel Agro Ltd 20.96%, IBL Ltd 27.64%, other institutions hold balance.[38]
Zambia	Zambia Sugar (ABF)	84%	Associated British Foods (ABF) Illovo Sugar Africa Group 75%; balance of 25% institutional & private investors. [39]
	Kafue Sugar	8%[40]	100% subsidiary of Sable Transport Limited, local.[41]
	Mansa Sugar	7%[42]	Owned by private company, local owners.
	Kasama Sugar	1%[43]	Owned by Kalungwishi Estates, a Zambia based.[44]
Zimbabwe	Hippo Valley	100%	Hippo Valley Estates, listed: Tongaat holds 50.3%
	Triangle		Triangle Sugar – 100% owned by Tongaat Hulett.

1.3 **Review of mergers**

This section gives an overview of mergers in the sugar value chain involving companies operating in COMESA Member States for the period 2019 to 2024. For the period under review, there were two sugar related mergers affecting two Member States, Eswatini and Zimbabwe. The merger in Eswatini involved sugar cane producers while the merger notified in Zimbabwe involved a miller.

On 31 August 2023, the Eswatini Competition Commission (ESCC) unconditionally approved the merger between Richmond Estates (Pty) Limited and Batch Farms. Richmond Estates (Pty) Limited undertakes sugar cane cultivation at its farm in Ntsoko by way of a quota granted by the Eswatini Sugar Association (ESA). Batch Farms also cultivates sugar cane in Big Bend by way of a quota granted by the ESA. The ESCC defined the relevant market as sugar cane cultivation in the Lubombo region and found that the activities of the merging parties overlap in the relevant market. While the ESCC found that the merger would slightly alter the market

[37] See https://www.omnicane.com/investors
[38] See https://alteo.mu/integrated-report-2024.pdf
[39] See https://www.zamsugar.co.zm/
[40] Based on sugar production data received during data collection
[41] See https://sabletransport.com/about.html
[42] Based on sugar production data received during data collection
[43] Based on sugar production data contained in ARC Briefing Papers No. 1-2014 Why are Sugar Prices so High in Zambia.p65
[44] See Our products – Kalungwishi Estates

shares and concentration ratios in the relevant market, it also found that it would not alter the market structure. It was further found that the merger would not affect countervailing power and barriers to entry, and it was on this basis that the ESCC decided that the merger was unlikely to result in the substantial lessening or prevention of competition and was unconditionally approved.[45]

On 27 June 2024, a merger between Vision SPVs, a special purpose vehicle owned and controlled by a consortium of parties and Tongaat Hulett Limited, which was in business rescue, was notified in South Africa, Botswana, Mozambique and Zimbabwe. Tongaat Hulett Limited is a South African based company focused on agriculture and agro-processing with a focus on sugar production and animal feed sectors. It exports sugar from South Africa, Mozambique and Zimbabwe to its controlled subsidiary Tongaat Hulett Botswana. Vision SPVs comprises of various special purpose vehicles which are owned and controlled by a consortium of parties comprising of Ngwenyama 62 Proprietary Limited; Keni 62 Proprietary Limited; Almoiz SA Industries Proprietary Limited; Tokwe One Proprietary Limited; and Terris Sugar South Africa Proprietary Limited.

In Zimbabwe, the merger was approved subject to certain employment related conditions.[46] In South Africa, the merger was approved with public interest conditions among others, providing support towards small scale/HDP farmers within Tongaat Hulett Ltd's value chain and the establishment of a small-scale grower's trust.[47] In Botswana, the merger was unconditionally approved as it was found that it is not likely to result in a substantial lessening of competition, nor endanger the continuity of service in the market under consideration.[48] Our understanding is that the merger was also approved in Mozambique.

3. Trade analysis

This section analyses imports, exports and trade balances of raw sugar[49] and refined sugar[50] for all six countries included in this study[51]. The section also highlights the key points emanating from the trade analysis relevant for the rest of the paper.

---

[45] See https://www.pressreader.com/eswatini/times-of-eswatini/20230831/282265259998110?srsltid=AfmBOopMSPrHuFfyg-9AWYtNhKMvULRoQ-gUKog_HhuYA7l4qAmY_EUs

[46] See https://irhosted.profiledata.co.za/tongaat/2018_feeds/SensPopUp.aspx?id=510847

[47] See https://www.comptrib.co.za/open-file?FileId=53808

[48] See https://www.competitionauthority.co.bw/sites/default/files/Merger%20Decision%20No%2029%20of%202024%20-%20Vision%20Investments%20155%20and%20Others%20Vs%20Tongaat%20Hulett%20Limited.pdf

[49] Raw sugar is derived by subtracting HS codes 1701191, 170199 from HS code 1701. This includes raw sugar from both cane sugar and beet sugar.

[50] Refined sugar is derived by adding HS codes 1701191 and 170199. This includes refined cane and beet sugar.

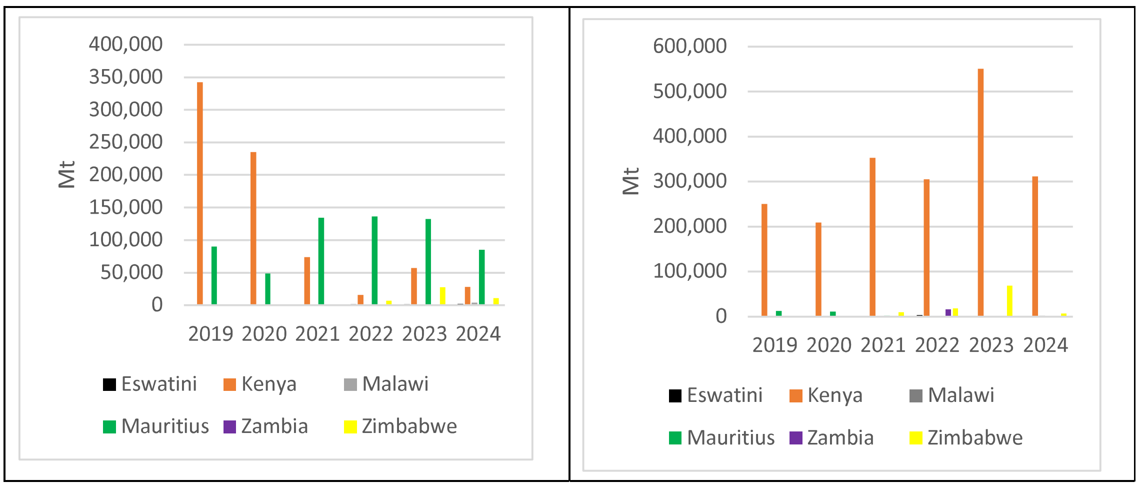
[51] For the trade analysis we are using data from Trade Map for consistency, notwithstanding that Mauritius provided data collected by the Mauritius Sugar Syndicate

3.1 Imports

Of the six countries included in the study, Kenya is the only significant importer of both raw and refined sugar, while Mauritius has had significant imports of raw sugar (Figure 2). Kenya's raw sugar import volumes have been declining since 2020 (Figure 2a). Kenya's refined sugar imports, however, have fluctuated throughout the analysis period, with a peak in 2023 at 550,822Mt (Figure 2b). Mauritius imported raw sugar to supplement local production for refining to meet its export obligations,[52] although its volumes have fluctuated throughout the analysis period. The other countries' imported volumes are negligible, reflecting their ability to meet domestic demand and due to non-tariff barriers in some instances, as explained below.

Figure 2: Sugar imports trends, volumes in Mt 2019 to 2024

2a. Raw sugar **2b. Refined sugar**



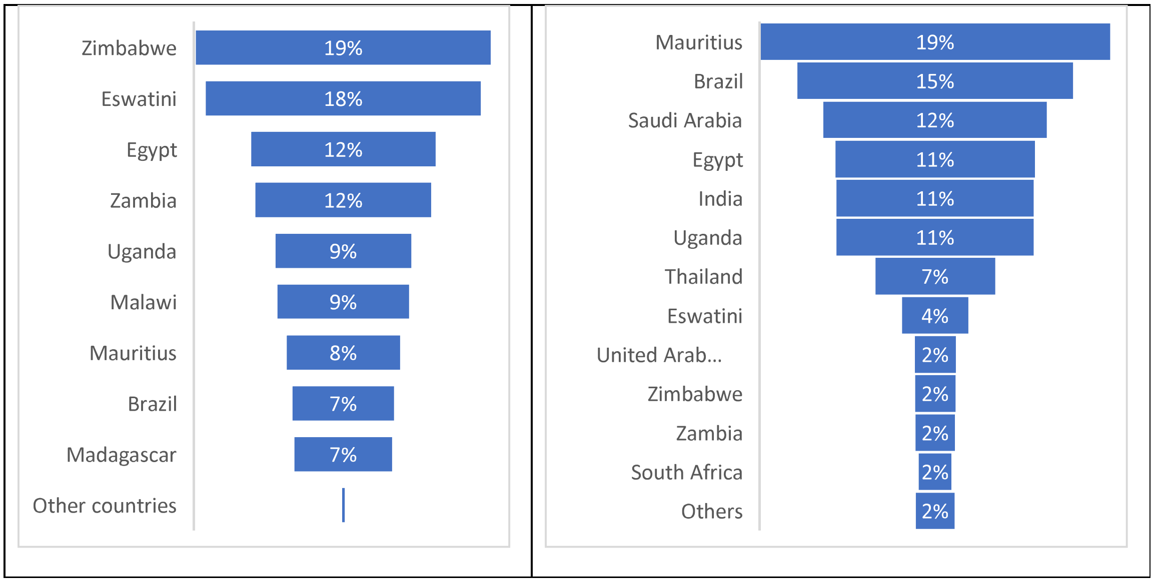
Source: Authors calculations based on data obtained from Trade Map

As the main importer, Kenya is reliant on both COMESA Member States and other countries for both raw and refined sugar (Figure 3). Trade restrictions imposed on different sources and competition in international markets have an impact on sugar prices in Kenya.

Figure 3: Kenya sugar import source shares, from aggregated volumes in Mt 2019 to 2024

3a. Raw sugar **3b. Refined sugar**

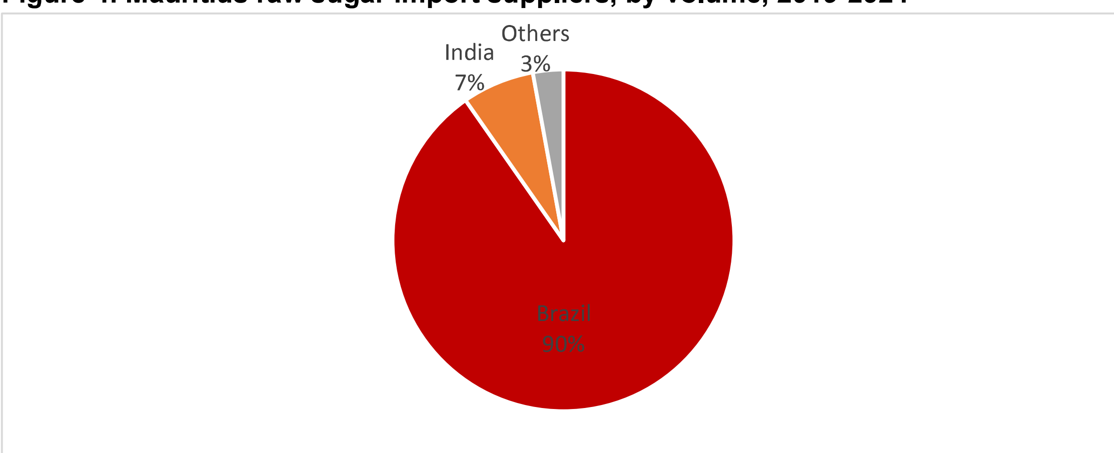
[52] Interviews with stakeholders in Mauritius



Source: Authors calculations based on data obtained from Trade Map

Mauritius sourced 90% of its raw sugar imports from Brazil. with the second biggest supplier, India, accounting for 7% (Figure 4).

Figure 4: Mauritius raw sugar import suppliers, by volume, 2019-2024



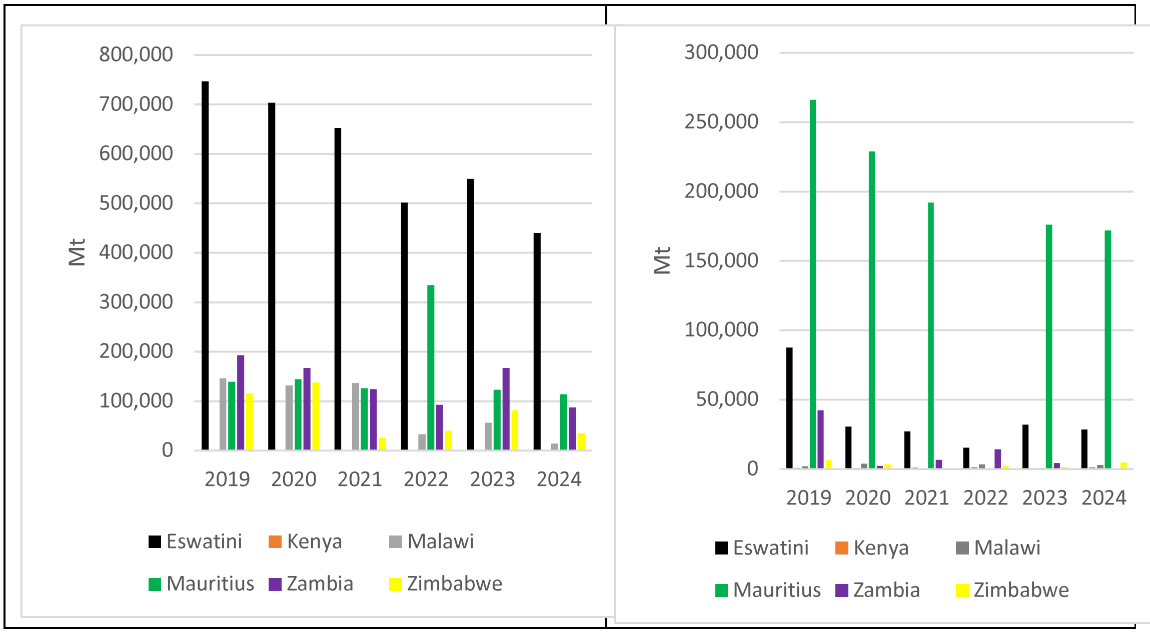
Source: Authors calculations based on data obtained from Trade Map

3.2 Exports

Eswatini is the leading exporter of raw sugar among the countries included in the study (Figure 5a) while Mauritius is by far the leading exporter of refined sugar (Figure 5b). From the peak in 2019 at 746,934 Mt, Eswatini's export volumes were 41% lower in 2024. The decline is due to climate change and challenges in fertiliser supply. Mauritius's export volumes of raw and refined sugar combined were broadly similar throughout the analysis period with 2022 appearing to be a data anomaly as only raw sugar exports were recorded of 334,733Mt.

Figure 5: Sugar exports trends, volumes 2019 to 2024

5a. Raw sugar **5b. Refined sugar**



Source: Authors calculations based on data obtained from Trade Map

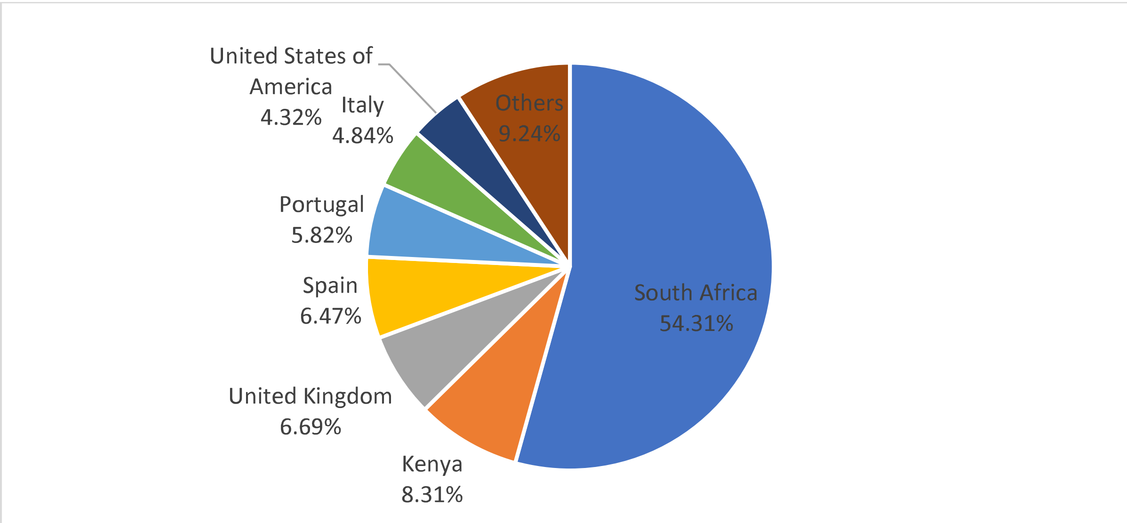
The other countries' raw sugar volumes have also fluctuated, but were significantly lower than Eswatini's volumes (Figure 5a). Malawi's raw sugar export volumes reduced from 2022 (Figure 5a) due to extreme weather conditions.[53] Similarly, Zimbabwe's raw sugar export volumes have been impacted by climate change and prices in the export market. While the raw sugar export market is competitive, the Zimbabwean domestic market is less competitive and as such, prices tend to be higher, and the producers prefer to sell raw sugar locally as opposed to the export market. However, in 2023, the Zimbabwean government opened the market for imports (discussed in detail below) due to high domestic prices, and this forced the producers to seek alternative markets, and this is reflected in the increased raw sugar export volumes in 2023[54] (Figure 5a).

Between 2019 to 2024, Eswatini exported 90% of its raw sugar to nine countries, led by South Africa, which accounted for more than half of Eswatini's_raw sugar exports, followed by European countries taken together (Figure 6). The only COMESA member state whose volumes are significant is Kenya, in line with Kenya's import reliance. The export destinations in the COMESA region are also guided by whether companies can get credit guarantees and

[53] Interviews with stakeholders.
[54] Interviews with stakeholders

cross border trade insurance. This tends to present challenges for some countries in comparison to others.

