MAURITIUS SUGAR SYNDICATE

Report and Statement of Account



2012-2013

Mauritius Sugar Syndicate

Report &
Statement of Account

2012-2013

MAURITIUS
SUGAR
SYNDICATE



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Propriety of Mauritius Sugar Syndicate

Role and Status of the Mauritius Sugar Syndicate

In 1951, following the recommendations of the Mauritius Economic Commission 1947-48, the Mauritius Sugar Syndicate (the "Syndicate"), which finds its origins in 1919, was legally constituted for an indefinite period in pursuance of the Mauritius Sugar Syndicate Act of 1951.

The Mauritius Sugar Syndicate is the sole sugar marketing organisation in Mauritius; it has for object the sale of all sugars received by it for the account of its members and the distribution of the proceeds of such sale. All sugar producers are members of the Syndicate.

In fulfillment of its role, the Syndicate's primary objective is to optimize producer revenue through adoption of commercial strategies likely to capture the highest yields obtainable from markets on a sustainable basis. Its operations are structured into specialized departments geared to provide supporting services of direct relevance to its core business namely marketing, sales and logistics, finance and accounts, and also quality and food safety. It also undertakes sales of sugar for the local market through a network of distributors and packers or directly to industrial users and, finally, is responsible for effecting payments to planters, including advances, to finance their growing and harvesting operations. To monitor developments on the international scene likely to affect the commercial interests of Mauritius on sugar, the Syndicate operates an office in Brussels with an overseas-based representative. The Syndicate also retains the services of a counsel in Washington to monitor developments in the US market. Their role is to ensure that the concerns of the Mauritius sugar industry are properly addressed and that its interests are safeguarded on the international front. The Brussels-based Overseas Representative also represents Mauritius at the International Sugar Organisation (ISO).

The Mauritius Sugar Syndicate is managed and administered as provided by its Articles of Association 1967 by a statutory committee known as the "Committee" which comprises twenty-two members, fourteen being representatives of the corporate sector of the industry and eight representatives of large and small planters. The representatives of the corporate sector are appointed by the Mauritius Sugar Producers' Association (MSPA) while the planters' representatives are appointed by the Minister of Agro-Industry and Food Security upon recommendation of planters' associations.

The President of the Syndicate is elected at the organisation's Annual General Meeting (AGM) held in September. Since 1976, the President's chair rotates between a planter and a representative of the MSPA. The AGM also approves the composition of the Committee and that of the Executive and Selling Committee. The Executive and Selling Committee comprises eleven members, including six representatives of the MSPA, four planters' representatives, as well as the CEO of the Mauritius Cane Industry Authority (MCIA).

The Executive and Selling Committee, which meets every 3 to 4 weeks, is the steering body of the Syndicate and its decisions are taken by consensus. The Committee meets at least twice a year to ratify the decisions of the Executive and Selling Committee. For improved governance, sub-committees composed of members of the Executive and Selling Committee have been established to provide support to the Syndicate's management in specific areas. They are the Marketing Strategy Committee, the Forex Committee and the Risk Management Committee, all chaired by the Syndicate's President. A Remuneration Committee is set up on an ad hoc basis to address issues relating to remuneration, promotion and recruitment within the organisation.

For the year under review, out of some 17,500 producers in Mauritius, 9,100 were registered directly with the Syndicate to receive their sugar proceeds. Another 8,000 sugar producers received their sugar proceeds through the 152 credit cooperative societies registered with the Syndicate. The remaining producers received their proceeds through their appointed brokers or middlemen.





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MAIN COMMITTEE

President
- Hansraj Ruhee

Vice-President
- Cyril Mayer

Corporate Sector Representatives
Nominated by the Mauritius Sugar Producers' Association
- Gerard Chasteau de Balyon
- Arnaud Dalais
- Patrick de Labauve d'Arifat
- Gibert Espitalier Noël
- Hector Espitalier Noël
- Henri Harel
- Jean Luc Harel
- Vincent Labat
- Thierry Lagesse
- Jean Li Yuen Fong
- Jacques Marrier d'Unienville
- Thierry Merven
- Jean Ribet

Large Planters' Representatives
Nominated by the Minister of Agro-Industry & Food Security
- Hubert Daruty de Grandpré
- Nareshwar Gujadhur
- Robert Morel

Small Planters' Representatives
Nominated by the Minister of Agro-Industry & Food Security
- Anuradha Baichoo
- Yuganand Mandhub
- Soobas Muniah
- Hurrydeo Soobhug

EXECUTIVE AND SELLING COMMITTEE

President
- Hansraj Ruhee

Vice-President
- Cyril Mayer

- Anuradha Baichoo
- Vijay Kumar Bojeenauth
- Patrick de Labauve d'Arifat
- Hector Espitalier Noël
- Nareshwar Gujadhur
- Jean Li Yuen Fong
- Jacques Marrier d'Unienville
- Soobas Muniah
- Jean Ribet

LEGAL COUNSELS

- Etude de Comarmond & Kœnig
- BLC Chambers

US TRADE COUNSEL

- Ryberg and Smith LLC

AUDITORS

- PricewaterhouseCoopers

FOREX CONSULTANT

- Stewardship Consulting (Pte) Ltd

CHIEF EXECUTIVE OFFICER

- Jean Noël Humbert

Confidential Secretary
- Marie Claire Lo Fong

MARKETING & LOGISTICS

Chief Marketing Officer and Secretary
- Devesh Dukhira

Logistics Coordinator
- Paul Caboche

Senior Import/Export Logistics Officer
- Khemraj Jhurry

Import/Export Officers
- Dany Jaune
- Yudhisthir Gopaul

Secretaries
- Jesieka Baptiste
- Karine Ribet

ACCOUNTS & FINANCE

Chief Finance and Administrative Officer
- Jyoty Soomarooah

Accountant
- Indira Goboodun

Accounts Officers
- Dooshyant Leckraz
- Kiran Sharma Goorah (up to 15 February 2013)
- Aruna Patten (as from 15 April 2013)

