

SUGAR

Fact Sheet

BACKGROUND

In Fiji, the significance of cultivation of sugar extends beyond direct economic impact, playing a crucial role in shaping the socio-economic fabric. Over the decades, the industry had evolved, becoming a vital pillar of the Fijian economy synonymous with the nation's identity. However, this has changed with the industry's sub-par performance in comparison to the investment injection received over the years. As the nation charts its course towards sustainable development, the sugar industry emerges as both a catalyst and a beneficiary. The sector's growth aligns with broader national goals, contributing to poverty alleviation, rural development, and infrastructure improvement.

CURRENT STATUS

In 2022, the sugar sector contributed 1 percent to the country's GDP. Prior to the declining performance, the industry contributed around 4 percent. Fiji also exported sugar and molasses, amounting to \$132.8 million and \$26.9 million in 2022. The underperformance is attributed to multiple factors such as aged infrastructure, aging farmers, climate change, high production costs, and lack of economies of scale. Simultaneously, the number of active cane growers also declined to just a little over 11,000 farmers and production levels halved over the past two decades. Additionally, the amount of sugarcane needed to produce high levels of sugar has decreased. For the same amount of cane per tonne since 2002, the production has fallen from more than 300,000 tonnes to around 150,000 tonnes of sugar in 2022.

CHALLENGES

1. *Climate Change Vulnerability:* Escalating natural disasters compromise crop yield and quality, necessitating adaptation through climate-smart practices and resilient infrastructure.
2. *Commodity Prices:* the affected yields diminish quality therefore reduces per unit prices in

overseas markets, eroding the sector's competitiveness.

3. *Market Competition:* Reduced product quality leads to lower prices in overseas markets, exacerbated by the termination of preferential trade agreements and stiff competition.
4. *Aging infrastructure:* Outdated mills and transportation systems contribute to operational inefficiencies and increased costs, hindering productivity and competitiveness.
5. *Land Access and demographic shifts:* Land lease requirements and aging farmer demographics, along with youth reluctance to enter farming, pose challenges to sector expansion and talent retention.
6. *FSC performance:* Despite significant investments, the FSC struggles to meet production efficiency and quality benchmarks, impacting industry sustainability.
7. *Product diversification:* Reliance on raw sugar exports and homogeneous product range limit resilience to market fluctuations and value capture opportunities.
8. *Research focus and innovation gap:* Emphasis on addressing pests and diseases limits creative R&D initiatives and opportunities for product innovation.
9. *Pest and diseases:* Ongoing threats necessitate resources for effective pest management, safeguarding crop health and ensuring consistent yields.
10. *Global Trade Dynamics:* Fluctuating sugar export volumes and international trade agreements require strategic planning to maintain competitiveness and market access.

OPPORTUNITIES

1. *Climate-Resilient Agriculture:* Adoption of practices that mitigate environmental impact and ensure long-term sustainability.
2. *Value Chain Addition:* Embracing value-added sugar products presents an avenue for revitalization, catering to modern consumer demands and enhancing competitiveness in global markets.
3. *Intercropping:* Adopting holistic cultivation approaches, such as intercropping, improves soil health, diversifies agricultural output, and boosts farmer incomes.
4. *Product Diversification:* Exploring refined and specialized sugar products tailored to niche markets unlocks potential for premium pricing and differentiation.
5. *Modernising Processing Infrastructure:* Investing in state-of-the-art technologies improves efficiency, consistency, and competitiveness of sugar production.
6. *Encouraging Farming Participation:* Incentivizing and empowering individuals to enter farming fosters community involvement, addresses labour shortages, and contributes to rural development.
7. *Quality Assurance:* Elevating quality standards throughout the value chain ensures access to high-end international markets and enhances farmer returns.
8. *Utilizing Tramlines for Revenue Generation:* Repurposing tramlines for other purposes during the off-season optimizes infrastructure use and generates additional revenue.
9. *Collaborative Innovation:* A holistic, forward-thinking approach involving policymakers, industry stakeholders, and the community is essential transforming the sugar sector.

FUTURE POLICIES AND STRATEGIES

- **Enhance growth of the sugar industry:**
 - ✓ Implement co-generation projects and evaluate refined sugar and ethanol production.
 - ✓ Improve industry governance through introduction of relevant legislation to support reform and reorganisation for growth of the industry.
 - ✓ Negotiate trade agreements and explore new export opportunities.
 - ✓ Promote programmes to entice young and active farmers into sugar cane farming.
 - ✓ Establish FSC owned farms to support production.
 - ✓ Establish training programmes to educate farmers on modern agricultural practices, technology adoption and business management.
 - ✓ Implement and promote quality standards for Fijian sugar to meet international requirements.
 - ✓ Encourage value-added sugar products.
 - ✓ Establish refining/processing centres between locations and improving cane access roads.
 - ✓ Enhance farming in unutilised arable land.
 - ✓ Increase cane production to 2.0 million tonnes per annum.
 - ✓ Encourage intercropping in sugarcane fields.
 - ✓ Develop climate resilient cane varieties.
- **Strengthen sugar research:**
 - ✓ Strengthen Institute of Sugar Research