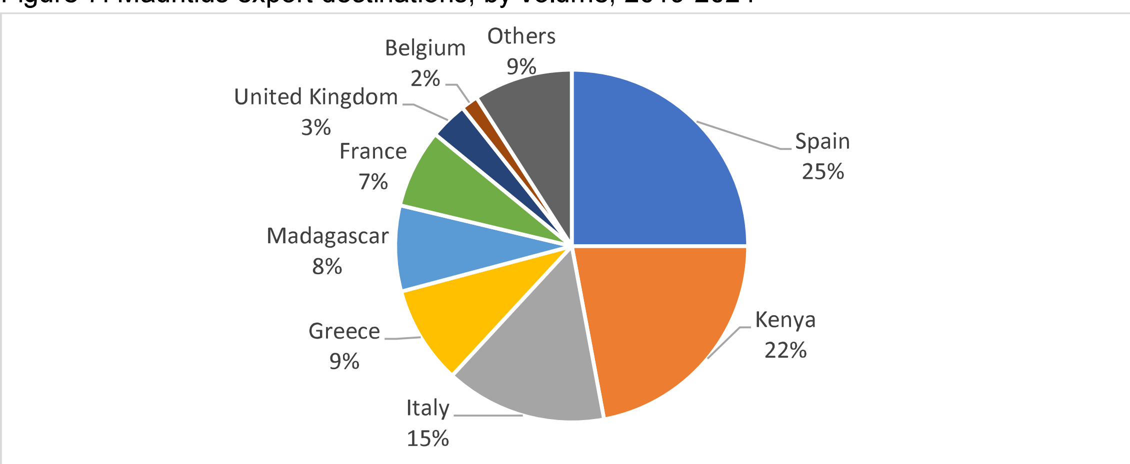
Figure 6: Eswatini export destinations, by volume, 2019-2024



Source: Authors calculations based on data obtained from Trade Map

Mauritius exports the majority of its sugar to European countries, with two COMESA member states (Kenya and Madagascar) being key destinations of Mauritius's refined exported sugar (Figure 7).

Figure 7: Mauritius export destinations, by volume, 2019-2024



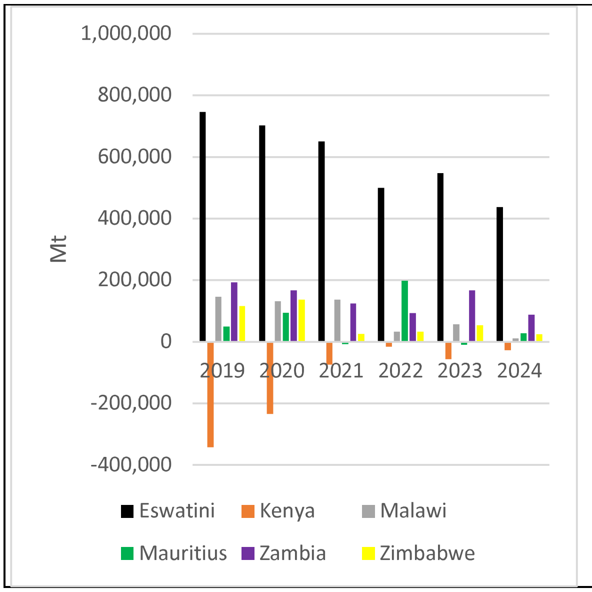
Source: Authors calculations based on data obtained from Trade Map

3.3 Trade balances

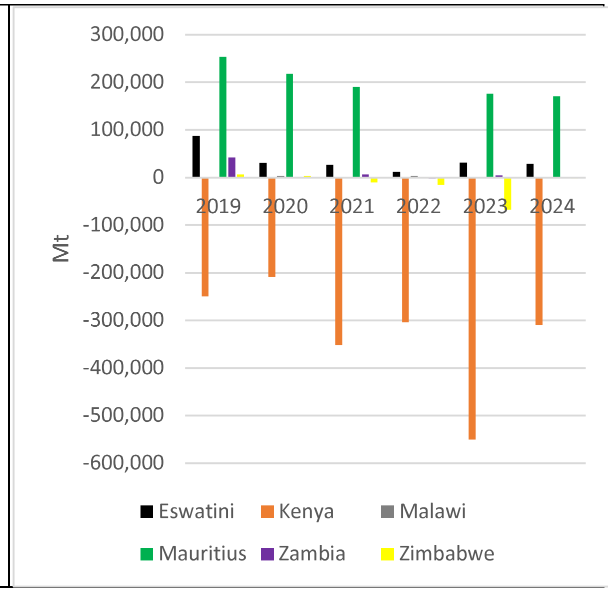
Eswatini has the highest net export (exports minus imports) of raw sugar as it exports significantly more raw sugar than it imports (Figure 8a). Mauritius is a significant net exporter of refined sugar (Figure 8b) as explained above. Kenya is the only net importer of both raw and refined sugar, although over time it has reduced raw sugar import volumes (Figure 8a) while its refined sugar net import volumes (Figure 8b) have fluctuated throughout the analysis period.

Figure 8: Trade balance, 2019 to 2024

8a. Raw sugar



8b. Refined sugar



Source: Authors calculations based on data obtained from Trade Map

The trade analysis shows that Kenya is dependent on member states for imports to a significant but varying degree for both raw and refined sugar. Mauritius is the other noticeable importer of raw sugar but unlike Kenya, it does not rely on member states for imports. Eswatini is the only significant exporter of raw sugar, but South Africa is its key destination, with Kenya the only member state that procures significant raw sugar volumes from Eswatini. Mauritius is the main exporter of refined sugar, but it mainly exports to non-member states, and only Kenya and Madagascar are key destinations of Mauritius' refined exported sugar.

The other countries import volumes for both raw and refined sugar are very negligible, and this means prices of raw and refined sugar in those countries are mainly determined by local dynamics. Bearing this in mind, below we analyse the country dynamics in each of the six countries.

4. Country assessment

4.1. Eswatini

4.1.1 Market Overview

The sugar sector in Eswatini is governed by the Sugar Act of 1967, which places its operations under the Eswatini Sugar Association (ESA). ESA, an umbrella organization with equal representation from growers and millers in its Council, is a private non-profit association. The Act requires all stakeholders to be registered members of the growers' and millers' associations.

The whole sugar value chain is structured under a Quota System administered by the Quota Board, composed of independent members appointed by the Minister of Commerce. All sugar growers are allocated a production quota and cane is delivered by growers to designated mills as assigned by ESA through the Quota Allocation Board. It regulates production to match milling capacity. All sugar growers are required to be registered and allocated a quota of how much they can produce. Access to land (from the chief or a lease from the Government), access to water, proof of financial ability, and confirmation of the availability of milling capacity by the Miller are key factors in quota approvals. Once a grower acquires a quota allocation, they automatically become a member of the Eswatini Cane Growers Association. Proceeds of sugar production are shared among growers and millers based on an agreed formula, administered by the ESA. Sugar cane growers are either independent or miller owned. The former are classified based on farm size.

The Eswatini sugar cane production has been around five to six million tonnes per annum, with yields averaging around 95Mt/ha from 2016 to 2024 (Table A1-Apendix). Sugar production peaked in 2018/19 at 746,983Mt, followed by a decline until 2021/22, with a slight recovery to 625,361Mt in 2022/23 (figure 9). Production has varied due to challenges faced in the sector including climate change which led to increased rainfall in 2020 leading to increased disease.[55] In 2023, there was excessive cloud cover affecting sugarcane growth.[56] Such conditions cause cane lodging which makes it difficult to harvest and reduce the sucrose content. Other challenges include fertiliser shortages in 2022 affecting the yield per hectare and labour shortages. Sucrose content varies between 10Mt/ha and 25Mt/ha.

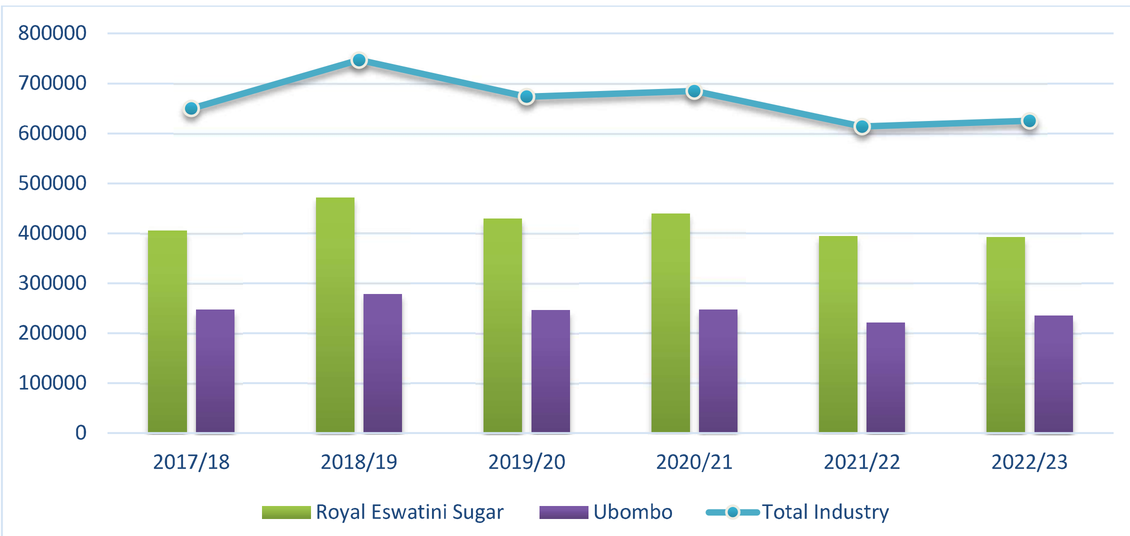
Eswatini has three sugar mills owned by two companies: The Royal Eswatini Sugar Corporation Ltd (RES) (Mhlume and Simunye mills) and Ubombo Sugar Limited (Ubombo mill). The industry is subject to strict quality and sustainability standards, also reflecting the high proportion of sugar which is exported as indicated above in section 2.

[55] Interviews with stakeholders.
[56] Interviews with stakeholders.

Royal Eswatini Sugar Corporation Ltd is the biggest miller and grower in Eswatini, with 23,000 hectares of its own, and sources one third of its cane from outgrowers. It is owned by Tibiyo Ngwane (the country's sovereign wealth fund) with 51.3%, the Eswatini government directly owning 6.5%, South Africa's RCL Foods with 29.1%, the Nigerian government (10%) and individuals (1.3%). The two sugar mills (Mhlume and Simunye) have a combined production of over 400,000Mt of sugar per annum (Figure 9).

Ubombo Sugar Ltd is part of the Illovo Sugar Africa Group (with 60% shareholding) and 40% owned by Tibiyo Taka Ngwane (part of Tibyo Ngwane). It has 11,648ha producing cane (contributing 41% of its requirement) and sources 59% of its cane from independent growers. It produces around 250,000Mt of sugar per annum (Figure 9).

Figure 9: Eswatini sugar production statistics



Source: ESA Reports

4.1.2 Policy Framework

The sugar industry in Eswatini is characterized by a high degree of state involvement and oversight, under the Sugar Act and the Sugar Agreement which define the legal responsibilities of stakeholders and regulate the production, processing, and marketing of sugar.

Sugarcane pricing and revenue distribution follows a structured model designed to balance risks and returns across the value chain. The returns are split after milling and related costs, with 68.1% to growers and 31.9% to millers. Growers receive 70% of their payments upfront (on delivery of the cane) and 30% after sales of the sugar and operational costs have been deducted.

Sugar pricing is forecast multiple times each season to accommodate market fluctuations, with payments being made weekly. Payments are calibrated using independent sucrose testing with molasses priced separately. The revenue-sharing structure, is more favourable to growers compared to many other countries, incentivizes productivity while penalizing low-yield cane. However, growers are of the view that the current division of the proceeds ratio requires review, as growers' contributions have surpassed those of miller-cum-planters. Additionally, growers express concern over being compensated solely for sugar, despite the cane generating valuable by-products such as bagasse, and molasses, and other products such as ethanol and electricity.[57] The industry is developing a new funding model that retains a portion of earnings for quarterly disbursements, helping stabilize income and reduce reliance on external financing, thereby enhancing the industry's financial resilience

Sugar pre-packed prices are set by ESA and are influenced by the level of value addition and associated rebates. The standard industry rebate is 4.5%, with higher value-added qualifying firms for enhanced rebates. On average, the cost structure of packaged sugar comprises 80% raw sugar, 5% packaging, 5% labour, 5% transport, and a 5% profit margin. Growth is constrained by ESA's quota allocation system, which limits production and restricts market access for new entrants. Moreover, their ability to export is limited as exports beyond South Africa require prior ESA approval. To foster inclusive growth, the ESA manages a revolving fund that supplies inputs to around 290 smallholder growers, enhancing productivity and rural livelihoods. However, the industry faces increasing pressure from international markets, especially the EU, to meet climate-resilient and low-carbon standards, which raises production costs. ESA, as the central coordinating body, maintains a governance model that balances the grower and miller interests, but tensions persist. Interviews revealed mistrust between growers and millers, particularly over centralized marketing. Millers prefer a model for independent sugar marketing, already practiced with ethanol, which highlights deeper concerns about the effectiveness of the current sugar market structure.

To protect domestic production, Eswatini classifies sugar as a sensitive product and enforces strict import controls. Imports are permitted only during periods of domestic shortage and require approval from the ESA and relevant governmental bodies.

4.1.3 Market Developments

The Eswatini sugar industry operates as a highly regulated structure, with no direct market access or price-setting authority granted to the two main millers. By law, sugar ownership transfers to the ESA upon leaving the factory, centralizing all marketing and pricing functions. Furthermore, the two firms share a common major shareholder, Tibiyo Taka Ngwane (Table 2, eliminating effective intra-industry competition. Pricing and market strategy are exclusively determined by the ESA.

[57] Although payments for bagasse have been made in the past two years, but are unclear about how these amounts are determined.

Stakeholders revealed a number of challenges stemming from the ESA's quota-based sugar allocation system, including inflexible supply constraints, delayed import approvals, and limited responsiveness to fluctuating demand. Monthly quota forfeitures, without prior consultation, often leave some firms (packers or final users) without adequate raw material despite the available national supply[58]. High transport costs, substandard sugar quality during key months (April–May), and rigid pricing, despite product inconsistencies, further undermine efficiency. The application of import parity pricing without discounts for off-spec sugar raises production costs, while ESA's monopoly as both supplier and regulator limits alternatives. Prioritization of exports over domestic supply and biannual price hikes have pushed sugar buying firms out of competitive downstream markets, such as sugar-dependent manufacturers.

4.2 Zimbabwe

4.2.1 Market Overview

Sugarcane production spans over approximately 47,000 hectares in Zimbabwe. Production is predominantly by Tongaat Hulett with its two large miller-cum-planter estates, Triangle and Hippo Valley, which collectively account for 80% of national production across 25,000 hectares. The remaining 20% is produced by private growers and the new millennium resettled farmers on about 22,000 hectares. Two sugar companies, Star Africa and Tongaat Hulett, process raw sugar into white sugar used in beverages, confectionery, and other products. Tongaat Hulett's two mills have a combined capacity of 640,000 tonnes of raw sugar per annum. Star Africa has a greater capacity for refined sugar, of 200,000 tonnes per year, but relies on raw sugar from Tongaat Hulett to refine. The main cane varieties are harvested every 12 to 13 months. Sugarcane in Zimbabwe is 100% irrigated, with an estimated water requirement of 15 megalitres per hectare.

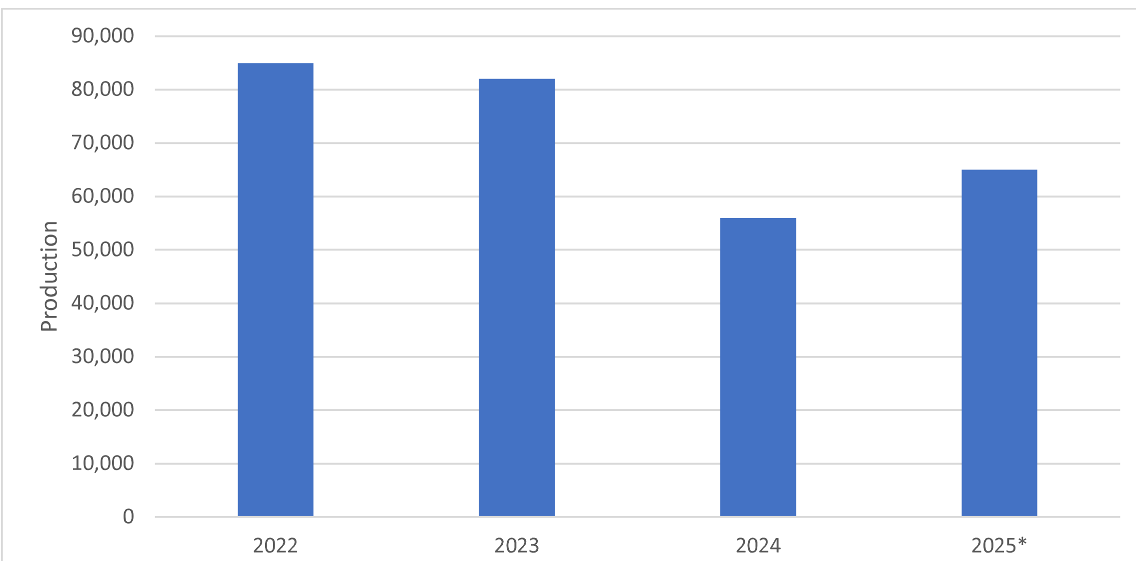
Growers are paid based on the expected sugar content[59] under two primary models: the Cane Purchase Agreement (CPA), which offers a once-off payment at a fixed price; and the Cane Milling Agreement (CMA), under which growers are paid monthly based on forecasted Mill Door Prices while retaining ownership of the cane until sugar is sold. The prevailing Division of Proceeds (DoP) ratio stands at 77% for growers and 23% for millers. Although CMA offers potentially higher returns, most growers prefer CPA due to its predictability and simplicity. However, concerns over lack of transparency in milling operations, particularly around weight and sugar content calculations (controlled solely by millers), have triggered calls for independent verification by the growers.

[58] Submissions from stakeholder interviews
[59] Estimated Recoverable Crystal (ERC)

In Zimbabwe, the sugar industry operates under a quota system regulated by the Sugar Production Control Act and managed by the Zimbabwe Sugar Association (ZSA). Each licensed grower is allocated a specific cane delivery quota based on historical output, mill capacity, and market demand. Harvesting and delivery are scheduled to align with these quotas, ensuring efficient mill operations and avoiding congestion. Private growers often pool their quotas to share resources like transport and harvesting equipment, reducing costs and improving delivery efficiency. Growers face numerous challenges, including declining productivity, limited technical support, high input costs, and lack of access to affordable finance. Due to climate change, the industry is facing further challenges of new diseases and aphid infestation.

