

# Feedback on Sugar Industry Value Chain Master Plan

**Portfolio Committee on Trade, Industry and Competition**

**2 June 2026**



**the dtic**

Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

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# Table of Contents

1. Purpose.....	3
2. Background and Discussions.....	4-5
3. Sugar Industry Journey and Map .....	6
<b>Phase 1 SIMP</b>	
4. Sugar Miller’s Status.....	7
5. Phase 1 Achievements .....	8-15
<b>Phase 2 SIMP Commitments</b>	
6. Framework Preamble and Statement of Intent .....	17
7. Phase 2 Focus Areas .....	18
8. Job Creation and Transformation.....	19
9. Strategic implications for <b>the dtic</b> .....	20-21
10. Key Challenges .....	22-23
11. Recommendations.....	24
12. Conclusion .....	25

# 1. Purpose and Sugar Master Plan

To update the Portfolio Committee on the progress made in the implementation of Phase 1 of the Sugar Industry Master Plan to 2030, and to provide an overview of the commencement, strategic priorities, associated risks, and proposed next steps for Phase 2 of the Master Plan.

# 2. Background and Discussion

The Sugarcane Value Chain Master Plan to 2030, commonly referred to as the Sugar Industry Master Plan, was developed as a social compact between Government, the sugar industry, labour and other social partners. The Master Plan was established in response to the sustained decline of South Africa's sugar industry, including declining cane production, pressure on milling capacity, job losses, financial distress across the value chain, and increasing import competition. The long-term objective of the Master Plan is to stabilise and restructure the industry, while laying the foundation for a diversified, inclusive and sustainable sugarcane-based value chain by 2030, in-line with the industry's Vision 2030.

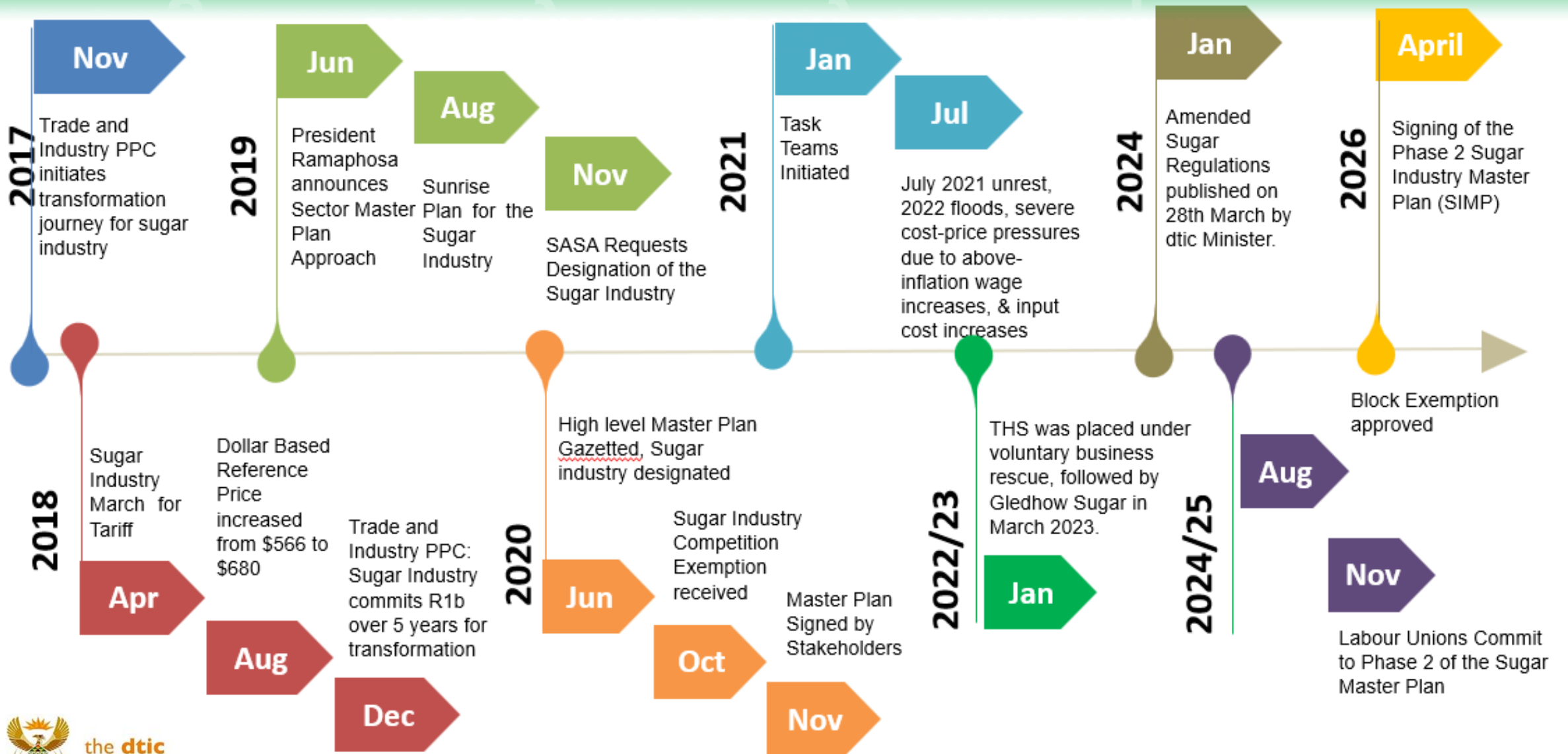
Phase 1 of the Master Plan covered the period 2020 to March 2023 and was primarily focused on stabilisation, job retention, small-scale grower support, transformation, local market restoration, price restraint, trade protection, restructuring and diversification planning. Phase 2 of the Master Plan was signed on 10 April 2026 and represents a shift from short-term stabilisation towards structural reform, long-term competitiveness, diversification, transformation and inclusive growth.