Secretary
- Vijay Luxmi Sanuchur

PRODUCERS' ACCOUNTS & LOCAL SALES

Head of Department
- Chetanand Dookhony

First Assistant
- Purshotum Luchmun Roy

Second Assistant
- Varsha Boolakee

CENTRAL QUALITY DEPARTMENT

Chief Quality Assurance Officer
- Maurice Daruty (up to 31 July 2012)
- Patrick Bussier (as from 1 August 2012)

Assistant Chief Quality Assurance Officer
- Shivalingum Chengalaram (as from 1 August 2012)

Quality Assurance Officers
- Faisal Earally
- Sanjaye Goboodun

Secretary
- Belinda Dorza-Antoine

SUPERVISING AND SAMPLING

Supervisors in charge
- Gaëtan Tranquille
- Patrick Henry

Supervisors
- Clifford Davy
- Nazim Minnotte
- Rajeswar Boodhoo
- Denis Pin
- Darmen Mooneesamy
- Sailesh Kumar Seeballuck

OVERSEAS REPRESENTATIVE

- Geo Govinden



The President's Report 2012-2013

Crop year 2012-2013 has no doubt provided some relief to sugar producers in Mauritius as they obtained an ex-Syndicate price of Rs 17,573 per metric ton of sugar compared with Rs 16,020 in the previous year. Achievement of such a price level has been made possible by the marketing strategy adopted by the Syndicate to shift the totality of its exports into higher value-added products compounded by the exceptionally high prices obtained in its markets during the year. However, this increase should not lead to complacency given that it has achieved nothing more than restoring the price to a level which prevailed in the years preceding the 36 percent cut in the EU institutional prices. Considering the inflationary trend in cost of inputs over the past period, producers share the view that profitability of both growing and milling operations within the industry remains precarious; further progress needs to be achieved both on revenue side and in terms of productivity for the industry to be in safer zone. The improved ex-Syndicate price obtained from the 2012 crop is attributable to the higher prices generally obtained in the Syndicate's main export markets. The Syndicate's concern for the 2013 crop is that, given the global surplus for sugar, including in its main preferential markets, prices obtainable would be lower and import demand could also decrease.

The sugars produced from the 2012 crop, together with the carry-over stock from the previous crop, have been exported from Mauritius during the year mainly in the form of high quality white refined sugar of type EEC Grade 2 under the Long Term Partnership Agreement (LTPA) with Suedzucker AG, and the balance as a range of sixteen different types of unrefined special sugars, all for direct consumption. The LTPA being an exclusivity agreement, the whole quantity of refined sugar produced has been supplied in just-in-time delivery mode in bulk lined 20-ft containers to different Suedzucker AG customers across the EU market; the special sugars have also been shipped in 20-ft containers, but mostly in bags directly to the Syndicate's customers, mainly in the EU but also in the US under Mauritius' share of the raw sugar TRQ as well as to a large number of buyers worldwide. As in the previous years, production of the white refined sugar has been undertaken year-round by the two refineries in operation on the island, namely Omnicane Ltd and Alteo Refinery Ltd (ex-FRL), while the special sugars have been produced during harvest time only by the sugar mills of Terra , Deep River Beau Champ and Alteo (ex-FUEL).



With the back-end refineries operating throughout the year, the raw sugar milled during the crop season in the form of Plantation White Sugar (PWS) was weighed under the supervision and control of the Mauritius Cane Industry Authority (MCIA), and stored at the bulk storage warehouses located on the refinery sites at Omnicane and Alteo refineries. Given the limited capacity of these warehouses, the PWS produced by the Medine sugar factory was delivered into Shed No. 1 of the Bulk Sugar Terminal in Port Louis pending its transfer to Omnicane for refining during the year. The bagged special sugars, produced during the harvest period only, were delivered, pending shipment, to the Bagged Sugar Storage and Distribution Co Ltd (BSSD) warehouses in Port Louis for storage, with the big bags being stored mainly in Shed No. 2 of the Bulk Sugar Terminal. Some 17,600 food grade containers have been mobilized by shipping lines during the year for shipment of the refined and special sugars to some 300 customers globally. The containers were selected and prepared by the container depots of Associated Container Services (ACS) and Mauritius Freeport Development (MFD) in Port Louis and subsequently transported to the refineries for loading of white refined sugar before being transferred directly to the Cargo Handling Corporation Ltd (CHC) container terminal for shipment. The special sugars in bags were loaded at the BSSD to match customers' shipping requirements throughout the year. No less than 1990 consignments of refined and special sugars have thus been shipped from Port Louis for just-in-time delivery to the Syndicate's customers worldwide during the year under review. The effectiveness and efficiency of the logistics adopted by Mauritius for export of its sugars are undoubtedly playing a critical role in its industry's competitiveness. In this regard, the Syndicate has to emphasize the necessity for a reliable and efficient service at the port terminal.

Despite the global market surplus during the year, the prices obtained by the Syndicate for its supplies of white refined sugar under the LTPA as well as for special sugars under annual contracts have been higher than in the previous year. This paradox stems from the fact that all supplies undertaken including those made by Suedzucker AG to its customers with the Syndicate's sugar, were made under annual contracts at prices negotiated during the second and third quarters of 2012, at a time when market prices were significantly higher than at time of writing. Most of the deliveries under these contracts, which are due till end September 2013, are under the higher 2012-2013 contract prices and have to a large



The President's Report 2012-2013 (cont'd)

extent accounted for the higher ex-Syndicate price paid to producers in Mauritius for the 2012 crop year. In the meantime, a radical change in market conditions has occurred during the course of the year under review, both in the EU and world markets, which does not augur well for the 2013 crop. With the declared objective of reducing market prices in the EU, the EU Commission has taken special measures during the year to increase sugar supplies through the release of out-of-quota sugar and the opening up of additional imports at reduced duty. These measures have relieved market tightness leading to a decrease in spot prices in the EU during the year. Ending stock on 30 September 2013, the end of the EU Marketing Year, is now expected to be higher than the Commission's forecast of 1.9 M tons and is likely to impact on the Syndicate's future contract prices.