The total refined sugar production (both Tongaat and Star Africa) averaged 72,000Mt per annum from 2022 to 2025 (Figure 10), with the highest production in 2022. However, production declined in 2023 and reached its lowest in 2024, recording 56,000 Mt. Production is expected to recover in 2025 with an expected output of 65,000 Mt. In 2023 and 2024, the local raw sugar producers were facing a myriad of challenges, and thus, the company imported due to unavailability and the uncompetitive local price.

Figure 10: Zimbabwe refined sugar production (Mt)



Source: Authors compilation based on interviews

The main challenge faced by the independent refinery Star Africa is the high price of the raw sugar of USD 662 compared to the import parity of USD 550 ex-factory in Zambia. The inputs' average costs for refined sugar are shown on Table 3. Raw sugar accounts for 64% towards the total costs of refined sugar (Table 3). Operating in a dollarized economy further raises local production costs, making Zimbabwean sugar less competitive against imports.

Table 3: Zimbabwe's Sugar Processing Average Costs

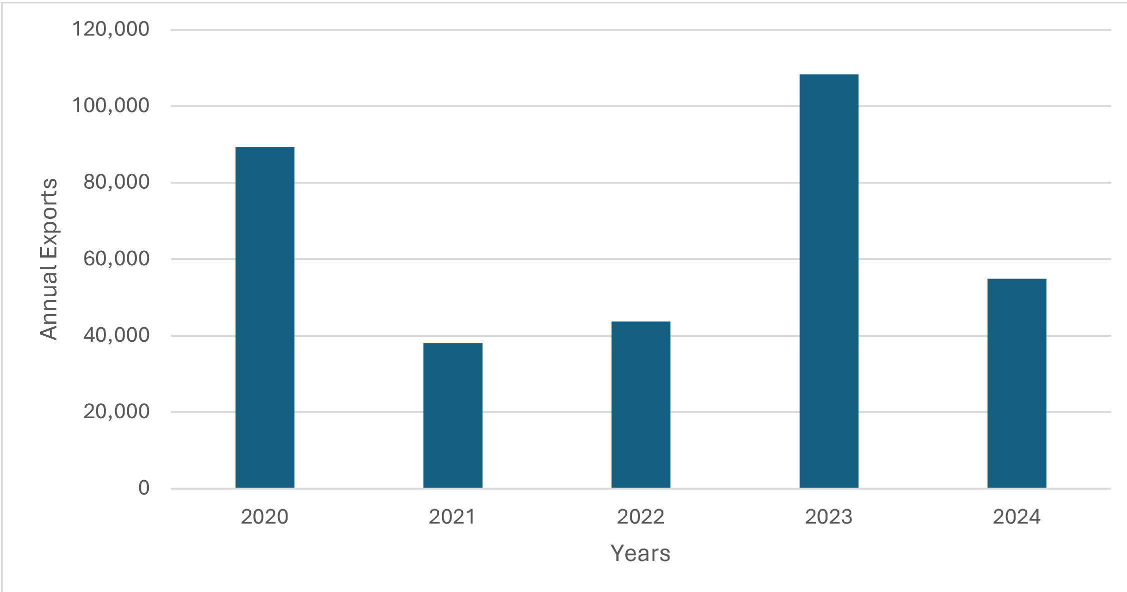
Input	Cost Share (%)
Raw Sugar	64%
Packaging	6%
Coal	3%
Electricity	2%
Repair & Maintenance	3%
Staff	2.5%
Water	4%
Chemicals	10–15%

Source: Authors compilation based on interviews

Zimbabwe's annual sugar demand is approximately 350,000 tonnes, with per capita consumption at 26kg per annum, although demand is weakening due to a new sugar tax in 2024. Local sales account for 65–70% of production, primarily under domestic consumption brands such as Tongaat Hulett's SunSweet and Star Africa's Gold Star. About 30–35% of Tongaat's raw sugar output is exported to other countries, although with significant year-to-year fluctuations (Figure 11). Major export markets include the US (12000t/yr of raw sugar), EU (specific customers, not quota-related), and regional markets like Botswana (15000-19000t/yr), Kenya (14000t/yr until recently when the Kenya production increased), DRC, Rwanda, Burundi, Madagascar (2000t each), and Sudan (5000t) as at 2023.

Zimbabwe Sugar Sales (a subsidiary of Tongaat Hullets) used to receive COMESA sugar quota allocations from the COMESA Secretariat, but this is no longer the case. However, export volumes are constrained by low international prices (average $500/tonne), while domestic prices are significantly higher (averaging $940/tonne for refined sugar). This surge in exports in 2023 (Figure 11) is largely attributed to the government's temporary suspension of import duties on sugar, which allowed an influx of lower-cost imports and significantly suppressed domestic sales. As a result, producers redirected surplus stocks to export markets. Favourable rainfall patterns and stable dam water levels in late 2023 supported strong cane production, contributing to the surplus.

Figure 11: Zimbabwe annual exports volumes, Mt



Source: Authors compilation based on interviews

4.2.2 Policy Framework

The industry is governed under the Sugar Production Control Act enacted in 1964 to regulate sugar manufacturing and cane delivery. Administered by the Ministry of Industry and Commerce, the Act was designed during a time of global sugar oversupply and is outdated in addressing current realities.

The Zimbabwe Sugar Association (ZSA), representing millers and growers, oversees breeding, research, and technology transfer, primarily through the ZSA Experiment Station (ZSAES). Research and development are largely industry-led, with growers' associations such as the Zimbabwe Sugarcane Farmers Development Association (ZSFDA) and the Commercial Sugarcane Farmers Association of Zimbabwe (CSCFAZ) providing additional support and acting as guarantors for funding arrangements.

International trade is highly regulated with sugar imports requiring licenses and only up to 20% of the total supply may be imported. A $100/tonne surtax and a 10% Most Favoured Nation (MFN) tariff is applicable to South African sugar, though these have been waived for Malawi and Zambia. Despite these measures, Zimbabwe faces competition from low-cost producers like Brazil, Thailand, and India, especially in the regional export markets.

4.2.3 Market Developments

Tongaat dominates the value chain, from owning 80% of sugarcane production to complete control over milling and marketing. Star Africa, despite its refining capacity, remains reliant on Tongaat for inputs.

Mergers and acquisitions have also attracted regulatory attention. In 2022, a proposed acquisition by Magister of Tongaat Hulett was approved with conditions but later collapsed. In 2024, a new attempt by Vision Investments, a Zimbabwean consortium was approved subject to public interest considerations.

Zimbabwe's sugar industry remains vital to the national economy but faces structural and operational challenges that threaten its sustainability. While the value chain is well-integrated and diversified, dominance by a single firm, weak outgrower support, outdated regulations, and rising operational costs present significant barriers to inclusive growth. Addressing these issues through institutional reforms, investment in infrastructure, transparent governance mechanisms, and regional trade facilitation will be key to unlocking the full potential of the sector.

4.3 Malawi

4.3.1 Market Overview

Malawi has high productivity for sugar cane per hectare averaging around 97Mt per hectare.[60] This is supported by good climatic conditions with sufficient access to water and irrigation facilities. However, in the recent past, the production of sugar cane has also been affected by climate change, resulting in extreme weather conditions such as droughts and floods.

The country has no large-scale independent sugar cane growers, however within the small-scale growers, there were two categories. Those that enter into agreements with the millers directly due to the volumes of sugar cane produced and those that supply to the miller through cooperatives. The second group comprises of smaller farmers that belong to associations or cooperatives. Sugar cane growers enter into 12 months exclusive cane supplier contracts with millers which define their engagement including on transport, payments and quality of the cane. For cooperatives and associations, the period of these contracts can go up to 25 years.

Growers are paid 60 percent of the revenue generated from the sale of sugar produced from their sugar cane for those supplying to Illovo Sugar Malawi Plc (Illovo Sugar) while those supplying Salima Sugar Company are paid according to the farm gate prices. Growers do not get any revenue from the by-products of sugar, molasses and bagasse. The grower's revenue is dependent on the Estimated Recoverable Sucrose (ERS) percentage multiplied by the tonnes of sugar cane supplied, multiplied by the market price of sugar. The ERS of the sugar cane is determined at the time the cane is delivered to the millers.

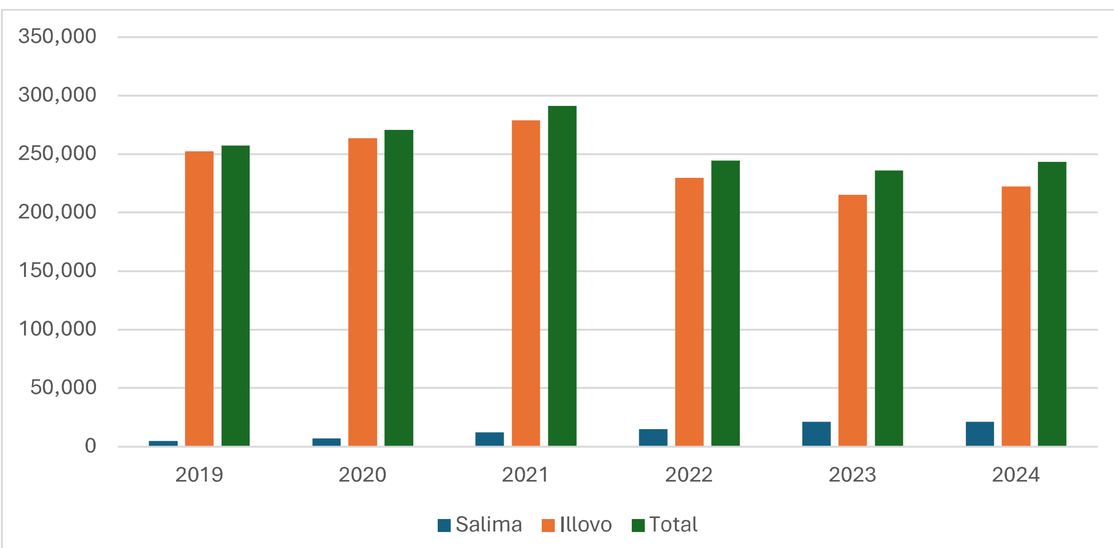
Most of the sugar cane grown in Malawi is irrigated and this has contributed to the high yields per hectare and the ERS percentage that Malawi has. However, there are still some small-scale farmers producing rain fed sugar cane albeit at lower yields per hectare and ERS percentage.

There are two millers of sugar cane that is Illovo Sugar Malawi Plc (Illovo Sugar) which started operating in 1965 and Salima Sugar which started operating in 2016. Illovo Sugar is the main miller while Salima Sugar is a new entrant. Both millers have crushing and refining capacity.

Salima Sugar only produces household brown sugar which is packaged in 50kgs and 1Kg bags and sold through distributors and in some cases enters into contracts directly with companies buying in bulk. The sugar is only sold in the domestic market as their production quantities are low ranging from 5,000 tonnes in 2019 to 21,000 tonnes in 2024 (figure 13).

Illovo Sugar Malawi Plc is the largest producer of sugar cane and sugar in Malawi. The company mainly produces brown sugar, white refined sugar which is sold as household sugar or industrial sugar to the domestic market and exports. Specialty sugars are also produced mainly for the export market. Illovo Sugar's production has ranged between 221,190 tonnes and 279,278 tonnes between 2019 and 2024 (figure 12).

Figure 12: Sugar Production



Source: Authors compilation based on interviews and Illovo annual reports

Once the sugar is produced, each miller is responsible for marketing and sale of the sugar. The household sugar is mainly sold through distributors and supermarket chains across the country. Some volumes of industrial sugar are also sold through distributors across the country while some industrial users enter into direct contracts with Illovo. Both companies supply the sugar through independent distributors and directly to the users. The nature of the relationship between the millers and distributors is such that distributors purchase sugar from the millers, cover their own transport and storage costs while the miller is responsible for marketing and branding of the products. Distributors cannot sell sugar for competing millers and the margins from the sale of sugar are stipulated in the contracts. Some of the millers have geographically divided the country and allocated distributors to sell sugar in specific territories to the different consumer segments including industrial customers, wholesalers and retailers.[61]

4.3.2 Policy Framework

The policies affecting the sugar industry include the controlling of imports of sugar over the entire analysis period as well as exports of the product since 2022 (reflected in the trade analysis above). In Malawi, sugar is a controlled product under the Control of Goods Act. This means that imports of sugar are controlled by government through the Ministry of Trade and Industry and all importers require an import permit. In 2022, the Control of Goods Act was amended to allow for the control of exports of sugar as well. In addition, sugar for household use is required to be fortified with vitamin A. Apart from the Control of Goods Act, sugar cane varieties are regulated for quality purposes. There is also a Sugarcane Industry Act which was assented to by the President in July 2025. The Act seeks to put in place '*a comprehensive legal regime to regulate and control the growing and sale of sugarcane and any other sugar producing crop and the manufacturing, refining, marketing and disposal of sugar and sugar products, including by-products*'[62].

Being a controlled good means that sugar can only be imported if the millers cannot meet the domestic demand. Millers are first consulted by the Ministry of Trade and Industry if they can meet domestic demand and it is only in cases when they cannot meet the domestic demand that other suppliers are awarded import permits. In addition, exports of sugar by millers can only be done if the government through the Ministry of Trade and Industry is satisfied that the domestic demand for sugar is met as that is when export permits are granted.

In addition, the country has a controlled exchange rate system and has been facing an acute shortage of foreign currency over the last few years which has impacted on the ability of sugar cane growers and millers to import their inputs as well as availability of some of those inputs on the local market. These shortages have also impacted the amount of imported sugar by different consumer segments including industrial customers when they are shortages in the domestic market. This is coupled with the depreciation of the Malawi kwacha over the last five years which has been subjected to two devaluations that is 25 percent in 2022 and 44 percent in 2023.

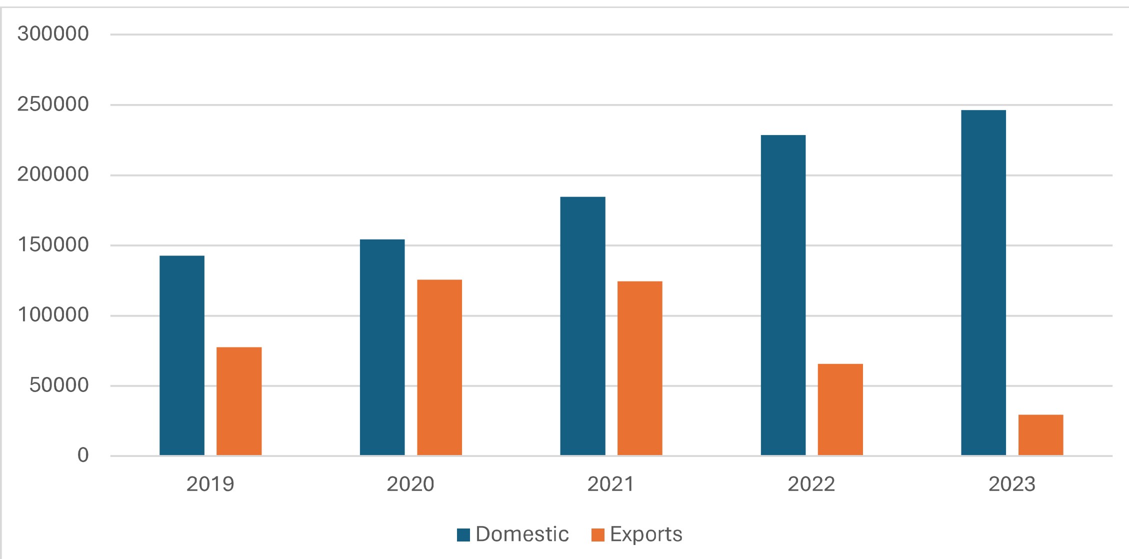
---

[61] Interviews with stakeholders in Malawi
[62] Interviews with stakeholders

4.3.3 Market Developments

Sugar production has been fluctuating over the past five years, and this has been due to the effects of climate change which affected production from 2022. The domestic consumption of sugar has been rising over the past five years from 142, 716 tonnes in 2019 to about 246, 432 tonnes in 2023 with a reduction in quantity in 2024 to about 227,017 tonnes. On the other hand, exports of sugar have reduced from 125, 546 tonnes in 2020 to about 29, 449 tonnes in 2023 with further reductions expected in 2024 (Figure 13). The reduction in exports could be attributed to the fact that the government introduced a new law to regulate the export of sugar from 2022 requiring millers to first meet domestic demand before exporting, this is in addition to the fact that there has been increased domestic consumption demand for the commodity and reduced production due to flooding.

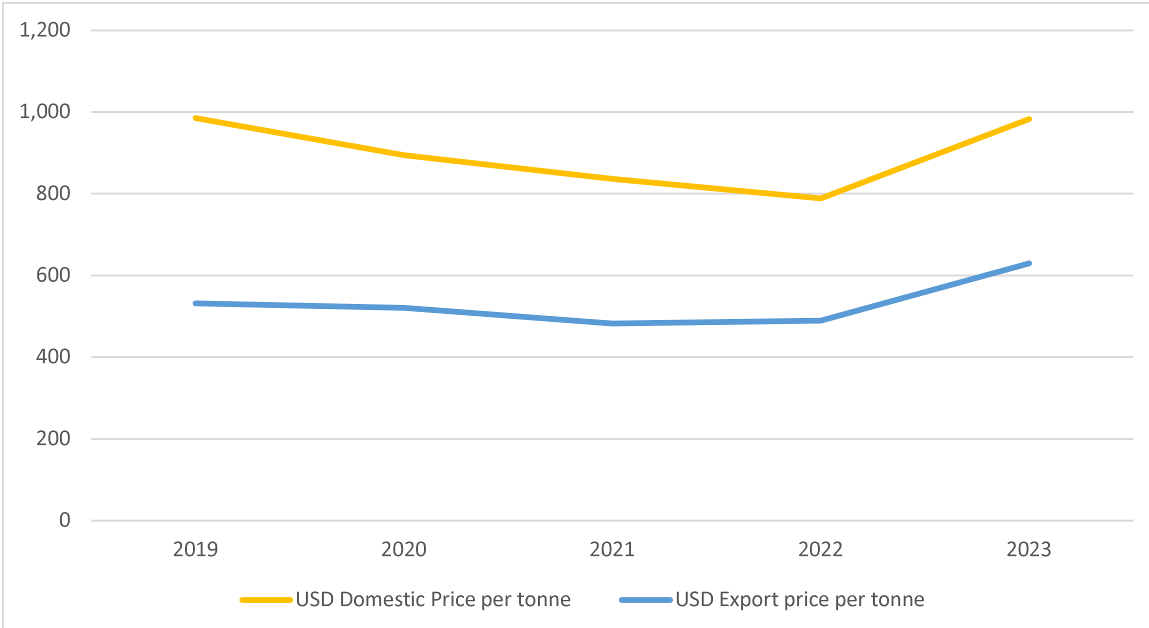
Figure 13: Malawi Domestic Vs Export Sales



Source: Authors compilation based on interviews

Millers generate higher prices for sales of sugar in the domestic market compared to the export markets (Figure 14) as millers are protected from competition in the domestic market due to the existing legislation and policies. The domestic price of sugar was higher by about 85 percent over the export price in 2019 compared to 56 percent in 2023. This is confirmed by submissions from industrial customers who revealed that in periods where they are allowed to import sugar, the landed cost of the sugar is cheaper than the domestic prices of sugar. Most of the importers import from COMESA and SADC and as such are able to benefit from duty waivers under the relevant protocols.