## 2. Background and Discussion



- Sugarcane sector primarily in KwaZulu-Natal and Mpumalanga.
- Approx. 23,866 growers; 18.57n tons of sugarcane on 330,000+ hectares.
- Supports over 1 million livelihoods: 65,000 direct and 350,000 indirect jobs.
- **the dtic** leads the Sugarcane Value Chain Master Plan to 2030.

# 3. Sugar Industry Journey and Map



# 4. Status of Sugar Cane Millers

## OVERALL INDUSTRY POSITION

- The millers reported a generally positive outlook for the 2026 crushing season.
- Operations are underway or imminent across the sector.

Millers indicated confidence in meeting operational targets and domestic supply commitments, subject to normal seasonal and market conditions.

### DATA TABLE FOR MILLERS' CRUSHING DATES

Miller	Crushing date
USM	24-Mar-26
Tongaat Hulett - Maidstone and Felixton	20-May-26
Tongaat Hulett - Second Felixton tandem	28-May-26
Tongaat Hulett - Amatikulu	28-May-26
Illovo - Eston mill	Mar-26
RCL - all three mills	Mar-26
Gledhow - second line commissioning	End of May 2026

### DATA TABLE FOR TONS PER MILL

Mill / Miller	Tons of cane	Notes
UCL	1.42 million	Expected to crush approximately 1.42 million tons of cane this season.
Tongaat Hulett	4.3 to 4.5 million	Expected total crushing range across its operations. IDC has provided R2.3bn post-commencement funding and a further R200m in 2026. Additional support is subject to clear terms and conditions designed to promote financial discipline, accountability and long-term viability.
Gledhow	1.5 million	Expected to be crushed by season end.
USM	1.35 million	Forecast crushing volume, excluding any additional cane-swap volumes if required.
Illovo	4,1 million	Cane crush estimate for the season
RCL	5 million	Cane crush estimate for the season

# 5. Phase 1 SIMP - Achievement

## Stabilisation and Market Recovery

Phase 1 focused on stabilising the industry and restoring domestic demand.