The year under review has witnessed a sharp drop in world market prices for sugar. Both the New York No. 11 (raw sugar) and London No. 5 (white sugar) reference markets have over the period extending from July 2012 till time of writing in August 2013, suffered a significant decline of no less than 26 and 21 percent respectively. This trend reflects the profound change that has occurred in certain key market fundamentals, the most critical one being the swing from a global deficit of 12.9 M tons raw value in year 2008-2009 to a global surplus estimated by the International Sugar Organisation (ISO) at nearly 8.5 M tons raw value for the year under review. Still according to the ISO, world sugar production is expected to grow by 5.5 M tons raw value in 2012-2013 to attain a record output of 180.4 M tons raw value leading to consolidation of export availability against a back drop of continuous contraction in import demand over the last three seasons. Production in Brazil has been restored and is expected to reach record highs this year; Thailand, the second largest exporter, is performing better than expected while the USA and Mexican markets are seriously oversupplied. Meanwhile, domestic market prices have dropped in several of the world's largest markets including Brazil, India, the USA and Mexico. Additionally, a depreciating Brazilian Real has protected producer revenue in Brazil and encouraged the industry to pursue its sugarcane growing operations. This has also resulted in a lower ethanol parity price thus also reducing the trigger level for shifting sugarcane to ethanol production as opposed to sugar. All these elements are conducive to the maintenance of bearish conditions for sugar next year. Experience, however, shows that, given the concentration of world sugar production



and supply, the market remains highly volatile and could at any time in future turn around as a result of unfavourable weather conditions in the main production regions.

A major landmark during the year has been the decision taken by the EU in July 2013 to terminate beet sugar and isoglucose production quotas in September 2017. The decision, which is part of a vast package of measures adopted in the context of the post-2014 reform of the Common Agricultural Policy (CAP), has been the outcome of a long process of trilateral consultations between the EU Agricultural Council, the EU Parliament and the EU Commission following submission by the latter in October 2011 of a proposed co-decision of Council and Parliament for a legislative proposal on CAP reform. The Commission's proposal of October 2011 provides that production quotas for sugar and isoglucose be abolished as from October 2015. Studies undertaken by different experts, including the Commission's own staff, to assess the impact of the end of quotas on the market have all reached the same conclusions, namely that the end of quotas would create new market conditions in the EU, with more instability and greater volatility.

The ACP suppliers together with other stakeholders in the EU have during the year intensified their lobbying campaign vis-à-vis the EU policy makers to sensitize them on the risks that would constitute a premature end of quotas to the sugar sector in their different countries and regions. There was a unanimous view taken by all stakeholders that the end of quotas, if unavoidable, had to be set for 2020 so as to give more time to producers to complete their respective restructuring programmes and be better prepared to face a more liberalized and competitive market environment. The ACP group was particularly vocal in this respect, advocating that the end of quotas would be lethal to their industries at a time when substantial financial resources had been mobilized through the EU accompanying measures for investments into the restructuring and modernization of their sugar industries. The EU Parliament had subsequently voted in favour of the end of sugar and isoglucose quotas for 2020 while the EU Agricultural Council had reached a consensus on the prolongation of quotas till 2017. The final decision taken by the EU to terminate quotas in 2017 is thus giving Mauritius just another four years for achieving further improvements in the competitiveness of its sugar industry and



The President's Report 2012-2013 (cont'd)

be even better prepared to face the new market conditions which will prevail after the abandonment of quotas in the EU. Meanwhile, competition in the EU market is being exacerbated by the Free Trade Area (FTA) agreements being negotiated by the Commission with different countries or regional groupings, whereby providing additional market access for sugar from such origins.

At the regional level, the main feature of interest for Mauritius during the year under review has been the on-going discussions in view of setting up of a Tripartite Free Trade Area (TFTA) among the three main regional economic communities within Africa namely SADC, COMESA and the EAC. In this context, the regional sugar industries have pursued consultations on the relevance and merits of recommending to their respective governments that sugar be removed from the normal mainstream process of tariff reductions and be treated under a special dispensation. The main objective of the special dispensation is to ensure that the region remains an orderly and managed market for sugar which would protect the acquis *of all industries while supporting market value. Mauritius, through the Syndicate's participation, has remained quite active in these consultations to ensure that, whatever the regional framework adopted in the TFTA context, it would be conducive to the development of remunerative markets for Mauritian sugar. Under the SADC Trade Protocol more specifically, monitoring of the sugar market has been pursued during the year through the SADC Technical Committee on Sugar of which Mauritius is an active member. In this forum, matters of importance for Mauritius are primarily the current market access granted by SACU to the non-SACU countries which includes Mauritius and the change in market conditions that would justify a review of the existing framework and lead to an improved market access for our sugars. The Syndicate believes that in the context of a more liberalized global sugar market, the regional market will become an increasingly attractive outlet for its exports.*

Mauritius has over the past few years taken bold steps to reform its sugar sector and increase its preparedness for meeting new challenges. Its industry has been re-engineered with massive investment in new facilities, thus shifting its whole production to added value direct consumption sugars while adopting a more flexible logistics mode for its exports, and finally deeply restructuring its institutional framework. However, the impending changes in its main export market with the end of sugar and



isoglucose quotas in the EU in 2017, the unlimited access granted to non-LDC ACP suppliers as from 2015 and finally the TRQs granted to third countries under different FTA agreements, are yet further challenges for Mauritius. With these developments in mind, the Syndicate has during the year initiated earlier consultations with its membership as well as with the market with a view to undertaking an in-depth review of its post-2015 marketing strategy and making recommendations as to the initiatives to be taken in this respect. The outcome of the review will guide the Syndicate on the best course of action to be taken for safeguarding producer revenue in the future.