Figure 14: Malawi Domestic vs Export Prices of Sugar



Source: Authors compilation based on interviews

4.4 Zambia

4.4.1 Market Overview

Although Zambia has four sugar millers, Zambia Sugar is the main producer accounting for 84% of the total sugar production in Zambia (Table 2). The other three millers (Kafue Sugar, Mansa Sugar and Kasama Sugar) collectively account for 16% of the total sugar produced in Zambia.

Zambia Sugar is the oldest and leading sugar producer established in 1964.[63] It is vertically integrated producing a wide range of sugar including Vitamin A enriched consumption sugar (refined, brown and household), raw sugar for industrial customers, syrup and specialty sugars for both local and export markets. [64] Total annual sugar produced by Zambia Sugar has constantly been above 360 000 between 368,000 tons and 425,000 tons between 2019 and 2024 throughout the analysis period (Table A6-Apendix). Zambia Sugar is the only miller crushing sugar cane produced from own estates (Nakambala) and from third-party cane farmers through Out-grower agreements.[65]

---

[63] See https://www.illovosugarafrica.com/about-us/zambia
[64] See https://www.illovosugarafrica.com/about-us/zambia
[65] Submission by market participant dated 28 March 2025

Zambia Sugar has contracts with 403 out-growers with 3885 people employed by out-growers, 18 commercial farmers and 385 smallholders in 3 schemes.[66] The relationship is managed by a supply agreement which entails out- growers selling their sugar cane to Zambia Sugar during the harvest season.[67] The division of net divisible proceeds model is used to determine the price of sugar cane out-growers receive from Zambia Sugar. Net divisible proceeds are derived by taking proceeds from the sale of produced sugar and deducting refining, packaging and marketing & distribution costs. The price per ton is multiplied by the agreed division of proceeds % to growers and millers, respectively, to determine the final price per ton of ERC of the cane supplied.[68] Zambia Sugar has a Committee that determines the ERC, and all the out-growers are allowed a representative on the ERC Committee.[69]

Of the other millers in Zambia, Kasama Sugar was established in 2001 and only produces household sugar. Kafue Sugar, established in 2003, is vertically integrated and only produces household sugar.[70] Mansa Sugar was established in 2014 and is vertically integrated, producing brown and household sugar.[71] These three millers solely depend on sugar cane produced from own estates for crushing to produce sugar.

The milling companies use irrigated farming and so do some smallholder schemes.[72] Notwithstanding this, the impact of climate change is a serious concern in Zambia as it affects sugar production even for those with irrigated farming. This is because 83% of Zambia's 2,800 MW installed electricity generation capacity is from hydro.[73] Due to Zambia's reliance on hydroelectric power, droughts such as those experienced in 2024 saw water levels in reservoir dams reducing significantly and this led to significant decrease in electricity generation.[74] The reduced electricity generation capacity saw Zambia implementing rolling power outages and this meant that electricity was procured at a premium and this increased the production costs of sugar.[75]

4.4.2 Policy Framework[76]

Like Malawi, sugar is a controlled product under the Control of Goods Act, although imports and exports of sugar in Zambia is not restricted when there are no shortages and prices are stable. However, only sugar manufacturers and distributors who are members of the Zambia

---

[66] See https://www.zamsugar.co.zm/wp-content/uploads/2024/11/ZAMBIA-SUGAR-ANNUAL-REPORT-2024-hi-rez.pdf
[67] Meeting with a market participant dated 10 March 2025
[68] Submission by market participant dated 10 March 2025
[69] Meeting with a market participant dated 10 March 2025
[70] Meeting with a market participant dated 11 March 2025
[71] Meeting with a market participant dated 13 March 2025
[72] Interviews with stakeholders
[73] See https://www.trade.gov/country-commercial-guides/zambia-energy
[74] See https://www.moe.gov.zm/wp-content/uploads/2024/06/PRESS-STATEMENT-ON-THE-ELECTRICITY-SITUATION-IN-ZAMBIA-AT-GOVERNMENT-COMPLEX-12.06.2024.pdf
[75] Submission by a market participant.
[76] Meeting with a government department on 11 March 2025

Sugar Association are allowed to import and export sugar. The Zambia Sugar Association is independent of the government. While allowing only members of the Zambia Sugar Association to import and export sugar might have administrative efficiencies, it limits the potential role that imports (especially direct imports by customers) can play in constraining the pricing of incumbent manufacturers and distributors. If customers were allowed to import directly, cheaper imports would necessitate a competitive response from local manufacturers and distributors but under the current policy, this is unlikely to be the case as importers are also incumbent manufacturers and distributors.

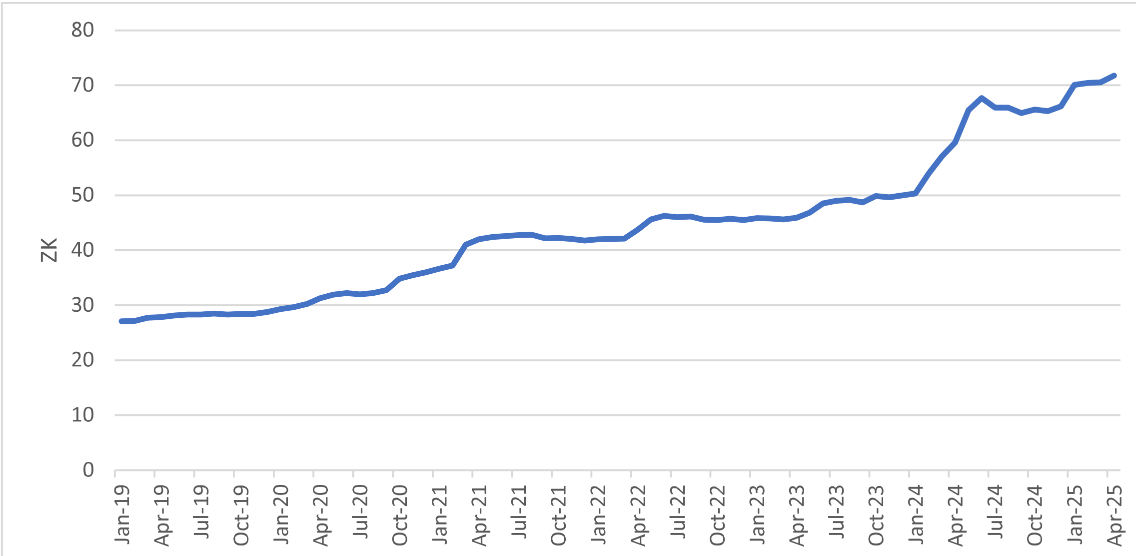
The government also is empowered to restrict importation and exportation of sugar if there are market imbalances. For instance, in 2024, sugar export was restricted because there were severe shortages due to the drought and increased demand from Burundi which led to price increases. It is also a requirement that household sugar is fortified with Vitamin A whether locally produced or imported.

In terms of legislation, there is a draft Sugar Act that is yet to be finalized. The main incentive government has in place is that sugar manufacturers pay a preferential tax rate (10% instead of 30% on corporate tax) as sugar is considered agro-processing and the incentive is intended to encourage reinvestment.

4.4.3 Market Developments

The retail prices of a 2kg pack of consumer sugar in Zambia continued to increase from January 2019 to December 2023 (Figure 15). Prices increased rapidly from January 2024 and peaked at ZK67 in July 2024 before moderating the following month and stabilizing in the second half of 2024. As highlighted, the government restricted sugar exports in 2024 and this appears to have achieved the desired outcomes as prices stabilised.

Figure 15: National average retail price of 2kg consumer sugar in Zambia



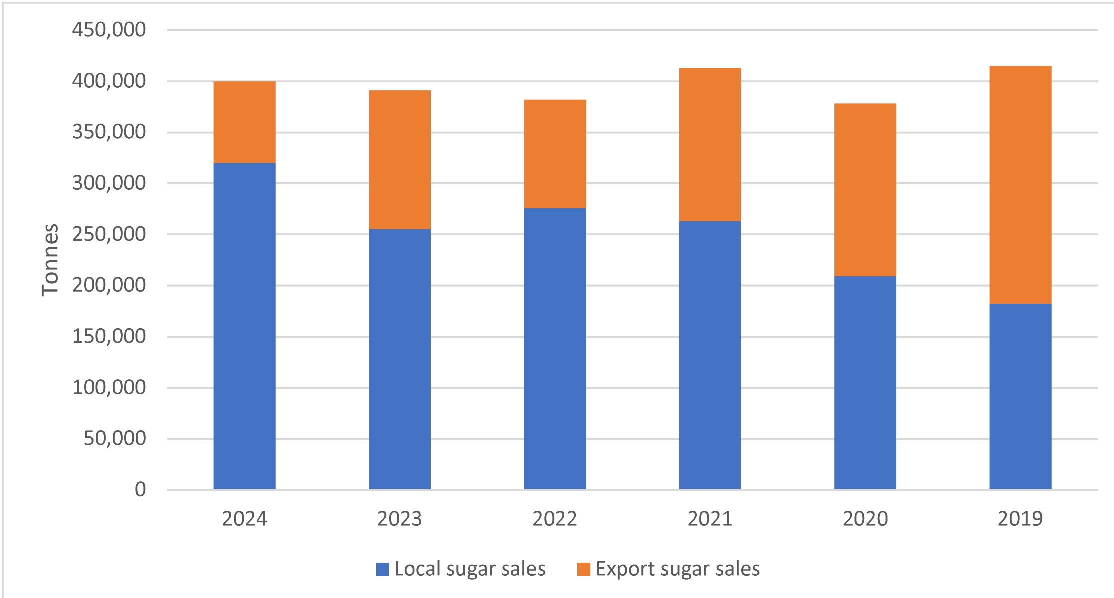
Source: Authors calculations based on data obtained from Zambia National Statistics Agency[77]

In terms of the volumes sold locally and exported, we are only able to show Zambia Sugar trends over time, but this is representative of the overall market trends as Zambia Sugar accounts for 84% of the total sugar produced. Kafue sugar has not exported sugar in the last 2 years[78] and due to its proximity to the Kasumbalesa border, Mansa sugar does export sugar to Congo.[79] We have no information on Kasama Sugar.

The figure below shows that Zambia Sugar's proportion of local and exports sales has fluctuated throughout the analysis period. Export sales peaked in 2019 when Zambia Sugar sold more sugar in the export market (56%) than in Zambia. Since 2020, Zambia Sugar has been selling more sugar in Zambia as compared to the export market and local sales peaked in 2024 when its share of sales was 80% while exports were only 20%. As highlighted above, in 2024, there were restrictions on sugar exports and the low export sales are reflective of this. This is consistent with the trade analysis above.

Figure 16: Zambia Sugar local sugar sales versus export sales.

[77] See https://www.zamstats.gov.zm/monthly-bulletin/
[78] Meeting with a market participant on 11 March 2025
[79] Meeting with a market participant on 13 March 2025



Source: Authors calculations based on data obtained from Zambia Sugar annual reports[80]

Zambia Sugar's local price[81] (Figure 17) of sugar is consistently above the export[82] price throughout the analysis period. This is because the export market is likely more competitive than the local Zambia sugar market as Zambia Sugar has about 84% market share in Zambia and the only miller producing all the different types of sugar produced in Zambia.

Figure 17: Zambia Sugar local sugar prices versus export prices

---

[80] See https://www.illovosugarafrica.com/media/announcement/Zambia%20Sugar%20Plc%20-%20Annual%20Report%20-%2031Aug23.pdf; https://www.zamsugar.co.zm/wp-content/uploads/2024/11/ZAMBIA-SUGAR-ANNUAL-REPORT-2024-DIGITAL.pdf

[81] Calculated from local revenue and local sugar sales for financial years to 31 August in Zambia Sugar Illovo AR. Note, this does not take account of local molasses sales which may be included in local revenue.

[82] Calculated from local revenue and export sugar sales for financial years to 31 August in Zambia Sugar Illovo AR. Note, this does not take account of export molasses sales which may be included in local revenue.

Source: Authors calculations based on data obtained from Zambia Sugar annual reports[83]

4.5 Mauritius

4.5.1 Market Overview

The sugar industry has historically been one of the important industries in Mauritius and contributed 30% of Gross Domestic Product (GDP), in 1968.[84] However this has reduced to less than 1 percent in 2023.[85] The Mauritius sugar industry has undergone transformation over the years which have contributed to its current structure. Among these, have been the volatility in the prices of sugar on the global market, cost of labour and climate change. These factors have led to the reduction in sugar related activities over the years with the area under cane cultivation reducing from 77,000 hectares in 2000 to below 50,000 in 2023. Sugar cane harvested has reduced from about 5.1 million tonnes to less than 3 million tonnes over the same period (Table A7-Apendix) and sugar production reduced from 569,000 tonnes to about 253,000 tonnes (Figure A2-Apendix). The number of factories has fallen from 14 in 2000 to 3 in 2023,[86] while the quality of sugar produced has increased.

The sugar industry is highly regulated starting from planting of sugar cane, harvest, milling, marketing and sale of the sugar cane. Planters must register their cane fields with the Sugar Insurance Fund Board (SIFB). Thereafter, the planters enter into Cane Supply Agreements with Millers that are in their factory area. The factory areas are determined by the Mauritius

[83] See https://www.illovosugarafrica.com/media/announcement/Zambia%20Sugar%20Plc%20-%20Annual%20Report%20-%2031Aug23.pdf; https://www.zamsugar.co.zm/wp-content/uploads/2024/11/ZAMBIA-SUGAR-ANNUAL-REPORT-2024-DIGITAL.pdf
[84] Economic diversification: The Mauritian experience
[85] African Development Bank, Country Focus report for Mauritius 2023
[86] Policy dialogue: The role of governments in developing agriculture values, CABRI

Cane Industry Authority (MCIA) and the Control and Arbitration Department (CAD). Once the sugar cane is harvested, it is delivered to the allocated nearest miller within the factory area of the planter at their own cost, however if the distance is beyond 10km, the planter pays transport costs up to 10km, while the additional costs are covered by the miller.

The planter is issued with a harvest permit indicating the period to harvest. Farmers are paid based on the sucrose content determined by the CAD. Planters are paid 78 percent of the sugar produced, while the rest is paid to the Miller. The planter also receives payment for the revenue received from by-products, that is, molasses and bagasse. All payments are made through the Mauritius Sugar Syndicate (MSS) as all sugar in Mauritius is sold through the MSS. Given the regulated nature of the sugar industry in Mauritius, competition among the millers is in terms of quality of the sugar produced as it determines how much of the premium, they can obtain on their sugar in the export market, millers also have to be efficient in their production processes so as to cut costs and reduce wastage.

It is important to note that Mauritius mostly relies on rainfed sugar cane, due to insufficient availability of water for irrigation. Climate conditions are also affecting the sugar cane production and productivity. Even though sugar cane is not directly affected by increasing temperatures, the distribution of the rainfall pattern is affecting the sugar cane.

There are currently three millers of sugar cane in Mauritius that is Terra Agri, Omnicane and Alteo.

Terra Agri has crushing capacity of about 700-800,000Mt of sugar cane and produces around 75-80,000Mt of sugar. Terra Agri forms part of the bigger group which is also involved in ram production, real estate and power production. 68-70,000tonnes of the sugar produced is special sugars and is mainly exported through MSS.

Omnicane has installed crushing capacity of 1.3 million tonnes but is crushing 800,000 tonnes due to lack of sugar cane. Omincane has a crusher and refinery as such once the sugar cane is crushed, the raw sugar is sent to the refinery to produce white refined sugar standard and bottlers grade, which is sold through MSS. Omnicane is the only miller with a sugar refinery with capacity to refine 240,000MT of raw sugar per year. During the crushing period, it refines the raw sugar from the milling plant while when off season, it imports raw sugar from Brazil which is refined and sold through MSS[87].

Alteo has a sugar cane crushing capacity of 1.2m tonnes and utilises 800,000tonnes due to the availability of sugar cane. It produces special sugars which are packaged in 10kg, 25kg and 50kg bags and are sold through MSS. Alteo obtains a premium from the sale of special sugars in addition to the 22 percent proceeds from the sale of sugar allocated to them by MSS.

[87] Interviews with stakeholders in Mauritius

It is noted that the sugar production in Mauritius has reduced by around 32% over the last 6 years from 331,105 tonnes in 2019 to 225,547 tonnes in 2025. The domestic demand for sugar is about 30,000 tonnes out of which 18-20,000tonnes is sold to industrial customers. Most sugar is produced for the export market.

4.5.2 Policy Framework

Only one of the millers has a refinery and imports raw sugar for refining and sale. The imported raw sugar (as reflected above in the trade analysis) is processed into white refined sugar and is sold through MSS. However, import levies of 100 percent apply to imported sugar with the intention of discouraging imports. The imported sugar can also be re-exported to COMESA and other export destinations. As per the rules of origin policy, exports of white refined sugar to COMESA countries could allow originated sugars to be at approximately 75%. Private importers can also import sugar which is repackaged and sold on the domestic market. Annex I shows the imports/exports of sugar from COMESA and the rest of the world.

The MSS which was set up pursuant to the Mauritius Sugar Syndicate Act 1951, is the sole organisation responsible for the marketing and export of sugar produced in Mauritius. MSS is also the organisation responsible for the sharing of proceeds from the sale of sugar and its by-products to the millers and planters.