Local sugar sales increased from 1.25m tons to 1.55m tons.

Downstream users committed to buy 95%, which increased to 98% locally produced sugar, which resulted in the growth of the local market



# 5.Phase 1 SIMP – Achievement....cont.



## Support for Small-Scale Growers

Premium Price Payment (PPP) scheme supports for 12,000 small-scale growers.

R180 million was allocated over 3 years; extended to 2025/26 season.

Improved income stability and production capacity for the small-scale sugarcane rural farmers.

# 5.Phase 1 SIMP – Achievement....cont.



## Transformation and Inclusion

**R1 billion SASA  
Transformation Fund  
established.**

**Supported black  
farmers and  
historically  
disadvantaged  
groups.**

**Funds were allocated  
to infrastructure,  
training, and market  
access.**

# 5.Phase 1 SIMP – Achievement....cont.

## Security of Supply, Price Predictability & Restraint

1

Pricing restraint commitment by SASA members were implemented to align with inflation

2

Trade measures implemented to protect domestic competitiveness through the DBRP for sugar from US\$566 to US\$680 per ton

3

Transparent governance structures were reinforced through robust engagements and different working streams, including the Executive Oversight Committee

4

The industry committed to supplying sufficient volumes to meet the offtake commitments

# 5.Phase 1 SIMP – Achievement....cont.

## Industry Proposed Diversification Options

1

Development of bioethanol and other biofuels.

2

Cogeneration of electricity from bagasse.

3

Production of bioplastics and sustainable aviation fuel.

4

Supports energy transition and rural job creation.

5

A need for an enabling policy regulation by the government, e.g., (National Treasury, Department of Mineral Resources and Petroleum (DMRP), Department of Energy and Electricity (DEE)).

## Strategic Trade Protection Measures

Tariff and trade remedies to mitigate imported sugar impact.

Supported black Tariff levels adjusted to protect domestic producers. DBRP for sugar from US\$566 to US\$680 per ton.

ITAC is currently reviewing the DBRP adjustment applications from SASA and BevSA; the process is at an advanced stage for finalisation.

Balancing protection with downstream competitiveness.

# 5.Phase 1 SIMP – Achievement....cont.

## Regulatory and Policy Support

the dtic published amendments to the Sugar Industry Agreement and SASA Constitution in 2025.

The Competition Commission granted a block exemption for the Sugar Master Plan phase in August 2025. To collaborate on restructuring and Industrial capacity under the Competition Act.



## Summary



Recovery of domestic sugar sales and strengthened local procurement.



Increased support for 12,000 small-scale growers and transformation funding.



Implementation of trade protection and Finalisation amendments to the sugar industry regulations.



Efforts are being made to advance diversification and implement structural reforms in collaboration with Development Finance Institutions (DFIs).

# **Sugar Industry Master Plan (SIMP)**

## **Phase 2 to 2030**



## 6. Framework Preamble and Statement of Intent

- Phase 2 is a non-binding but committed partnership framework.
- Focus on collaboration, transparency, and mutual accountability.
- Aims to foster confidence, certainty, and trust across the value chain members.
- Phase 2 thus shifts focus from short-term crisis management to structural reform, underpinned by inclusive growth, employment retention, and long-term resilience.
- Phase 2 of the SIMP was signed by stakeholders on 10 April 2026.



# 7. Phase 2 Focus Areas

- Phase 2 of the Master Plan has commenced and is structured around four strategic pillars:
- **Responsible pricing, local off-take and trade protection:** This pillar focuses on stabilising demand and prices, improving pricing transparency, strengthening local procurement commitments and addressing unfair import competition.
- **Small-scale grower retention and support:** This pillar seeks to preserve and strengthen the role of small-scale growers through preferential pricing, access to affordable finance, enterprise development support and adoption of modern agricultural technologies.
- **Industry restructuring through diversification:** This pillar focuses on restoring industry profitability and resilience through diversification into higher-value sugarcane-based products and new markets.
- **Foodstuffs policy and the Health Promotion Levy:** This pillar aims to provide long-term policy certainty through a stable, evidence-based approach to the Health Promotion Levy and related regulations.