To conclude, we would like to express our gratitude and heartfelt thanks to all those who have during the year under review contributed in one way or another to making the Syndicate's operations a success. We are particularly grateful to the Minister of Agro-Industry and Food Security, the Hon. S. Faugoo and the Minister of Foreign Affairs, International Trade and Regional Cooperation, the Hon. A. Boolell, for their unflinching support, both locally and on the international front, on issues of critical importance to the development of our sugar sector. Our thanks also extend to other Ministers of the Government and their dedicated staff, for having spared no efforts in promoting the interests of sugar producers during the year. We would also like to express to all our business partners in Mauritius and overseas, our deep appreciation for their support and commitment in furthering our common objectives. Finally, a special word for the Syndicate's personnel to acknowledge the work pursued during the year and express to them our gratitude and thankfulness for their continued collaboration.



Hansraj Ruhee
President



2012 CROP

Production, Supplies and Revenue

The 2012 crop was affected by insufficient rainfall during cane growth especially over the first quarter of 2012. As at end March 2012, the average stalk height measured was some 8% lower than that reached at the same time in 2011 and in spite of an improvement in rainfall as from April 2012, it was inadequate for a full recovery of the cane. By the end of the second quarter, the cane had attained an average height of 177.5 cm, which was still 9.1% inferior to that of the previous crop and 6.9% lower than the average over the last five years. The average cane yield for the year thus reached 72.91 tons of cane per hectare (tch), a significant reduction compared with the 74.65 tch achieved in the previous crop but slightly lower than the last five years' average of 73.07 tch. On the other hand, the cane ripening phase benefited from abundant sunlight as well as favourable temperature amplitudes which encouraged sucrose accumulation: the average extraction rate for the crop consequently reached 10.38%, compared with only 10.30% in the preceding crop, and significantly higher than the last five years' mean of 10.20%. The area harvested during the 2012 crop was, however, reduced by a

TABLE I

2012 Crop Sales (metric tons)

	MT	
2012 Crop Production	409,200	
Add carry-over stocks from 2011 crop		
PWS	63,932	
Bagged sugar	1,974	
Add imported sugar feedstock	26,919	
TOTAL DISPOSABLE SUGAR		502,025
EXPORT SALES 2012-2013		
European Union (EU)		
White refined sugar	321,257	
Special sugars	81,266	
		402,523
United States		
Special sugars		9,616
World Market		
Special sugars		27,616
LOCAL MARKET		
White refined and DC Raw sugars		10,760
TOTAL SALES		450,515
*Less Processing and Storage Losses**		(12,012)
Estimated Surplus		
PWS		33,007
Special sugars		6,491

** The figure includes storage and weight loss of 3,162 MT identified during physical stock count at year end.*

further 2,528 ha to 54,140 ha, a more important reduction than the average loss of 2,224 ha over the last five years. The 2012 crop final outturn reached 409,200 metric tons of sugar produced from 3.95 M tons of cane harvested, compared with 435,310 metric tons of sugar produced from 4.23 M tons of cane for the preceding crop. This figure was close to the initial estimate of 410,000 metric tons of sugar established by the Crop Estimate Coordinating Committee of the Mauritius Chamber of Agriculture since 5 June 2012.

Total availability of sugar from the 2012 crop, including the carry-over stock of 63,932 metric tons of plantation white sugar (PWS) feedstock and 1,974 metric tons of bagged special sugars from the preceding crop, amounted to 475,106 metric tons. The local production was supplemented with 26,919 metric tons of raw sugar feedstock imported by the Syndicate for processing by the local refineries prior to delivery to the domestic market and for export to the EU.

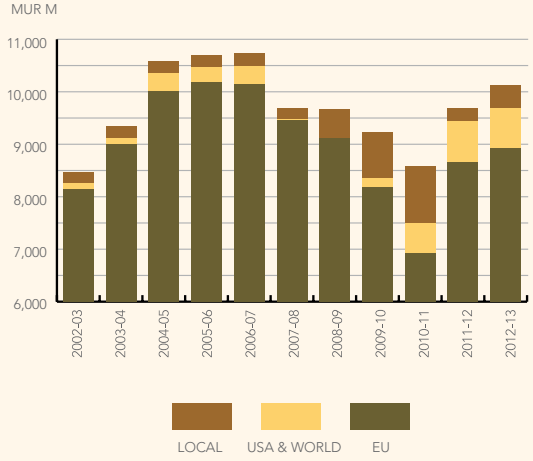
Out of the total availability of 502,025 metric tons sugar for the 2012-13 campaign, the Syndicate exported in total 439,755 metric tons, as detailed in Table I (2012 Crop Sales), comprising 321,257 metric tons of white refined sugar shipped as at end June 2013 and a total of 118,498 metric tons of special sugars, but with no further shipment of raw sugar for overseas refining. The white refined sugar was supplied exclusively to the EU market under the long term commercial partnership agreement between the Syndicate and Suedzucker AG, established since 2009, while the special sugars were exported to over 100 customers in the EU, US and world market destinations. Despite the financial crisis in its main export markets as well as increasing competition from new suppliers of unrefined sugars for direct consumption, the Syndicate has managed to maintain export sales for its special sugars, owing to the superior and consistent quality of these products as well as the reliability of supplies.

At the end of the crop year in June 2013, there was an ending stock of 33,007 metric tons of PWS feedstock which was further processed during the first few weeks of the 2013 crop campaign in order to meet delivery commitments towards Suedzucker AG customers in the EU during the 2012-13 marketing year ending 30 September 2013. As the local refineries have attained full capacity utilisation since 2012, they have managed to quickly absorb the extra stock of PWS available at end June 2012, estimated at 63,932 metric tons, thereby resulting in a significantly reduced ending stock in 2013.