4.5.3 Market Developments

The prices of sugar have been fluctuating over the years. The export prices are determined by the contracts that the MSS signed with buyers and also guided by the London market. The main drivers in the pricing of sugar are the cost of sugar cane, labour, crushing and refining cost, packaging and competition especially in the export market. For crushing the main cost elements were labour, transport, chemicals, and maintenance. These costs vary across the 3 millers. Table 4 below shows the ex-syndicate prices of sugar, molasses and bagasse over the last five years. The price of sugar rose steadily from 2019 to 2021 and jumped from 2022 to 2023. To determine the export price, other cost items are added such as Fob Charges, Basic Ocean Freight and Insurance.

Table 4: Ex-syndicate prices of sugar, molasses and bagasse

	Sugar, USD/Mt of sugar	Molasses and Distiller-Bottler Contribution, USD/Mt of molasses		Bagasse, USD/Mt of sugar
2019	323.99	66.80	38.99	4.07
2020	362.35	62.90	46.57	3.52
2021	407.75	70.89	28.74	80.26
2022	585.39	64.96	45.76	75.60
2023	693.43	69.00	36.02	66.58

Source: Mauritius Sugar Syndicate

4.6 Kenya

4.6.1 Market Overview

The sugar industry is very long established in Kenya and of significant size. The government of Kenya promoted the expansion of sugar from 1965 as part of a strategic approach to increase local participation. Five government-owned sugar mills were established over the next 15 years (Muhoroni, Chemelil, Mumias, Nzoia and South Nyanza Sugar). The industry was liberalised under Structural Adjustment Programmes in the 1990s and the Sugar Act of 2001 set up the regulatory framework. There are a number of private sugar mills most who entered after 2001. In total there were 16 sugar mills in 2024 (AFA KALRO 2024), although some have been producing very far below capacity.

Notwithstanding its domestic sugar production, Kenya is a net importer of sugar as domestic consumption is close to 1.2 million tonnes per annum while production has fluctuated around 600th tonnes (Figure A4-Apendix). Only brown sugar for household use is produced in Kenya and all white refined sugar is included in imports. The industry performance has also been relatively poor in terms of low cane yields and poor sucrose content which combine to mean very high production costs, more than double that in Zambia and Malawi (Mati and Thomas, 2019).[88]

There are a number of reasons why the Kenyan industry has been performing poorly with low yields of cane per hectare (averaging around 60 tonnes), low sucrose content in the cane produced and poor productivity of the sugar mills. On average mills use 12 tonnes of cane per

[88] Mati, B.M. and Thomas, M.K. (2019) Overview of Sugar Industry in Kenya and Prospects for Production at the Coast. Agricultural Sciences, 10, 1477-1485. https://doi.org/10.4236/as.2019.1011108

tonne of sugar produced (TCTS). The yields of cane per hectare are low in many areas due to a combination of factors including the altitude in some cane producing areas which means cane takes quite a long time to mature (around 16 to 24 months), reliance on rainfed production and little investment in improved cane varieties. With irrigation and good farming practices yields can be 150Mt/hectare and mills should target a TCTS of 10. There are high input costs in the form of fertilizer, although the government has included sugar in the fertilizer subsidy programme. The fertilizer subsidy price was KSh2500 per 50kg bag in early 2025 compared with the market price of Ksh 6000/bag. The government owned mills have not invested and have old and out of date machinery. Bids were invited in the first half of 2025 to operate these mills.

Sugarcane in Kenya is almost completely rainfed and 94% of cane is produced by small-scale farmers (AFA/KALRO, 2024). The area under cane production in 2023 was 259 thousand hectares (an increase from 197th hectares in 2019). Of the total area, 243th hectares were farmed by outgrowers and 16th hectares was in nucleus farms of sugar mills. Altogether there were 319,241 sugarcane farmers in 2023 (AFA 2024).

Of the 16 sugar mills, four are government owned (Muhoroni, Nzoia, South Nyanza Sugar, Chemelil). These mills collectively account for around 12% of production, far below their capacity. There is a privatisation programme underway in 2025. The Rai group includes the mills Sukari, West Kenya, Naitiri (under West Kenya), Olepito, while Sarrai group operates Mumias (although this has been contested). Together these mills had a share of 46% of total production in 2022 and the other private mills had a 42% share(Table 2).

4.6.2 Policy Framework

Kenya has been implementing safeguard measures pursuant to Article 61 of the Treaty Establishing COMESA since 2001 which are coming to an end in November 2025, following several renewals through the Council of Ministers. The safeguards were implemented to enable Kenya to undertake measures to re-structure its domestic sugar sector to attain competitiveness and become a profitable sector[89]. Safeguards protected the sugar industry in Kenya from imports from the region. This means that imports are met by quotas allocated to COMESA Member States based on the yearly Kenya sugar deficit report. The COMESA Secretariat allocates an annual duty-free quota to each sugar producing COMESA Member State based on production, consumption, surplus and exports. If Member States exceed their quotas, duties of 10% are levied. It is then up to Member States to decide how they allocate the quotas to the sugar exporters in their own countries. Kenya can also import sugar from outside COMESA on which duties are also levied. Most of imports come under quota from Eswatini, followed by Zambia and Mauritius as highlighted in the trade analysis section. Imports from Mauritius are mainly of refined white sugar given the quality of the refining in that country.

[89] Administration of the Kenya Sugar Safeguard in Focus - Common Market for Eastern and Southern Africa (COMESA)

While the application of safeguard measures is well intended and in this case considered to have increased local production to the current levels, the protection of the market from imports for sugar for household use has meant that sugar prices have been maintained at high levels to the detriment of households. In 2023 wholesale sugar prices averaged US$1200/tonne (AFA 2024) which is substantially above the landed import prices of brown sugar and higher quality white refined sugar of around $630-650 (table 5)..

The industry is governed by a Sugar Board. This was merged into the Agriculture and Food Authority in 2014. The Sugar Act of 1 November 2024 then carved out the Sugar Board again and in 2025 new regulations are being written to promote the industry and to regulate imports and exports. There is a Kenya Sugar Research and Training Institute which was merged into KALRO in 2014 and was separated out to be an independent body again in 2024.

The regulation of the sugarcane price paid to farmers means that farmers are rewarded for weight not sucrose content and this has the perverse effect that farmers may harvest cane which is not mature. Sugar production fell sharply in 2023 as 10 sugar mills were closed for four months from August to November due to the lack of mature sugarcane to mill and that farmers had been harvesting cane before it was mature. There have been several assessments of the industry performance by the government. In 2023 a policy for revitalization of the industry was adopted and the Sugar Bill of 2024 was passed. Under this legislation catchment areas have been established with several mills in each catchment area (there are four main zones, plus the coast). Farmers can be linked to mills which provide support, including with seed and ploughing to improve yields and sucrose content.

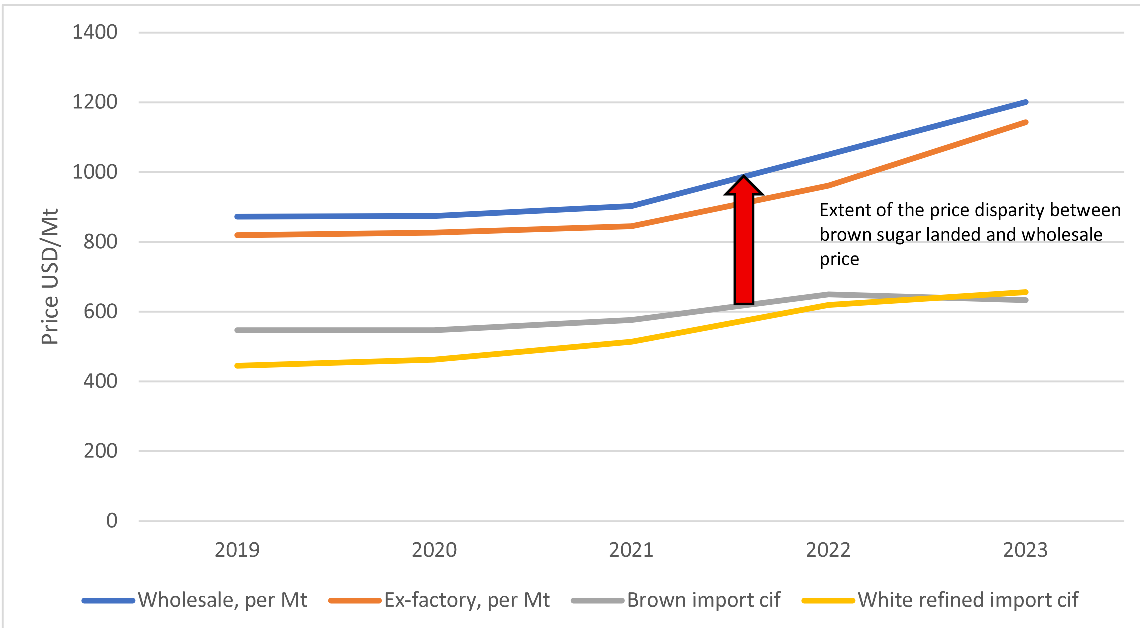
There is a pricing committee composed of representatives of farmers, the Sugar Board, millers, the Ministry of Agriculture and the Research Institute. The committee sets the cane price each quarter using a formula and based on a number of benchmarks. These include a TCTS of 10 and allowing for a split of 50:50 between farmer and miller, from the sugar price in the preceding quarter on the benchmark product of a 50kg bag of brown sugar, ex-mill, to distributors. Kenya Sugar Board gets prices daily from the mills which are aggregated on a monthly and quarterly basis for the purposes of setting the cane price.

4.6.3 Market Developments

The main industrial customers of sugar include beverage and confectionary producers. Beverage companies require industrial white refined sugar which is not produced locally even though one mill has the capacity to do so. This sugar is therefore all imported, with Mauritius accounting for a large proportion. Demand for the brown sugar produced locally is largely from distributors and retailers for sale to households. Given supply volumes locally, imports are also required to meet this demand, and imports determine the market clearing price.

The restrictions on imports, with quotas from COMESA countries and tariffs and other restrictions from non-COMESA countries - means that the prices paid by Kenyan customers are far in excess of the prices of imports landed in Kenya (Figure 18 and Table 5).

Figure 18: Comparison of wholesale prices of sugar, white refined sugar and imported brown sugar



Source: Calculated from AFA, various years, converted at average exchange rates for the years

The prices in figure 18 and table 5 reflect the prices paid to the sugar mills on an ex-factory basis which are far above the landed prices of imports. In 2023 the average ex-factory price was 80% higher than the landed import cost of brown sugar imports. The benefit of these higher prices paid by Kenyan households (equivalent to US$235mn on sales by local mills[90] in 2023) goes to the local sugar industry and to the holders of the import quotas from other COMESA countries as these pay no tariffs.

Table 5: Kenya sugar prices, US$

	2019	2020	2021	2022	2023
Retail, per kg	1.1	1.0	1.0	1.2	1.4
Wholesale, per 50kg	44	44	45	53	60
Ex-factory, per 50kg	41	41	42	48	57
Wholesale, per Mt	873	874	903	1051	1201

[90] From AFA 2024 table 20.

Ex-factory, per Mt	820	827	845	961	1143
Brown import cif	547	547	577	650	634
White refined import cif	446	463	514	620	656

Source: Calculated from AFA, various years, converted at average exchange rates for the years

The industry customers led by the beverage producers which wholly rely on imported industrial sugar do not pay this higher price and indeed the imported refined sugar price has been lower than the landed price of imported brown sugar in most years. This presumably reflects the ability to competitively source imports which are less restricted for white sugar as no local company produces this grade. It also means that there is no incentive for local sugar mills to upgrade to this product as the rewards are less than producing brown sugar.

The cane pricing formula means that this benefit from the high sugar prices in Kenya are shared with farmers. However, the application of the mechanism by weight of cane produced has had the unintended consequence of not incentivising farmers to improve the sucrose content. This means mills use energy and machinery to process cane which is not mature. The weak relationships with farmers and the very small nucleus estates mean that mills have not been able to reward improved farmer behaviour in other ways. It has been the case that a mill works with farmers through advice and providing access to better inputs only to see the farmer sell the cane to another miller. Ultimately the poor industry performance has meant ongoing protection to the cost of Kenyan households but without the protection improving the industry. The quotas mean that the gains from intra-COMESA trade are not realised even while holders of the quotas can reap very large margins on the sugar imported duty free.

The potential for a much more productive and efficient industry is illustrated by some outlier producers which perform much better than the average by combining efficient power generation, production of products such as paper and fertilizer from the by-products, with sugar production.

5. Competition Assessment

This section assesses the competition dynamics in the focus countries starting with the concentration levels in milling within and across countries. Second, an analysis of barriers to entry is undertaken. Third, the section looks at the impact of regulations and government policies on regional trade and competition dynamics within countries. Lastly, it looks at the impacts on consumers and independent cane growers.

5.1 Concentration Levels and Pricing

The sugar milling level of the value chain is highly concentrated in five of the six focus countries with quasi-monopolistic markets in Malawi, Zambia, Zimbabwe and Eswatini. There are three millers in Mauritius of roughly equal size and 16 mills in Kenya. The levels of concentration within the Member States is highlighted in the previous section. On concentration across the region, the findings of the study show that from the demand side for household and industrial sugar, the geographical market is national in some countries such as Malawi, Eswatini, Zambia, Zimbabwe due to the existing government regulations that make it difficult to import sugar. For Kenya, market for household sugar is national while that for industrial and refined sugar is regional from the demand side. From the supply side, there appear to be two distinct geographical markets that is the domestic and regional market with different competitive constraints in each of these markets. It is noted that while the domestic markets are highly concentrated in five of the six countries, the same cannot be said in the regional market where the entities face fierce competition. This is also reflected in the differences in the prices between the domestic and regional markets.

With regards to pricing, the deficit in Kenya means prices are set by imports, on which there are extensive restrictions for brown sugar including the existing COMESA safeguards. Kenya only produces brown sugar while also importing this product to meet demand. Kenya imports all its white and refined sugar including industrial sugar specifications such as for the beverage industry. The analysis above shows that the average ex-factory price of brown sugar was 80% higher than the landed import cost and this shows that there is little to no domestic price competition in Kenya. The industrial and refined sugar which is not produced in Kenya has lower prices than brown sugar, reflecting that it is less protected as a result of the differential trade regulations which are applied.

In terms of how prices are set in the other countries, in Eswatini and Mauritius the millers have no direct market access and do not set sugar prices meaning there is little to no price competition within the countries. In Zimbabwe, Malawi and Zambia the markets are more liberalised but quasi-monopolistic. In Zimbabwe, 80% of the sugar is produced by the main miller while the other smaller processor is reliant on the main miller for raw sugar. Given this relationship, there is little room for price competition in Zimbabwe as the key cost driver (raw sugar) is determined by the main miller. In Malawi the main miller accounts for 91% of the market and produces all types of sugar consumed in Malawi, while the second miller only produces brown household sugar and has limited presence meaning any price competition is extremely limited.

In Zambia, although there are four millers, the main miller has 84% market share with the other three collectively accounting for 16% of the market. We note that only the main miller produces all types of sugar consumed in Zambia and the other millers focus on specific types limiting potential price competition. The main millers in Zambia and Malawi are also both part of the ABF/Illovo corporate group.

The different and generally high sugar prices across countries therefore appear not to result from competition, which is generally lacking, but are mainly due to the government regulations along with price-setting power of dominant producers. After assessing barriers to entry, the study therefore considers the regulatory impacts in sugar.

5.2 Barriers to Entry

There are high barriers to entering and competing effectively in sugar supply resulting from a combination of the need to be able to access large quantities of sugar cane from farmers or the mill's own estates, the capital investments necessary for a milling plant, the logistics required for distribution and the regulatory hurdles and approvals.

Access to raw sugar and regulatory issues

The incumbent millers in each country crush sugar cane from own estates as well as procuring sugar cane produced by independent growers. This means that to be an effective competitor, a new entrant will need to be able to grow own sugar cane which requires land and water rights. They may also conclude supply agreements with independent growers which means that these growers will need to have invested in establishing operations. Independent growers supplying other mills may be attracted, however, this is likely to be a challenge for the volumes required. There are typically already existing agreements in place with the incumbents either through regulated allocations or because millers have signed exclusive agreements with independent growers. The relationships reflect the interdependence between sugarcane farmers and millers taking into account the high transport costs for cane and the importance of high-quality cane for the efficiency of milling operations.

For instance, in Eswatini, independent growers are legislatively mandated to deliver their sugar cane to designated mills based on daily quotas managed by Quota Allocation Board and this Board also allocates a quota of how much sugarcane growers can produce. This means any new entrant will need to go through the regulatory processes to be part of the quota system. Mauritius has a similar process as Eswatini in terms of sugar cane production and allocation to millers. Even within this system, there are supply constraints as Mauritius has seen the numbers of mills reducing as they were not receiving sufficient raw materials to achieve economies of scale and the remaining mills in Mauritius are not operating at full capacity for the same reason.[91]

In countries where the markets are more liberalised, independent growers have existing supply agreements with millers, and some are exclusive agreements with long tenures. For instance, in Malawi, independent growers have exclusive supply agreements with the main miller (Illovo Sugar), and some have a 25 year duration. We however note that when Salima Sugar entered the market in Malawi, some of the independent growers who had exclusive supply agreements with Illovo Sugar also supplied sugar cane to Salima Sugar. Illovo Sugar did not seek penalties because the Malawian government is a shareholder of Salima Sugar.[92]

In Kenya competition by millers for cane coupled with rewards for cane farmers based on weight without regard for sucrose content has led to low quality cane production and inefficiencies across the industry.

Capital requirements

The incumbent millers have generally been operational for a long period of time and have made upgrades and increased installed capacity over time. They have also invested in distribution logistics and have upgraded them over time. A new miller will need to invest in large-scale efficient milling plant and similar distribution logistics to the incumbent.

Estimates of the capital investment required to establish a mill vary considerably. For example, in Malawi it was estimated that an investment of US$25-30 million was required to set up a milling plant that will crush 2500 up to 3000 tons of sugar cane a day.[93] In Zimbabwe, it was estimated that a capital outlay to set up a new sugar mill, including the necessary estate, can reach up to US$260 million.[94] There is also a need to set up distribution logistics and this will require further funding. There is however an option to outsource this function to third-party operators, but many already have contracts with the incumbents which means at the least the new entrants will have to match the rates offered by the incumbents who have economies of scale. There are also exclusive arrangements in place such as in Malawi wherein distributors cannot sell sugar for competing millers.