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# 8. Job Creation and Transformation

Job creation, job loss mitigation and transformation are cross-cutting priorities across all four pillars. Implementation of Phase has commenced, and an independent facilitator has been appointed to support implementation. The immediate next steps are to:

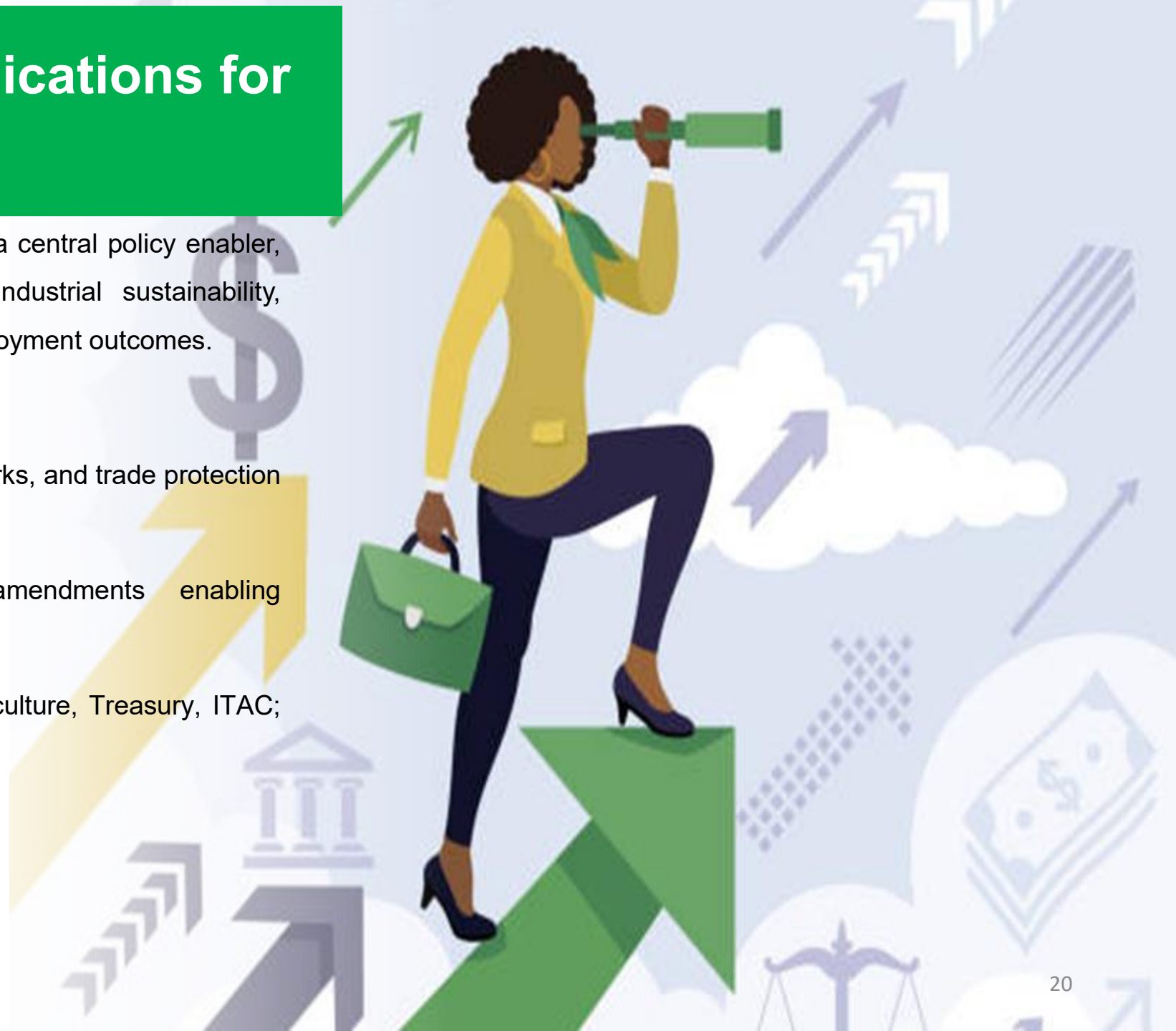
- Finalise and operationalise the Phase 2 implementation plan;
- Strengthen governance, monitoring and accountability arrangements;
- Confirm stakeholder and Government funding contributions;
- Improve data-sharing mechanisms across the value chain;
- Monitor developments relating to Tongaat Hulett Limited; and
- Provide periodic progress updates to the Deputy Minister on implementation progress, risks and required interventions.