With the export of exclusively value-added sugars and through greater proximity to the end-customer in the supply chain, the Syndicate has benefited directly from improved market conditions in its export destinations, especially within EU, during the 2012-13 marketing year. Hence, despite a reduced crop outturn compared with the previous year, total export revenue for the 2012 crop increased to MUR 10.342 billion, compared with MUR 10.087 billion for the previous year. The net proceeds for the 2012 crop, including sales on the local market, but after deduction of all operational and statutory expenses, amounted to MUR 7.247 billion compared with MUR 7.030 billion for the previous campaign. It should be noted that, as per provisions of the Economic Restructuring and Competitiveness Programme (ERCP) of August 2010, Global Cess, which is the main component of the statutory expenses of the Syndicate, is calculated, as from the 2012 crop, on the basis of 4 percent of the ex-Syndicate price: it thus amounted to MUR 287.6 M, a figure comparable with the payment effected in the previous year.

CHART I

Sugar Proceeds



The ex-Syndicate price for the 2012 crop, prior to disbursement of the SIFB premium, increased to MUR 17,573 per ton, an improvement of 9.69 % compared with the MUR 16,020 per ton paid to sugar producers for the previous crop. In light of the actuarial review exercise undertaken by the Sugar Insurance Fund Board (SIFB) in November 2011, the SIFB premium paid by producers for the 2012 crop amounted to MUR 294.4 M, compared with MUR 176.3 M paid for the 2011 crop. It should be recalled that the SIFB premia paid for the 2010 and 2011 crops had been exceptionally discounted by 70% from the initial premium levels as per recommendations contained in the ERCP.

Sales

European Union Market

Sugar has been exported from Mauritius to the EU market under the market access arrangements between the EU Commission and ACP countries signatory to the Economic Partnership Agreements (EPAs) which have replaced the ACP/EU Sugar Protocol since October 2009. These arrangements provide for duty-free and quota-free market access for LDCs, and a complete duty-free access quantity for non-LDC ACP suppliers subject to the application of a double trigger transitional safeguard mechanism which would cap their supplies at the agreed Regional Safeguard Threshold (RST) when the total ACP/LDC supplies exceed 3.5 M tons white sugar equivalent (wse). Mauritius is a member, within the EPA, of the Eastern and Southern African (ESA) region, for which the RST, which has been established on the basis of the traditional supplies of the non-LDC ACP suppliers from this region to the EU market, has been set at 632,851 tons wse in 2011-12 and thereafter. As a result Mauritius and Zimbabwe, the only non-LDC sugar suppliers within the ESA region, can jointly export sugar to the EU up to these quantities with no risk of being confronted with payment of customs duty. As long as the ceiling of 3.5 M tons wse for total ACP/LDC supplies has not been reached, non-LDCs can continue exporting sugar to the EU, even if their RSTs have been exceeded. However, once the 3.5 M tons wse ceiling is attained, the Commission will stop issuing import licences for non-LDCs having reached their RSTs but without restricting those having not yet reached their RSTs. This safeguard clause will last till September 2015 when non-LDC ACP suppliers will, like LDCs, be granted quota-free market access to the EU.

Since implementation of the EPAs, Mauritius has not had to face any export restriction for its sugar to the EU market as firstly the overall ceiling of 3.5 M tons for total ACP/LDC supplies was far from being attained, and secondly exports from the ESA have most of the times been below the established RST. Hence for the 2011-12 marketing year, total non-LDC exports from the ESA region reached 481,646 tons wse, which was below the regional threshold of 632,851 tons wse. As for 2012-13, as at 22 August 2013, the total import licences allocated for sugar from the non-LDCs of the ESA had reached 505,101 tons wse and exports were expected to attain 575,000 tons wse by the end of the quota year in September 2013. As at the same date, total ACP/LDC sugar supplies amounted to 1,776,619 tons wse, of which 1,294,928 tons wse originated from non-LDCs, and they are expected to reach some 2,205,000 metric tons wse by 30 September 2013 which, despite an improvement over the previous year, is still well below the overall threshold of 3.5 M tons wse.

Total export of sugar from Mauritius to EU during the 2012-13 marketing year, that is for arrival in EU till end September 2013, is expected to reach 397,197 metric tons, comprising 322,297 metric tons white refined sugar and 74,900 metric tons of special sugars, while an additional 6,366 metric tons special sugars will be shipped during the month of September 2013 for arrival in the EU during the 2013-14 delivery period. Most of the white refined sugar, that is an equivalent of 318,243 metric tons, will be delivered in bulk and 3,813 metric tons will have been shipped in bags and 241 tons as sugar cubes, while the special sugars will have been shipped mostly in bags and retail packets. The deliveries will also comprise some 12,000 metric tons refined sugar made available through processing of imported raw sugar feedstock together with local PWS under the 15% value tolerance rule of origin provided in the EPA arrangements.

White refined sugar

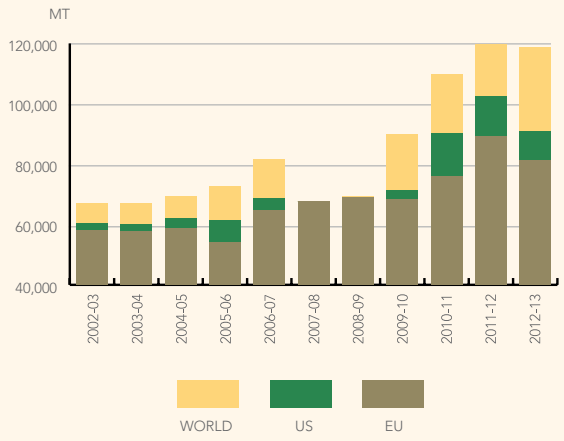
White refined sugar produced in Mauritius is supplied to the EU market exclusively under a commercial partnership agreement, implemented since the 2009 crop, with the German group Suedzucker AG. The sugar, which is of EEC Grade 2 quality, hence replacing beet sugar produced in the EU, is exported principally in liner containers of 25 metric tons each for just-in-time delivery to a range of customers across the EU market. At the behest of buyers, the sugar can occasionally be shipped in big bags stuffed in containers. Shipment of white refined sugar from the 2012 crop, including from the carry-over stock of PWS, reached 321,257 metric tons as at 30 June 2013. This tonnage included the additional 12,000 metric tons of refined sugar made available through incorporation of imported raw sugar feedstock into locally produced plantation white sugar as allowed under EPA arrangements. It should be recalled that for the previous crop, only 254,926 metric tons white refined sugar had been exported as at 30 June 2012 but as the refineries subsequently completed their upgrading works, they have been able to better utilise their capacities in 2012-13.