[91] Interviews with stakeholders
[92] Interviews with stakeholders
[93] Interviews with stakeholders
[94] Interviews with stakeholders

5.3 Impact of Regulations and Government Policies.

The main regulations and government policies that are affecting regional trade and competition dynamics within countries are regulations of the prices of sugar cane, and non-tariff trade restrictions. All six countries have regulations of the division of proceeds, through the price and terms on which cane farmers are paid. In all of the countries, there are trade restrictions to a varying degree on trade in sugar which heavily influences the sugar price.

Regulation of trade in sugar

There are extensive restrictions on imports of sugar in all of the countries. In highly concentrated markets with high barriers to entry which are often characterized by little to no price competition, imports can be a source of potential competitive constraints. In this way regional integration can work together with competition. Local millers and distributors facing cheaper imports would reduce their own prices or lose market share. This competitive process would see prices reducing to more competitive levels over time under more integrated regional markets.

The trade restrictions in place, however, prevent cross-border competition and, as such, are the most important determinants of prices. Trade protection may be justified by arguments that sugar production around the world is subsidized and so prices in global markets are artificially suppressed, but this would not seem to apply to trade within COMESA countries.

In Eswatini, Malawi and Zambia, sugar is classified as a sensitive product and this means imports are only permitted during periods of shortages and require government approval after consultation with relevant stakeholders including the incumbent millers. Similarly, in Zimbabwe, sugar imports require licenses and only up to 20% of the total supply may be imported. In Zambia, only members of the Zambia Sugar Association who are millers and distributors are allowed to import, nullifying the potential competitive constraint imports could play. In Mauritius, there are import levies of 100 percent to discourage imports. This means that in all five countries which are net exporters with relatively low production costs the incumbents in the concentrated national markets are nevertheless highly protected.

Kenya is a net importer of sugar and has had COMESA safeguards since 2001which limit imports of household sugar. This safeguard to protect Kenya's local industry from imports has been repeatedly renewed, with the final extension due to run until November 2025. Under the safeguard quotas are allocated to COMESA members, with most imports coming from Eswatini, Zambia and Mauritius. Tariffs and other restrictions are applied to non-COMESA countries.

Regulation of sugarcane prices and terms

Independent growers are dependent on millers to buy their sugar cane with the bargaining power weighted heavily in favour of the concentrated miller(s). However, it is also the case that millers depend on growers to produce quality sugarcane and that this is assisted by longer-term relationships.

In markets where there are independent regulations on the split of revenues, the independent growers share of proceeds is much higher. This is reflected in the differing formulae used for the share of the proceeds from sugar production, which underpin the sugar cane price paid to farmers across countries.

In Malawi and Zambia, the main millers (both owned by ABF/Illovo) can set their own terms in the absence of separate regulations and pay 60% to the growers. This compares with 68% in Eswatini, 77% in Zimbabwe and 78% in Mauritius of the share of the proceeds which are paid to cane growers. In Kenya the division has been around 63% (AFA/KALRO 2024), however, there are proposals to re-regulate including on the formula used.

Illovo Sugar in Malawi has been unwilling to change growers' share of proceeds from the 60% proportion which was agreed upon when Illovo Sugar provided inputs such as fertilizer to growers, which it has since stopped providing.[95] Similarly in Zambia, ABF/Illovo's Zambia Sugar is the only miller which has supply agreements with independent growers and these growers receive 60% of the proceeds. The farmers also do not receive any proceeds from the sale of by-products such as molasses and bagasse. By comparison, the independent growers in Mauritius receive revenue from the by-products.

5.4 Impact on consumers and independent growers

The impact of higher prices is, by definition, born by consumers. This may be justified by the benefits of supporting the industry including the many cane growers, however, it may also reflect higher margins being earned by the sugar producers. We start by considering price information relative to what might be expected if restrictions on trade within COMESA were relaxed. This is, however, hampered by the availability of information.

Table 6: Sugar prices, costs and returns to growers, 2023/24, US$

	Eswatini	Kenya	Malawi	Mauritius	Zambia	Zimbabwe
Sugar produced price domestic, Mt	572[96]	1143	983	693	795[97]	927
Household, bulk, Mt		1201				1100
Industrial, bulk, Mt		656[98]				850/950
Sugar prod price export, Mt			630		743[99]	542

[95] Interviews with stakeholders
[96] Calculated from sugar sales revenue and sugar sales volumes for year to 31 March 2024 in Eswatini Sugar Association AR. This is aggregated for raw sugar, direct consumption sugar and refined sugar.
[97] Calculated from local revenue and local sugar sales for year to 31 August 2024 in Zambia Sugar Illovo AR. Note, this does not take account of local molasses sales which may be included in local revenue.
[98] This is the import price, mainly from Mauritius.
[99] From Zambia Sugar AR export revenue and volumes, most exports were to the DRC.

Retail, per kg	1.16[100]	1.40	1.54 (brown) 1.72(refined)	1.23 (white)	1.15[101]	1.30
Share of proceeds to cane growers	68%	63%	60%	78%	60%	77%
Operating costs, lead company					490[102]	
Operating profit, % of revenue			30%[103]		34%[104]	

Source and notes: as in Table 1

Impact on consumers

Insights from interviews and the analysis conducted shows that domestic sugar prices in our focus countries are high overall, and much higher in some countries than others.

In terms of bulk prices, for comparison, white sugar prices quoted in London in 2024 averaged US$511/Mt.[105] This compares with bulk prices of sugar which are substantially above US$1000/Mt in Kenya and Zimbabwe (for household sugar) and close to US$1000/Mt in Malawi (Table 6). By comparison, prices in Mauritius have been under US$700 and under US$600/Mt in Eswatini, consistent with these countries being significant net exporters. It also compares with the prices of imported higher quality refined sugar for industrial users (such as beverages) of US$656/Mt in Kenya (including imported from Mauritius) on which protection is not applied because it is not manufactured in Kenya. The average price for exported sugar by producers in Malawi and Zimbabwe (before transport and related costs) has been even lower than this at US$630/Mt and US$542/Mt respectively. The export price from Zambia at an average of US$743/Mt is mainly on exports to the DRC (overland to the copper belt) which is akin to a local market for Zambia.

Trade between the COMESA producers would be expected to bring prices down at least towards the prices on exports which are allowed, as indicated by the industrial sugar imported into Kenya and the export prices by Malawi, Zimbabwe and Zambia, to which transport costs would be added (of around US$50-80/Mt based on estimates for other bulk products). For

[100] The price per kg of sugar in Eswatini is for 2024 calculated from the 3kg pack prices collected by the authority

[101] June 2024, when government capped 2kg price at K60, calculated as a per kg price from the 2kg pack.

[102] Per Mt of sugar produced. In FY2024 this was higher than sugar sold, used in the average sugar price. Note the costs include payments made for services from the parent group (administration expenses were equivalent to 11% of Revenue in 2024.

[103] 2023, from Annual Report (2024 AR is not available). Note this profit is after depreciation. It is after deducting costs amounts due to holding company and fellow subsidiaries which were equivalent to 18% of total revenue, mostly to Illovo Sugar Africa and Group for 'procurement of goods and services' (AR p162-165).

[104] From 2024 AR p64, Total group revenue and operating profit. Includes profit from internal cane growing. After depreciation.

[105] Figure 4.5A https://www.oecd.org/en/publications/2025/07/oecd-fao-agricultural-outlook-2025-2034_3eb15914/full-report/sugar_a824c3c3.html For comparative purposes, the 'recoverable value' in South Africa for sales of the sugar and molasses manufactured in 2023/24 was R7430 or around US$400 https://sasa.org.za/facts-and-figures/

2023/24 this would have been in the range of US$600-700/Mt, in line with prices in Mauritius and for the imports of industrial sugar allowed duty-free into Kenya.

In Malawi, the domestic sugar price is much higher than the exported price as millers face more competition in the export market than in the domestic market where they are protected from competition due to existing legislation and policies. In addition, industrial customers in Malawi also indicated that in periods where they were allowed to import due to shortages in local supply, the landed prices of sugar were cheaper than the domestic prices.[106]

In Kenya, we have shown that the average ex-factory price of domestic brown sugar was 80% higher than the landed import cost of brown sugar and substantially higher than the price of imported higher quality industrial sugar. In Zambia, imported sugar is cheaper than the domestic price.[107] In addition, customers also indicated that Zambia Sugar imposes price increases and there is no scope for negotiations as it is the main supplier, and the only miller producing all different types of sugar in Zambia.[108]

Similarly, in Zimbabwe, when government temporarily suspended import duties on sugar in late 2023, there was an influx of low-priced imports and this saw the domestic volumes of millers reduce to an extend that there were significant increases in exports by Zimbabwean millers. This reinforces the view that the protection of local millers from imports leads to the exploitation of local customers as they incur higher costs.

Mauritius producers are not especially low cost and the producers pay the highest share to cane growers (as the cost of cane), however, most of the refined sugar produced is exported to other countries where it has to compete and this appears to be taken into account in local pricing.

It is worth noting that industrial sugar buyers include very large companies who are able to lobby for more favourable pricing while households sugar consumers bear the highest prices. However, data gaps mean we are unable to make good comparisons of retail prices charged to consumers.

Impact on cane farmers

Sugar millers and cane farmers are mutually interdependent with the balance of power in the hands of the millers. This means that high sugar prices charged by millers with market power and set behind trade protection are not necessarily passed on to cane farmers in the cane price as this also depends on the percentage share which varies by country. The much greater power in the hands of the millers is the rationale for the regulations which are applied in some countries to determine the cane price paid to farmers. However, weak regulation combined with market power means that some of the highest sugar prices are associated with the lowest

[106] Interviews with stakeholders
[107] Interviews with stakeholders
[108] Interviews with stakeholders

share to cane farmers meaning that the miller captures the majority of the high profit margin being made.

Competition for cane is not necessarily better than dependence on one dominant miller. In Kenya cane farmers have been able to switch between millers. This has been part of extensive inefficiencies in the industry as cane is transported longer distances to alternative mills, farmers sell cane with low sucrose content increasing milling costs and millers have been unable to work effectively with cane farmers to improve farming practices. Changes underway in 2025 are enabling mills to work with farmers in catchment areas to improve cane yields.

6. Conclusion and Recommendations

In this study, we have analysed market structure and market outcomes in sugar supply across six COMESA countries with a specific focus on the milling level of the value chain. The study revealed that sugar milling is highly concentrated which is linked to inherent features of the industry, notably scale economies in sugar milling and the high costs of transporting cane. This has implications for cane farmers and for consumers. Sugar prices in most countries are substantially above reasonable levels, including prices in the lower priced COMESA countries led by Eswatini and Mauritius.

While industries are generally concentrated at the national level, there is considerable scope for competition in sugar through trade and regional integration, with benefits for consumers and in stimulating productivity and efficiency improvements on the part of producers. Sugar is a globally traded commodity, and COMESA includes countries with excellent conditions for growing sugar.

State support for sugar industries internationally such as the USA and European countries has been a justification for extensive protection of domestic industries, however, this is not a justification for protection within COMESA. The various trade restrictions mean that trade among COMESA members is far less than it could be and there is a lack of competition meaning prices can be set by dominant firms. The restrictions undermine the benefits of having a Common Market such as COMESA. Consumers across COMESA would realise substantial gains, especially in very high price countries such as Kenya, Malawi and Zimbabwe.

Regulation is nevertheless important, especially to ensure a fair share of returns with sugarcane farmers and investment in farming systems to improve overall performance such as irrigation and improved varieties. This is essential with increased weather variability associated with climate change. Regional competition can ensure that the benefits flow to consumers and companies are induced to improve efficiencies in a wider regional market.

Below we summarise the specific issues from each of the participating Member States and make recommendations.

Eswatini

Summary

The market in Eswatini is dominated by Two millers that is RES and Ubombo. However, they also have a common major shareholder (Tibiyo Taka Ngwane) which limits intra-industry competition. The Eswatini Sugar Association (ESA) is also a key player that regulates the market and is responsible for marketing and sales of sugar pursuant to the Sugar Act of 1967. Eswatini is a net exporter of sugar mainly to SACU/EU. The choice of export destination by Eswatini is also guided by the existence of credit guarantees for the importing nations. In this case, Eswatini would find it easier to export to South Africa as opposed to some of Member States of COMESA. Sugar is considered a sensitive product and highly controlled for both exports and imports. Imports are tightly controlled through licensing hence import competition is limited.

The prices of sugar are set by ESA and the domestic prices track import parity. Industrial users raised concerns of high prices of sugar with no discounts offered for “off-spec” supply especially during the period January to April, which will be priced at full rates, making their manufactured products uncompetitive with regional products. Concerns were raised on inflexible quotas or approvals which limit production and restrict market access for new entrants. Pre-packers are not allowed to export directly but through ESA which is considered as both a player and a regulator. Farmers are paid 68 % based on the Division of Proceeds (DoP) while millers retain 31%. Payments are based on sucrose content and price of final sugar in the market. There are concerns raised on the testing of sucrose content which the growers need to have access to and the sharing of proceeds from by-product that is bagasse and molasses. Concerns were also raised on the implementation of the Sugar Act by the ESA that has been in force since 1967.

Recommendations

Based on the above, the study recommends the following to the Government of Eswatini:

The Government to:

i. Consider looking into the relationship between Millers and Growers in terms of putting in place mechanisms that farmers can be able to verify the independent sucrose testing laboratories results, with grower representation, as well as sharing of by-product revenues in the price of sugar cane. Consideration could also be made on whether the existing DoP (68.1:31.9) allows a fair share of payment to the growers.
ii. Issuance of imports permits should not be conditioned on millers’ approval. Consider setting up an Import License Issuing Committee where none of the Members has the sole authority of determining the issuance of import permits. Such a committee may be composed of the following stakeholders among others

- Ministries responsible for trade, industry and agriculture
- Manufacturers Association
- Consumer Association
- National Competition and Consumer Protection Authorities
- Any other Stakeholders that the Government may deem appropriate

iii. Consider trade facilitation measures that simplify the acquisition of import permits, especially during domestic shortages, to reduce price spikes that affect local manufacturers.
iv. Consider setting up an import trigger mechanism that could include pre-published price or stock triggers for time-bound import windows open to industrial customers. Priority could be given to imports of sugar of COMESA origin where feasible.
v. Implement measures that enhance domestic competition among the millers, for example allowing independent marketing of sugar.
vi. Consider the review of the Sugar Act to address some of the identified issues including the role of ESA which appears to act as a regulator and market participant.

Kenya

Summary

The market in Kenya has 16 mills with the Rai Group controlling 46% share of private production. Competition remains weak among the millers in the market with government-controlled mills being under-capitalised, antiquated and have inefficient machinery. Sugar cane growers are paid based on weight of sugar cane which has an implication on the quality of cane sent to the millers, with low sucrose content and high TCTS. This also weakens incentives for producing mature and quality sugarcane. The indicative DoP paid to farmers is 63%. In an addition, the maturity for sugar cane in Kenya ranges from 16-24 months which is longer than in other countries. The study also noted that Kenya is investing in better cane varieties which may have a lower maturity date. This may have an implication sugar cane productivity. Kenya's production of sugar is lower than consumption and mainly produces household sugar while industrial sugar is imported. It has had COMESA safeguards since 2001 with quotas allocated for imports of sugar from COMESA, which are set to expire in November 2025. Kenya is a net importer particularly on industrial sugar. The COMESA safeguards coupled with the licensing requirements limit the importation of household sugar and household consumers have been paying higher prices for sugar in excess, for example 80% over the landed cost in 2023. Over the period of assessment from 2019 to 2023, consumers have been paying higher prices for sugar compared which is even higher than the landed cost of white refined sugar used by industries. The study noted that the Sugar sector is undergoing transformation as all Government owned Mills were in the process of being privatized. The Sugar Act of 2024 established the Sugar Board and introduced zoning for sugar cane millers. The implementation of the Act is still ongoing.

Recommendations

Based on the above, the study recommends the following to the Government of Kenya:

The Government to:

i. Consider adopting measures that increase sucrose content in sugar cane. Such measures could include considering payments based on Estimated Recoverable Crystal to align incentives.
ii. As the safeguards expire, the Government could consider shifting support to tools that will enhance productivity such as improved seed cane varieties rather than protecting the industry from competition.
iii. Consider setting up an import trigger mechanism that could include pre-published price or stock triggers for time-bound import windows open to industrial and retail customers. Priority could be given to imports of sugar of COMESA origin where feasible.

Malawi

Summary

In Malawi the sugar industry is dominated by Illovo which has a market share of about 91% while Salima Sugar holds the rest of the share of the market. Illovo is the only entity that produces both household sugar and industrial sugar while Salima Sugar only produces limited quantities of household sugar. There is no competition in the sugar market in Malawi. Sugar cane growers have contracts with Illovo to exclusively supply the cane and are paid based on ERC. The DoP model of payment applies with farmers being paid 60 % while the millers retain the rest. For Salima, farmers are paid farm gate prices. There are also concerns that the 60% is too low and was determined at the time when the miller was providing technical and financial support to the growers which is no longer the case. There are also concerns as to why farmers do not obtain any revenue from the sales of bagasse and molasses. Illovo also have exclusive contracts with distributors in Malawi for the supply of both household and industrial sugar. The distributors are also restricted from operating in specific territories within the country as allocated by Illovo.

Sugar is a controlled product, exports and imports are regulated through the Ministry of Trade and Industry, and the sugar is required to be fortified with vitamin A. Imports are only allowed if the producers in Malawi cannot meet demand and exports have been controlled since 2022 as producers can only export after meeting local demand. However, the price of sugar in the domestic market is higher than the export rice with price disparities ranging from 56%-85%. The landed cost of importing sugar is lower than the domestic price even though Malawi is among the most efficient producers of sugar in the region.

Recommendations to Government

Based on the above, the study recommends the following to the Government of Malawi:

The Government to:

i. Consider looking into the relationship between Millers and Growers in terms of putting in place independent sucrose testing laboratories, with grower representation as well as sharing of by-product revenues in the price of sugar cane. Consideration could also be made on whether the existing DoP allows a fair share of payment to the growers.

ii. Issuance of imports permits should not be conditioned on millers' approval. Consider setting up an Import License Issuing Committee where none of the Members has the sole authority of determining the issuance of import permits. Such a committee may be composed of the following stakeholders among others
    - Ministries responsible for trade, industry and agriculture
    - Manufacturers Association
    - Consumer Association
    - National Competition and Consumer Protection Authorities
    - Any other Stakeholders that the Government may deem appropriate.

iii. Consider setting up an import trigger mechanism that could include pre-published price or stock triggers for time-bound import windows open to industrial and retail customers. Priority could be given to imports of sugar of COMESA origin where feasible.

iv. Competition and Fair Trading Commission (CFTC) to consider investigating and remedy the exclusive distributorship agreements that prevent the distributors from operating outside their territories.