# 9. Phase 2 Strategic implications for the dtic

For **the dtic**, Phase 2 positions the Department as a central policy enabler, coordinator, and guardian of balance between industrial sustainability, competition considerations, transformation, and employment outcomes.

## Key Implications include:

- Active oversight of local off-take, pricing frameworks, and trade protection measures;
- Support for regulatory and legislative amendments enabling diversification;
- Coordination across government portfolios (Agriculture, Treasury, ITAC; DoH etc.);



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## 9. Phase 2 Strategic implications for the dtic [cont..]

- Monitoring of job creation, job loss mitigation, and transformation targets;
- Supporting credible and transparent governance arrangements;
- Ensuring that diversification does not undermine employment; and
- Balancing industry sustainability with consumer affordability.



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## 10. Phase 2 SIMP: Key Challenges

- **Tongaat Hulett Limited:** Tongaat Hulett Business Rescue Practitioners have filed for liquidation. The court hearing is scheduled for 17 and 18 June 2026 for argument and possible determination, should relevant stakeholders fail to resolve the current impasse before the court date. This matter poses a significant risk to industry stability, jobs, growers and confidence in the Master Plan process.
- **Funding uncertainty:** There is uncertainty regarding stakeholder and Government funding contributions to the Master Plan. This may affect the sustainability and credibility of implementation arrangements.
- **Import pressure:** Ongoing pressure from cheap sugar imports continues to undermine local producers and may weaken commitments to local procurement and industry sustainability.



# 10. Phase 2 SIMP Key Challenges

[cont...]

- **Pricing and trade protection:** There is a need to finalise and adjust pricing and trade protection measures in a manner that balances industry sustainability, downstream competitiveness and consumer affordability.
- **Stakeholder participation:** Weak or inconsistent participation by key stakeholders, particularly organised labour and downstream users, may undermine implementation and accountability.
- **Diversification risks:** Diversification must be managed carefully to ensure that it supports employment, transformation and small-scale grower participation, and does not result in unintended job losses or exclusion.



# 11. Recommendations

**It is recommended that the PC:**

- Note attached progress report made in implementing Phase 1 of the Sugar Industry Master Plan;
- Note that Phase 2 of the Master Plan was signed on 10 April 2026 and has commenced implementation;
- Note the key implementation risks, including the Tongaat Hulett Limited matter, funding uncertainty, import pressures and stakeholder participation gaps; and
- Supports strengthened governance, monitoring and intergovernmental coordination to ensure effective implementation of Phase 2.



# 12. Conclusion

Phase 2 of the Sugar Industry Master Plan represents a decisive shift from short-term stabilisation to structural renewal and long-term competitiveness. Its success will depend on, amongst others, the following principles:-

- Diversification is important for the industry's sustainability.
- disciplined implementation;
- credible monitoring; and
- sustained partnership.

These principles will be realised through strategic collaboration and honest engagement by social partners, with **the dtic** playing a pivotal leadership and coordination role in delivering on the industry's Vision 2030.

**THANK YOU!**