Special Sugars

A total of 81,266 metric tons of special sugars, including some refined sugar in cubes, were sold during the 2012-13 delivery period to a number of buyers in nineteen different EU countries.

CHART II

Export of Special Sugars



Although this tonnage still represents an increase of almost 9% over the 2010-11 sales of 75,805 metric tons, it was less than the exceptional sales outcome of 89,110 metric tons during the 2011-12 marketing year which in fact resulted from specific circumstances arising from production constraints in competing origins. Deliveries also comprised 8,778 metric tons of special sugars sold under the Fairtrade label to various EU destinations. The special sugars were shipped, for arrival in EU between October 2012 and October 2013, principally in 25 kg, 50 kg, or in 1050 kg polypropylene bags in 20-foot containers, as well as in retail packets for those customers having made necessary arrangements with independent packing companies in Mauritius.

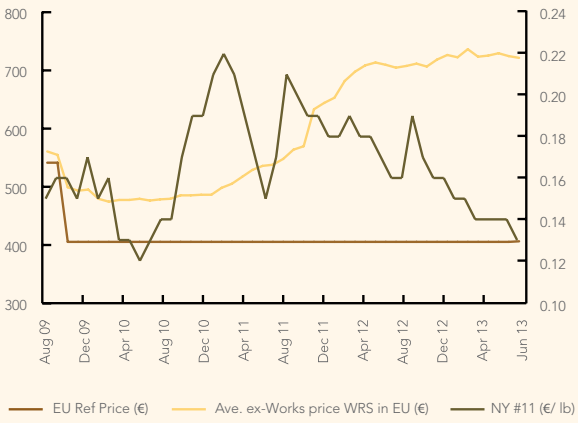
EU Prices

The export price of direct consumption sugars from Mauritius tracks the market price in Europe and for special sugars, an additional margin corresponding to their higher value-addition, is applicable. The average ex-works price of white refined sugar, which is regularly monitored by the European Commission through a reporting system established in all member states and posted on its website one month in arrears, serves as a reference to both sugar operators and the regulators. Although market prices have been relatively stable for over a year since the start of the present regime in October 2009, with average ex-works prices ranging between Euro 475 and 500 / ton, they showed significant improvement by the start of 2011, as the market deficit in the EU became more pronounced and spot prices consequently surged. The average market price for white refined sugar increased by some 32% in 2011-12 compared to the preceding marketing year and these prices remained firm in 2012-13, sometimes even benefiting from a further modest increase, owing to persistent uncertainty in respect of sugar supplies at the start of the marketing year. However, with the introduction of exceptional measures by the EU Commission in 2013, prompted by the enhanced differential between European prices of white refined sugar and the world market price, the price pressure was relieved as from the second quarter of 2013. These measures, aimed at further increasing sugar supplies in the EU market,

comprised release of some 600,000 tons of out-of-quota sugar into the market at reduced levy as well as import of another 600,000 tons sugar from third party suppliers at reduced customs duties determined through tender procedures. At time of writing, the average ex-works price for white sugar reported by the EU Commission for the month of June 2013 has receded to Euro 723 / ton, after attaining a peak of 738 / ton in January 2013. The evolution of the ex-works price in comparison with the world market price and the EU reference price is illustrated in Chart III below.

CHART III

Evolution of EU market price for white refined sugar from 2009-2010 to 2012-2013



Since proceeds from the 2012 crop have been hedged by the Syndicate as from January 2012, a significant proportion of the transactions was completed before the weakening of the Rupee. The Syndicate has nevertheless achieved an average exchange rate of MUR 40.62 to the Euro on the sales of its export proceeds, compared with MUR 41.35 to the Euro in the previous year. The loss in revenue arising from the strengthening of the Rupee was compensated by the improved market prices achieved.

CHART IV

Evolution of MUR/Euro buying rate during 2012-13



Proceeds relating to the export of sugar to the EU were mostly denominated in Euros. The sales proceeds of the industry and the resulting ex-Syndicate price are highly dependent on two main components, firstly the market price, and secondly the Euro parity against the local currency.

Although the MUR/Euro exchange rate reached a trough by end July 2012, the Rupee subsequently weakened against the greenback and the Euro, and, by February 2013, the buying rate peaked at MUR 40.57 against the Euro. The buying rate during the period under review ranged between MUR 36.59 and MUR 40.57 to the Euro compared with the MUR 37.69 - MUR 39.85 range during the previous year, as shown in Chart IV.

United States Market

Mauritius was allocated, on basis of its historical shipments to the US, a tariff rate quota of 12,880 metric tons raw value (12,309 metric tons tel quel) by the Office of the United States Trade Representative (USTR) for Financial Year (FY) 2013 (October 2012 – September 2013), which was set at the minimum WTO bound level of 1,117,195 metric tons raw value (mtrv). Owing to the market surplus during the year under review, the USTR did not proceed with any further reallocation of TRQs. In fact the US Department of Agriculture (USDA) estimate made in June 2012 of an ending stock at 1.56 M short tons raw value (strv) for the FY 2013 increased to 2.136 M strv at April 2013. The wholesale market price

for white refined sugar, which reached a record high level of US 59.50 cts/lb in August 2010 owing to short supplies as a result of world market price volatility, started falling as from the second quarter of 2012; with the surge of imports, especially from Mexico under NAFTA, the market price fell drastically during the first half of 2013 and reached US 26.00 cts/lb by July 2013, the lowest level reached since January 2008.

All supplies from Mauritius to the US were in the form of special sugars and total exports which entered duty-free under the FY 2013 TRQ attained 9,586 metric tons out of the total allocation of 12,880 mtrv. These sales, which comprised some 1,139 metric tons of Fairtrade sugars, were concluded on a CIF US ports basis at a premium compared to the market prices of white refined sugar, and deliveries were undertaken mainly in big bags of 1050 kg, 55 lbs bags or in retail packets when prior arrangements had been made by buyers with packing companies in Mauritius.