Zambia

Summary

The sugar industry in Zambia is dominated by Zambia Sugar whose shareholders are Associated British Foods. Zambia Sugar has a market share of 84% with the rest of the market shares split among Kafue, Mansa and Kasama Sugar. There are independent growers that supply sugar to Zambia Sugar through the supply agreements, and these are paid based on ERC. The other millers mainly rely on growing and milling their own sugar cane. The farmers supplying Zambia Sugar are not paid for the by-products from processing sugar. Zambia is a net exporter of sugar, however, prices on the domestic market tend to be higher for both household and industrial sugar compared to the prices in the export market. Consumers in the domestic market, including industrial customers, have no bargaining power.

Further, sugar is a controlled commodity and there are requirements for all household sugar sold in the domestic market to be fortified with vitamin A. Imports and exports of sugar can only be done by members of the Zambia Sugar Association and import and export licenses are a requirement. The issuance of permits is conditional upon confirmation by the incumbent millers. In 2024, the Government imposed an export ban to stabilize the rising prices in the domestic market as opposed to allowing imports of the commodity. There have been concerns about the power of the millers in influencing prices of the commodity and a call for regulation of the market with a draft Sugar Act in place.

Recommendations to Government

Based on the above, the study recommends the following to the Government of Zambia:

The Government to:

i. Consider opening import licensing to Industrial users and retailers under clear rules taking into account quality and fortification requirements among others, during high-price episodes, as this could ensure competitive discipline in the market.
ii. Issuance of imports permits should not be conditioned on millers' approval. Consider setting up an Import License Issuing Committee where none of the Members has the sole authority of determining the issuance of import permits. Such a committee may be composed of the following stakeholders among others
    - Ministries responsible for trade, industry and agriculture
    - Manufacturers Association
    - Consumer Association
    - National Competition and Consumer Protection Authorities
    - Any other Stakeholders that the Government may deem appropriate.

iii. Consider setting up an import trigger mechanism that could include pre-published price or stock triggers for time-bound import windows open to industrial and retail customers. Priority could be given to imports of sugar of COMESA origin where feasible.
iv. Consider looking into the relationship between Millers and Growers in terms of putting in place independent sucrose testing laboratories, with grower representation as well as sharing of by-product revenues in the price of sugar cane. Consideration could also be made on whether the existing DoP allows a fair share of payment to the growers.
v. Accelerate the enactment of the Sugar Act with provisions for fair contracts, transparent pricing, non-exclusive marketing as well as competition and consumer protection related matters.

Mauritius

Summary

The sugar market in Mauritius is highly regulated from the growing of sugar cane to the sale of the product. The market is also subsidized as farmers receive strong state support via fertilizer subsidies, grants and concessional finance. There are several legislation and institutions responsible for the sugar market. Three millers operate in the market, that is Terra, Omnicane and Alteo whose market shares have been fluctuating over the years with no single one of them holding outlier market share in comparison to others over the period of assessment. Millers grow their own cane and also obtain cane from independent growers who are paid based on ERC. The independent growers are paid 78% of the market value of sugar supplied while the miller retains 22%. Growers are also paid for the revenue generated from the by-products in the same ratio.

All sugar once produced is sold and marketed through the MSS who are also responsible for paying the millers and growers once sugar is sold both in the domestic and export markets. Mauritius is a net exporter of sugar and in periods where there is insufficient sugar cane, there are imports of raw sugar from Brazil for purposes of refining for export in order to meet their external contracts. However, there is a levy of 100% applied on raw sugar imports. The domestic demand is smaller than what is produced, and the study noted that millers produce for the export market with the prices tied to the contracts and the London market. The regulations and structure of the market may ensure transparency.

Recommendations to Government

Based on the above, the study recommends the following to the Government of Mauritius:

The Government to:

i. Consider COMESA originating refined and raw sugar when domestic supply gaps arise.

Zimbabwe

Summary

The sugar market in Zimbabwe has two market players that is Tongaat and Star Africa. However, Tongaat is the only miller producing raw sugar. It obtains 80% of its sugar cane from its own fields while 20% is from independent growers. Growers of sugar cane are paid based on sucrose content with a DoP of 77:23 or based on weight. For farmers that opt for payment based on DoP model, there are concerns on the determination of the sucrose content as such several farmers opt to be paid based on weight. Sugar is a controlled product with restrictions on imports and exports. Licensing restricts imports to less than 20% of supply.

Prices in the domestic market tend to higher than those in the region and there are concerns that Star Africa which relies on raw sugar from Tongaat faces high prices in the domestic market compared to the region. For example, in 2023 Star Africa paid US$662/MT for raw sugar from Tongaat compared to the regional parity of US$550/MT. Consumers also face high prices and it was noted that in 2023 when imports were allowed prices in the domestic market fell. There are also concerns that the Sugar Production Control Act of 1964 is outdated and misaligned with today's market structure.

Recommendations to Government

Based on the above, the study recommends the following to the Government of Zimbabwe:

The Government to:

i. Consider creating a transparent raw-sugar import window at regional parity. Consideration could be made to prioritise sugar from the COMESA region where feasible.

ii. Issuance of imports permits should not be conditioned on millers' approval. Consider setting up an Import License Issuing Committee where none of the Members has the sole authority of determining the issuance of import permits. Such a committee may be composed of the following stakeholders among others
   - Ministries responsible for trade, industry and agriculture
   - Manufacturers Association
   - Consumer Association
   - National Competition and Consumer Protection Authorities
   - Any other Stakeholders that the Government may deem appropriate.
iii. Consider setting up an import trigger mechanism that could include pre-published price or stock triggers for time-bound import windows open to industrial and retail customers. Priority could be given to imports of sugar of COMESA origin where feasible.
iv. Consider looking into the relationship between Millers and Growers in terms of putting in place independent sucrose testing laboratories, with grower representation as well as sharing of by-product revenues in the price of sugar cane. Consideration could also be made on whether the existing DoP allows a fair share of payment to the growers.
v. Expedite the review of the Sugar Act.

COMESA Competition and Consumer Commission (CCCC)

Recommendations

Based on the above, the study recommends the following to the CCCC:

i. Advocacy to governments to implement steps to reduce trade restrictions, enhance competition and increase intra-regional trade to realise a growing industry, improved efficiencies and better prices.
ii. Develop and publish a COMESA Sugar Dashboard highlighting ex-factory, export, retail prices, trade flows, DoP ratio to benchmark countries and signal when competitive responses are warranted.

COMESA Secretariat
Recommendations

i. To enhance regional trade, there is a need for comprehensive investment in cross-border infrastructure and the harmonization of border clearance procedures. Trade-supportive policies in key markets are essential, along with stronger safeguards against global price distortions. Such measures would improve the ease of doing business and foster greater trade integration within the region.

ii. Model a sugar trade facilitation rule to allow for automatic import-trigger windows, transparent quota allocation (if any), and non-discriminatory access for industrial and traders.

Annexures

Annex I: Mauritius Sugar production, consumption and exports[109]

Output/Trade	*Sugar type*	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*
Total Domestic Production	Brown	119,214	129,847	138,059	149,053	138,923	145,570	133,499
	White/refined	109,474	108,115	94,648	106,765	131,952	185,535	189,907
	Total	228,688	237,962	232,707	255,818	270,875	331,105	323,406
Total Domestic Consumption	Brown	5,900	6,502	5,535	4,416	3,516	2,524	3,399
	White/refined	28,657	27,546	25,319	23,094	12,848	10,850	12,905
	Total	34,557	34,048	30,854	27,510	16,364	13,374	16,304
Domestic Surplus/ Deficit	Brown	113,314	123,345	132,524	144,637	135,407	143,046	130,100
	White/refined	80,817	80,569	69,329	83,671	119,104	174,685	177,002
	Total	194,131	203,914	201,853	228,308	254,511	317,731	307,102
Exports to COMESA	Brown	2,518	9,234	7,452	38,625	46,589	45,745	22,732
	White/refined	45,142	36,461	72,198	61,206	33,631	42,110	62,708
	Total	47,660	45,695		99,831	80,220	87,855	85,440
Imports from COMESA	Brown	0	0	0	0	0	915	0
	White/refined	715	150	0	576	5,366	10,010	500
	Total	715	150	0	576	5,366	10,925	500
Total exports to the world (incl. to COMESA)	Brown	114,690	122,887	129,776	131,480	149,439	150,377	106,583
	White/refined	169,021	175,331	197,546	198,051	211,790	258,569	169,715
	Total	283,711	298,218	327,232	329,531	361,229	408,946	276,298
Total imports from the world (incl. from COMESA)	Brown	91,893	87,505	67,114	110,778	44,454	85,800	3,074
	White/refined	1,360	251	5,274	4,571	15,450	17,333	21,525
	Total	93,253	87,756	72,388	115,349	59,904	103,133	24,599

[109] Mauritius Sugar Syndicate

Annex II: Interviews/Engagements

	Millers/Refinery	Independent Growers	Distributors	Industrial users	Industry Association	Government/ Regulators
Eswatini	2	4	1	3	1	2
Kenya	5			6		5
Malawi	2	4	2	5		1
Mauritius	3	1	1			4
Zambia	3	1	1	2	1	3
Zimbabwe	2		1	2	1	2

Annexures: Additional country-specific information

1. Eswatini appendix

Table A1: Sugar Cane Production and Yields in Eswatini

Marketing Year	Cane Production (MT)	Planted Area (Ha)	Harvested Area (Ha)	Cane Yield (MT/Ha)
2016/17	4,973,571	61,073	56,420	88
2017/18	5,405,151	62,000	57,700	94
2018/19	6,197,753	65,000	59,520	104
2019/20	5,690,255	68,000	60,000	95
2020/21	5,759,016	60,424	58,523	98
2021/22	5,266,602	58,849	57,048	93
2022/23	5,539,396	60,622	57 394	97
2023/24	5 153 199	64,000	58 840	88

Source: Eswatini Sugar Association and Eswatini Cane Growers Association Annual Reports

Climate change has a significant impact on production. The unpredictable weather with extremes of rainfall and temperatures, as well as recurring droughts, affects sugar production. 2020 saw increased rainfall, leading to aphid infestations in the last 4 years, which can impact up to 20% of fields and disease outbreaks due to heat stress. 2023 had excessive cloud cover, depriving the crop of the optimal conditions of a balance of rain and heat. Cane lodging caused by storms made harvesting difficult and reduces sucrose content. Other challenges included: Fertilizer shortages in 2022, impacting yields, Labour shortages are affecting output such that some sugarcane growers are exploring mechanical harvesting. There are no government subsidies to mitigate these challenges. Water for irrigation is managed through the Department of Water Affairs, with fixed allocations. The other challenge is that there is no formal contract between growers and millers; instead, out growers deliver cane to designated mills as assigned by ESA.

The industry is also subject to strict quality and sustainability standards, including certifications under ISO 9000 (quality), ISO 14000 (environment), and ISO 22000 (food safety). In addition, Bonsucro audits are conducted to assess compliance with sustainability benchmarks. While these certifications enhance the reputation and export competitiveness of Eswatini's sugar industry, however these come at a considerable financial cost.

Milling

In Eswatini, sugarcane milling operations begin in mid-April and conclude between November and December, in line with the country's harvest cycle. During this period, the sugarcane sucrose content fluctuates, starting low at the onset of the season, peaking mid-way, and then tapering off as the season ends. To manage these natural fluctuations and ensure equitable grower compensation, the industry utilizes a relative sucrose line, which helps normalize payments by flattening the bell curve that reflects seasonal sucrose variation due to harvest timing and climatic differences from April to October.

A staggered harvesting schedule is used to ensure continuous milling operations, as the entire national cane crop cannot be processed simultaneously. Sucrose testing is conducted on about 80% of cane deliveries, forming a core component of grower payment calculations. These tests are carried out by independent laboratories and ESA. Plans are underway to establish a new testing laboratory at a local university, aimed at expanding testing capacity and improving transparency and trust in the system. Sucrose yields vary by cane variety and harvest timing, with peak yields reaching up to 25 tonnes of sucrose per hectare, while off-peak yields can drop to as low as 10 tonnes per hectare.

RES

RES is the biggest miller cum planter in the Eswatini sugar milling sector. RES employs around 4500 workers, both permanent and seasonal. The firm produces two-thirds of its cane requirements and outsources only one-third. RES supports the outgrowers through partnerships with institutions like Fincorp, managing irrigation and field operations under agreements that prioritize loan repayments to Fincorp. RES can grow all their sugarcane by themselves, as some of the outgrowers find it difficult to deliver at night, whereas their nucleus estates can deliver 24 hours. RES operates two sugar mills, Mhlume Mill and Simunye. Each mill processes between 400 - 450 tonnes per hour, with daily outputs ranging from 16000 to 19000 tonnes of sugar.

Ubombo

Ubombo Sugar Limited is part of the Illovo Sugar Africa Group, a producer of sugar and downstream products. Ubombo Sugar comprises one agricultural estate, factory, and refinery and specializes in milling and producing raw, refined, and specialty sugar products for retail consumption and industrial use. It annually produces approximately 250,000 tons of sugar. The company employs at least 2,500 permanent and seasonal employees annually and further provides indirect employment through outsourced operations. The firm manages 23,418 hectares of land, and of that 11,648 is area under cane. Own estate contributes 41% while independent growers contribute 59% of the firm's cane requirements annually. All cane is produced under irrigation in the following proportions Drip (9%), Centre Pivot (48%), Furrow (21%), Sprinklers (22%). NPK is the main fertiliser applied, averaging 200kg per hectare, depending on the soil type. The factory milling inputs (equipment; boiler, diffusers, evaporators, turbines) are imported from Spain, South Africa, etc. None are sourced locally. Ubombo produces Raw sugar (VHP), Refined sugar (white sugar) and Molasses. Revenue from bagasse and electricity is not included in the Division of Proceeds.

Export and regional markets

Eswatini's sugar industry markets are highly segmented. Approximately 65% of total sales directed to the Southern African Customs Union (SACU), which is treated as a domestic market, and consistently offers the highest returns due to stable pricing and protection. The European Union (EU) has historically been Eswatini's primary export destination, benefiting from preferential access and premium pricing, however, the EU's significance has diminished as SACU's market share has grown. The United States provides a smaller but valuable market, offering an annual quota of 16,500 tonnes, with additional opportunities in years of domestic shortfall, supported by stable, quota-based access and premium prices.

After fulfilling export quotas to the European Union (EU) and the United States (US), Eswatini directs its surplus sugar to regional markets outside SACU, particularly Kenya, the Democratic Republic of Congo (DRC), and Burundi. Although Eswatini benefits from a reduced tariff rate of 10% under the COMESA, a significant advantage compared to the 100% duty applied to major exporters such as Brazil, its SACU membership means that Eswatini sugar still attracts import duties in COMESA markets, limiting the full realization of preferential trade benefits. In addition to tariff barriers, non-tariff obstacles such as arbitrary and ad hoc charges like scanning fees further constrain the effectiveness of regional trade preferences.

Logistical, regulatory, and security challenges hinder much regional trade. The DRC, Kenya, and Burundi are key examples where high transport costs, border delays, unpredictable trade policies poor infrastructure, and inefficient customs procedures erode profit margins and compromise market access. Kenya, although a promising market, lacks adequate trade protection and is thus susceptible to low-cost imports from global producers. Compared to the EU's structured and predictable trading environment, regional markets present substantial volatility. Eswatini's sugar exports are primarily routed through Mozambique's Port of Maputo, but logistical inefficiencies along these corridors reduce competitiveness and increase transaction costs.

To protect domestic production, Eswatini classifies sugar as a sensitive product and enforces strict import controls. Imports are permitted only during periods of domestic shortage and require approval from the ESA and relevant governmental bodies. While geographically proximate, South African sugar remains less competitive due to higher costs, reinforcing the dominance of local production.

2. Zimbabwe appendix

Sugarcane production is input-intensive, requiring fertilizers, chemicals, irrigation water, and specialized machinery. Commonly used fertilizers are NPK (largely blended locally) and SSP, MAP, Urea and Ammonium Nitrate, which are largely imported, with prices ranging from $25 to $36 per 50kg. Varieties such as ZN 3L, ZN8-ZN18, and CP171312 are favoured for their high ERC and adaptability. $9/megalitre. The average cost of establishing 1 hectare of sugar cane is $2500.

Sugar Production

The biggest cost in sugar production is cane, followed by cost structure for the production of raw sugar per tonne includes $604 for sugar cane, $156 for milling, and up to $112 for packaging and distribution (Table X). The average cost and prices are shown on Table XX.

Table A2: Sugar Production Cost Build up and Average Prices

Cost Component	SunSweet Table Sugar	SunSweet Industrial Sugar	Raw Sugar
Cane cost, per Mt in 1 ton of sugar	604	604	604
Milling (conversion) cost per Mt ton of sugar	156	156	156
Cane plus millingProduction C cost before further processing	760	760	760
Packaging costs	62	35	-
Distribution costs	50	50	-
Total Costs before marketing costs	872	845	760
Other marketing costs	55	55	55
Total delivered cost	927	900	815
List prices	1234	885	600

Source: Zimbabwe Sugar Sales, Tongaat Hulett

3. Malawi appendix

Table A3: Salima Sugar Production Quantities

Year	2019	2020	2021	2022	2023	2024
Sugar produced	5,000	7,000	12,000	15,000	21,000	21,000

Source: compiled from interview with stakeholders

Illovo Sugar Malawi Plc

Illovo Sugar Malawi Plc is the largest producer of sugar cane and sugar in Malawi. It produces from 2 estates that is Nchalo and Dwangwa. The average yield per hectare is about 110 tonnes from its own estates while the average sucrose percentage for the Nchalo estate is13.89 percent and for Dwangwa at 14.59 percent with the average sucrose percentage for growers being at 14.31 percent in the last five years. The company pays the growers for the sugar cane based on the DoP model where 60 percent is paid to the grower and 40 percent is retained by the company. Growers are not paid for the by-products of sugar such as molasses and bagasse. The company is selling the molasses to companies making ethanol while bagasse is used to generate electricity for the plant. The company mainly produces brown sugar, white refined sugar which is sold as household sugar or industrial sugar to the domestic market and exports. Specialty sugars are also produced mainly for export to the EU and USA. Other export destinations for its sugar are Botswana, Burundi, DRC, Rwanda, South Africa, Zimbabwe and United Arab Emirates.