World Market

The Syndicate has further diversified its export market base and supplied special sugars from the 2012 crop to 25 different destinations outside the EU and US. With the support of its buyers, it already enjoys for these specialty products a leadership position in a number of such markets despite fierce competition from new origins. Total export of special sugars from the 2012 crop to world market destinations reached 27,616 metric tons, compared with 17,429 metric tons supplied during the previous marketing year, resulting especially from growing interest for these sugars in the regional market. Sales to world market destinations comprised some 370 metric tons of Fairtrade sugars.

Local Market

Some 8,500 metric tons of white refined sugar and 3,500 metric tons of raw sugar for direct consumption were produced from the 2012 crop for delivery to the domestic market. Although the market requirements for white sugar were to be supplied mostly from the local refineries after processing of imported raw sugar feedstock, the Syndicate still had to import during the year under review, pursuant to an international tender exercise, some 8,000 metric tons of refined sugar from Thailand in order not to affect its own deliveries to the EU. The imported consignments, which were shipped in 20-foot containers, were surveyed at the port of loading by R. Markey & Sons Inc, and samples of the sugar were also analysed upon arrival at Port Louis by the Syndicate's Central Quality Department to ensure they complied with agreed specifications.

Sales to the Local Market

Out of the total sales of 17,925 metric tons of sugar on the local market during the 2012-13 crop year, 4,885 metric tons of white refined sugar and 1,381 metric tons of raw sugar were delivered to industrial users, compared with 13,784 metric tons and 1,676 metric tons respectively in 2011-12. The remaining quantities, together with 148 metric tons of special sugars, were sold to various wholesalers and packers for domestic household consumption. The decrease in the Syndicate's domestic sales is explained by the increasing competition from new suppliers importing sugar from various origins and providing direct delivery to end customers or retail outlets. It should be recalled that Government's liberalisation of prices in 2010 introduced a slackening of import procedures whereby independent distributors could start importing sugar for domestic needs. As they were not made to contribute to the ex-Dockers' pensions, which the Syndicate has had to finance fully from its domestic sales, these distributors could afford to be more aggressive on prices, thereby affecting negatively the Syndicate's sales as from the last quarter of 2011. This competition was considered unfair and, as a remedial action, the Mauritius Cane Industry Authority (MCIA) subsequently introduced a regulation under the MCIA Act of 2011 to compel any distributor of sugar for the local market, including the Syndicate, to contribute to the payment of pension to the ex-Dockers. It was also established under the same regulation that all importers should be registered with the MCIA with regular reporting on the tonnage and types of sugar sold and their supplies estimate

for each quarter. These new procedures became applicable as from 1 July 2012.

Exporters of food products containing locally produced sugar still require Export Certificates in order to obtain the required permit from the local authorities. In this respect, the Syndicate has issued during the period under review certificates covering export of 927 metric tons equivalent of sugars, compared to 1,562 metric tons in the preceding year. This decrease is explained by the fact that part of these industrial users have shifted their source of supply to competing origins.




MEKONG RIVER
LIMASSOL

SUPPLY & DELIVERY ARRANGEMENTS

Supply Agreements with Refiners

The processing of white refined sugar for supply to the EU market under the long term commercial partnership agreement (LTPA) with Suedzucker AG, is subcontracted by the Syndicate to the two back-end refineries in Mauritius, namely Omnicane Milling Operations Ltd (OMOL) and Alteo (ex FUEL) Refining Ltd. This operation is conducted under Sugar Refining Service Agreements between the refiners and the Syndicate extending till 30 September 2015, that is back–to-back with the commercial LTPA, and which are based on a minimum annual production of 125,000 tonnes each of white refined sugar of EEC Grade 2 quality for regular delivery over the year, except during maintenance shutdown. The refineries are remunerated through a refining service fee for each ton of white refined sugar produced and delivered in containers to the Cargo Handling Corporation Terminal or in bags to the BSSD warehouses in Port Louis. The combined daily output capacity of both refineries is 1,300 metric tons white refined sugar.

During the period from July 2012 to June 2013, 302,040 metric tons refined sugar have been processed by the refineries, compared to only 250,845 metric tons during the same period in the previous year, when the OMOL refinery had a longer shut down period owing to installation of additional equipment.

In addition to sourcing of PWS feedstock from their respective adjacent mills, Alteo Refinery Ltd also secured supplies from Deep River Beau Champ Milling while OMOL obtained extra supplies from Medine Sugar Milling. The excess sugars, which could not be stored in their own sugar sheds, were delivered and stored in Shed No. 1 of the Bulk Sugar Terminal for reclaim by the refineries after the crop campaign. The refineries also availed themselves of raw sugar feedstock imported by the Syndicate and stored in the same shed with the view to increase throughput from Mauritius thereby increasing revenue of sugar producers. In this regard, a consignment of 26,919 metric tons of high polarisation sugar was imported from Brazil in July 2012 and the sugar was melted during the crop year together with locally produced PWS feedstock prior to refining for export to the EU market, as authorized under the EPA rules of origin, and also to meet part of the local market requirements.

Total deliveries by the refineries, including sugar processed from the carry-over stock from the preceding crop and from the imported sugar feedstock, for entry into EU during the 2012-13 marketing year hence reached 322,297 metric tons of white refined sugar. This tonnage included 3,813 metric tons in bags and 241 metric tons in cubes. The refineries also processed during the year under review some 8,500 metric tons of white refined sugar which were delivered in 50 kg bags for the local market.

Framework Agreements for supply of Special Sugars

Pursuant to the successful implementation of the framework agreements with producers of special sugars since the 2009 crop, processing capacity has increased continuously and the total production for the 2012 crop reached 130,563 metric tons, compared with 126,024 metric tons in the previous year. This production outturn, over and above the carve-out allowed under the LTPA, could be realised through the supply of additional raw sugar feedstock from the consignment imported in July 2012. The increase in availability of special sugars allowed the Syndicate to pursue its plan to consolidate its position in its export markets while expanding the market base. Hence 118,498 metric tons special sugars were contracted for delivery to 45 different destinations worldwide while another 3,311 metric tons were delivered as raw sugar for direct consumption on the local market.