Table A4: Illovo Sugar Malawi Plc Sugar Cane Statistics

Cane crushed/Year	2019	2020	2021	2022	2023	2024
Illovo	1,758,719	1,764,443	1,866,627	1,509,892	1,818,969	1,461,485
Growers	406,366	441,117	543,902	460,387	497,814	461,995
Total	**2,165,085**	**2,205,560**	**2,410,529**	**1,970,279**	**2,316,783**	**1,923,480**
Average sucrose, %	14.14	14.29		14.25	14.12	
Illovo-Nchalo	13.85	14.01	14.10	13.74	13.74	
Illovo-Dwangwa	14.52	14.71	13.76	14.91	15.04	
Growers	14.26	14.25	14.69	14.24	14.09	

Yield Mt/ha	**94**	**100**	**98**	**98**	**94**	

Source: Illovo Sugar Malawi Plc Audited Financial Statements

Table A5: Illovo Sugar Production Statistics

	2019	2020	2021	2022	2023	2024
Total Sugar Produced	252,375	263,634	279,278	229,658	264,119	221,190

Source: Illovo Sugar Malawi Plc Audited Financial Statements

4. Zambia appendix

Growers have consistently achieved a higher yield per hectare per ton than Zambia Sugar while the average sucrose has been stable around 14% throughout the analysis period (Table A7).

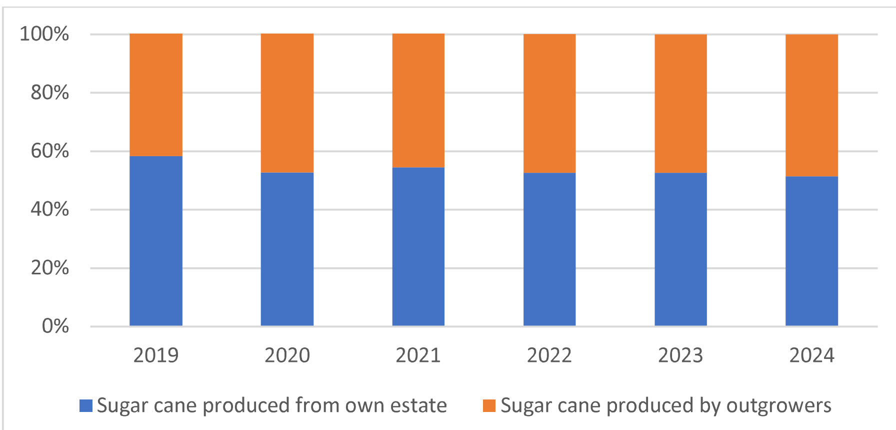
Table A6: Zambia Sugar Plc Sugar Cane Statistics

	2019	2020	2021	2022	2023	2024
Total cane crushed (th Mt)	**3,356**	**3,367**	**3,216**	**3,216**	**3,167**	**3,544**
Average sucrose, %	14.37	14.38	14.67	14.4	14.45	14.38
Average Yield Mt/ha	122	117	**115**	**116**	**117**	**119**
Own estate		108	108	108	114	114
Outgrowers		127	122	124	120	124
Total sugar produced (Mt)	399,000	398,000	397,000	385,000	368,000	425,000

Source: Authors calculations from data from Zambia Sugar Annual Reports (IllovoSugarAfrica.com)

As shown below, between 2019[110] and 2024, growers contributed between 47-53% of the sugar cane crushed by Zambia Sugar to produce sugar. This shows their importance to Zambia Sugar in the production of sugar.

Figure A1: Zambia Sugar cane produced versus cane sourced from out growers



Source: Authors calculations based on data obtained from Zambia Sugar annual reports[111]

5. Mauritius appendix

The small-scale and large growers are collectively known as planters and operate independent from the millers; they source their own inputs required for growing sugar cane. However, they can receive support from millers through the Planters Services Department in terms of technical assistance on best practices for growing the sugar cane to increase the yields and

[110] The figures are report in August in line with Zambia Sugar financial year end
[111] See https://www.illovosugarafrica.com/media/announcement/Zambia%20Sugar%20Plc%20-%20Annual%20Report%20-%2031Aug23.pdf; https://www.zamsugar.co.zm/wp-content/uploads/2024/11/ZAMBIA-SUGAR-ANNUAL-REPORT-2024-DIGITAL.pdf

sucrose content as well as labour for cutting sugar cane and transportation of the cane. The planters also receive support from government in terms of access to subsidised fertiliser at 50 percent, grants for new planters of about 60,000MUR per acre, existing planters can obtain loans at low interest rates of 2.5 percent per annum from the Cane Revolving Fund managed by the Development Bank of Mauritius and for planters replating cane, they can access subsidised seed cane with the subsidy ranging from 40-60 percent of the actual price. Suffice to mention that due to the reduction in sugar cane production over the years, the government has put in place more incentives to encourage more planters of sugar cane.

In addition to the above benefits for sugar cane growers, the government has put in place other incentives such as:

- Providing fertiliser to planters cultivating less than 100 hectares who are eligible to a supply of 250kg of fertilisers of which 50 percent of the cost is recouped after the harvest.
- Small planters are encouraged to renew their sugarcane plantations and to bring back the areas under sugar cane cultivation, land previously abandoned with a grant of Rs 142,200 per hectare is payable to small planters not owning more than 15 hectares under cane.
- Waiving of Sugar Insurance Fund (SIF) premium where government is funding SIF premium for the 2024 crop for planters producing less than 60 tonnes of sugarcane.
- Hiring machines to assist sugar cane planters for land preparation and mechanical loading of canes at subsidised rates.

Based on Table A7 below, it is noted that even though miller cum planters have a lower area harvested compared to other independent planters, they have higher yields per hectare averaging around 70.53 tonnes per hectare compared with the 55.60 tonnes per hectare for the planters. It is also noted that on-average 53.22 percent of sugar cane crushed is obtained from miller cum planters compared to 46.76 percent obtained from other planters.

Table A7: Sugar cane production yields per hectare and area harvested for the different growers.

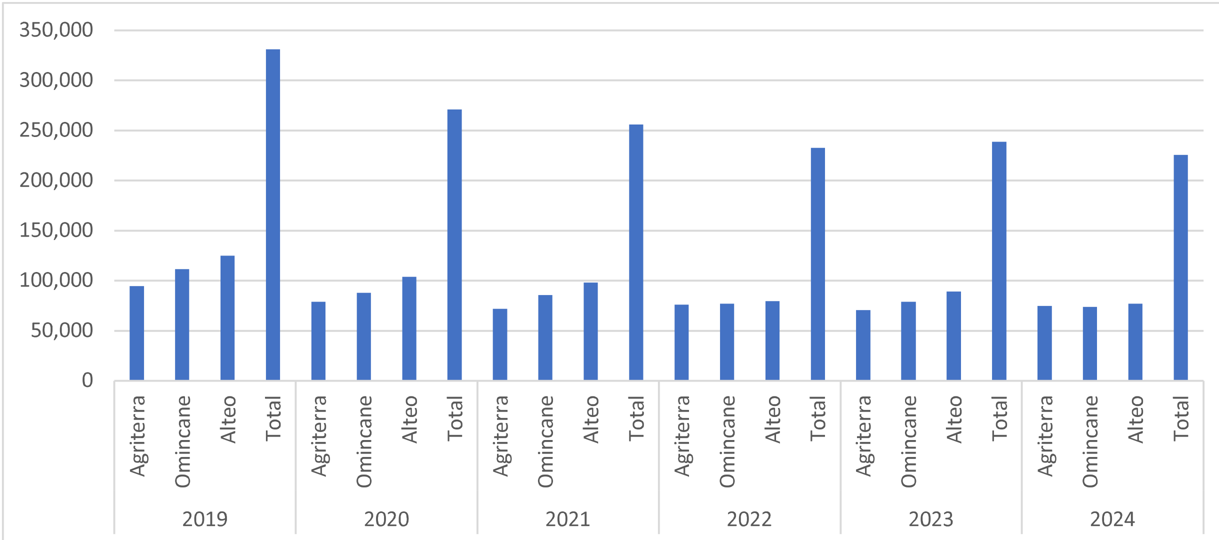
Year	Producer	Area Harvested	Yield Per Hectare	Sugar Cane Produced (tonnes)	Percentage Terms
2019	Millers				
	Planters				
	Total	**45,054**	**75.58**	**3,405,250**	
2020	Millers	20,285	68.16	1,382,654	52.76

	Planters	23,426	53.05	1,238,220	47.24
	Total	**43,711**	**59.96**	**2,620,874**	**100**
2021	Millers	19,200	73.52	1,411,490	52.87
	Planters	22,698	55.37	1,258,176	47.13
	Total	**41,897**	**63.72**	**2,669,667**	**100**
2022	Millers	17,860	63.74	1,138,388	50.44
	Planters	21,339	52.59	1,118,418	49.56
	Total	**39,199**	**57.57**	**2,256,806**	**100**
2023	Millers	17,470	76.87	1,342,956	54.76
	Planters	18,393	60.64	1,109,763	45.24
	Total	**35,863**	**68.39**	**2,452,653**	**100**
2024	Millers	17,250	70.36	1,213,692	55.27
	Planters	17,509	56.36	982,109	44.73
	Total	**34,759**	**63.36**	**2,195,802**	**100**

Source: Compiled using statistics from Mauritius Chamber of Agriculture

Based on Figure A3 below, it is noted that the sugar production in Mauritius has been reducing in the last 6 years from 331,105 tonnes in 2019 to 225,547 tonnes in 2025, a reduction of about 31.88 percent over the period.

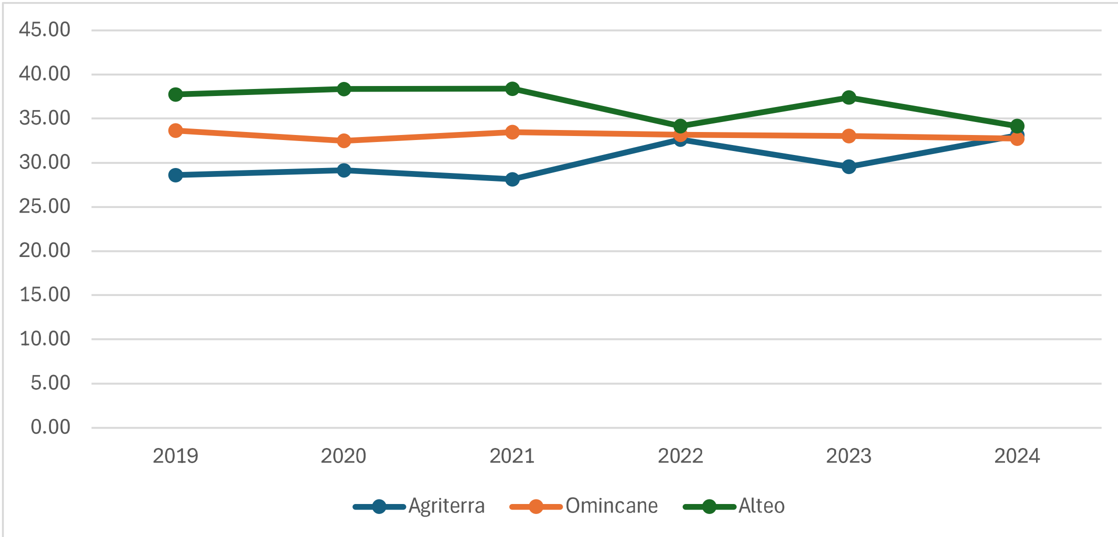
Figure A2: Sugar Production



Source: compiled using statistics from the Mauritius Chamber of Agriculture

It is also noted that market shares of the three millers have been fluctuating overtime with the average market share for Terragri being around 30.2 percent, Omnicane around 33.1 percent and Alteo about 36.7 percent over the last 6 years. The sugar industry in Mauritius is highly concentrated such that the HHI averages around 3,354.5. However, the industry is controlled by the Government at different levels of the value chain including the marketing and sale of the sugar produced by the three millers through MSS. As such competition among the millers is in terms of quality of the sugar produced as it determines how much of the premium, they can obtain on their sugar in the export market, millers also have to be efficient in their production processes so as to cut costs and reduce wastage.

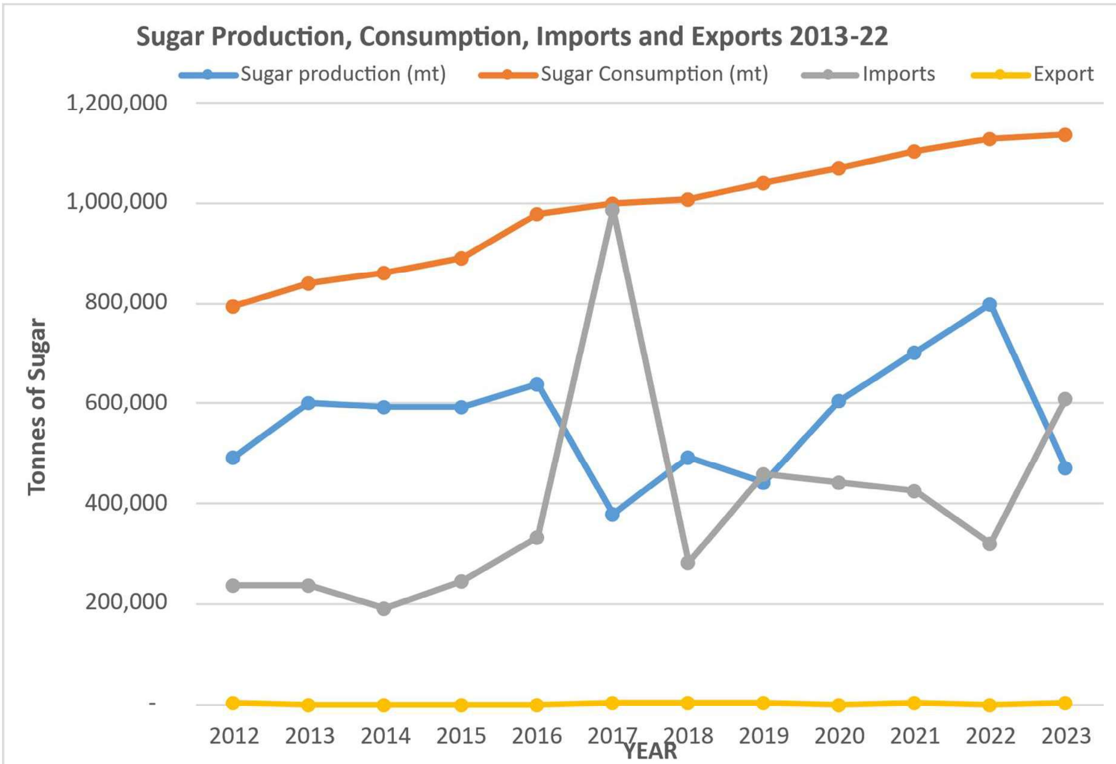
Figure A3: Market Shares of Sugar Producers



Source: compiled using statistics from the Mauritius Chamber of Agriculture

6. Kenya appendix

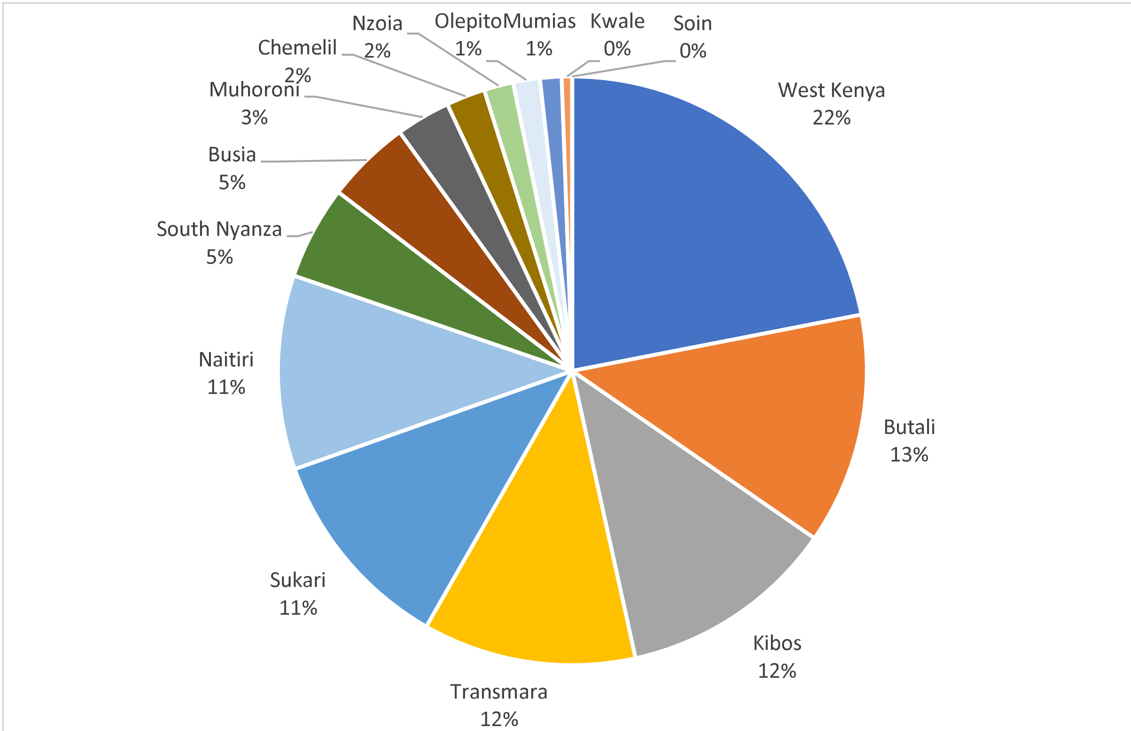
Figure A4: Kenya sugar production, consumption and exports



*Source: AFA/KALRO 2024 (*See also AFA 2024 yearbook)

Of the 16 sugar mills, four are government owned (Muhoroni, Nzoia, South Nyanza Sugar, Chemelil). These mills collectively account for around 12% of production, far below their capacity. There is a privatisation programme underway in 2025. The Rai group includes the mills Sukari, West Kenya, Naitiri (under West Kenya), Olepito, and operating Mumias (although this has been contested). Together these mills had a share of 46% of total production in 2022 and the other private mills had a 42% share (Figure A6).

Figure A5: Sugar manufactured, by mill, 2022



Source: AFA (2023) Table 31