The millers continually upgraded their production facilities so as to meet the increasingly stringent quality and food safety requirements of the Syndicate's customers. The special sugars have been produced by three factories, namely Terra Milling, Deep River Beau Champ (DRBC) and Alteo (ex-FUEL) Milling which are all HACCP certified. Moreover, the former mill operates a fully operational food safety management system on BRC standards while DRBC is ISO 22000 certified. Through a close

collaboration with these factories, the Syndicate ensures that the production of special sugars is carried out under rigorous quality assurance and traceability systems in accordance with buyers' requirements. Each daily production batch is accompanied by a product release certificate which guarantees a positive release into the BSSD warehouses. The Syndicate's CQD manages a surveillance program, as from acceptance of the sugar in the stores, to ensure that it is maintained in a suitable condition for its intended use. As in previous years, samples of each of the sugars are analysed on basis of daily representative samples for onward reporting to the Control and Arbitration Department of the MCIA.

Supply of Fairtrade Sugars

Thirty-two cooperative societies, regrouping about 5,000 planters, were already certified Fairtrade by the start of the 2012 crop, although two of them were subsequently merged during the course of the year. On the other hand, further to FLO-Cert's acknowledgement that the 22% share of planters' sugar production accruing to millers were actually originating from the Fairtrade certified plantations, that sugar was also allocated a Fairtrade status. Consequently, without certification of further growers, total availability of Fairtrade sugars from Mauritius for the 2012 crop was increased to 21,984 metric tons compared with 17,514 metric tons for the previous year.

The first batch of cooperative societies, which had obtained certification in 2008, had to undergo a Renewal Audit whereas those of the second batch went through a Surveillance Audit during the year under review. The Syndicate provided ongoing support and guidance to these cooperative societies to help them maintain their Fairtrade certification.

Through a targeted marketing approach, with the view to reaching existing and new market segments, the Syndicate managed to secure commitments for 10,287 metric tons Fairtrade special sugars in 10 countries worldwide and, with the support of Suedzucker AG, another 11,500 metric tons of Fairtrade white refined sugar within the EU. The Syndicate aims at repeating this performance for the 2013 crop although, pursuant to the economic crisis which has hit the main export destinations, further growth in sales of FT sugars is presently quite challenging.

Harvest Services & Other Incentives to Planters

In line with the agreement between the Syndicate and Alteo Sugar Milling Co. Ltd regarding provision of Planters' Harvest Services, charges relating to these services were withheld from sugar proceeds of planters concerned and repaid to Alteo by the Syndicate. A total of 448 planters producing some 48,000 tons of cane benefitted from this support during the 2012 crop compared with 324 planters producing about 35,000 tons of cane during the preceding harvest. For the 2013 crop, Alteo is targeting to harvest under this scheme at least 50,000 tons of planters' canes.

Alteo's initiative to propose harvest services was taken as a result of growing labour and cane transport problems faced by planters of its enlarged factory area. A separate unit named FSMC Planters Services Co. Ltd was thus set up to offer *à la carte* services, that is fully-mechanized, semi-mechanized as well as manual harvest options to planters at competitive rates.

In addition, as a means to improve their overall efficiency and competitiveness, a range of schemes, incentives and facilities as outlined below were provided to producers by Government:

- The Sugar Industry Insurance Fund Board (SIFB) Act was amended thereby reducing the general premium of sugar producers by some 50 per cent as from the 2012 crop.
- A sum of MUR 351 M has been provided in the 2013 budget for the implementation of FORIP on an extent of 1,300 hectares, compared with MUR 310 M in the previous year. At time of writing, some 7,000 hectares of land belonging to 6,600 planters had already been de-rocked and replanted under this scheme.
- Small planters are entitled to full VAT refund on agricultural machinery, equipment and tools which they purchase. As from beginning 2013,

this list was further extended to cover spare parts, post-harvest equipment as well as other agricultural materials.

- Tax exemption on the first 60 metric tons of sugar was maintained for small planters with less than 15 hectares of land and who rely solely on sugar income.
- With the view to reducing the loss of agricultural land and promoting sustainable agriculture, a subsidy of MUR 40 M on locally produced compost was provided to small planters in 2013.

Storage Facilities and Delivery Arrangements

The white refined sugars produced by OMOL and Alteo refineries are loaded directly from their conditioning silos into containers with polyethylene liners which can hold 25 tons of sugar each. They are then delivered directly to the Cargo Handling Corporation Ltd container terminal in Port Louis where a buffer stock is maintained in order to ensure regular shipments from Mauritius throughout the year. In this regard, a working protocol has been established between the Syndicate and the Cargo Handling Corporation for the management and monitoring of the sugar containers at the terminal prior to their export from Mauritius. For additional sugar containers, which might require longer storage in Port Louis, arrangements have been made for storage at the Mauritius Freeport Development Company Ltd depot prior to export.

When operating at their full capacity, the refineries would together deliver over 50 containers of sugar to Port Louis on a daily basis. A customised tracking system allows monitoring of container movements from the depot, where the empty boxes are delivered, to the refineries and back to the container terminal in Port Louis. This ensures a proper stock management and a steady flow of containers till shipment, thereby reducing the risk of any bottleneck along the supply chain.

Shipments are organised on the basis of a rolling plan, regularly updated by the EU commercial partner, Suedzucker AG, with the main shipping lines offering a service from Port Louis to the European ports. Freight service agreements have been finalised with these companies with the view to optimise on the cost of delivery to the final destination in Europe and joint meetings are regularly organised to review their performance and explore avenues for further improvement along the supply chain. A second tracking system is triggered once the vessel sails from Port Louis in order to follow up on the transit of the containers till they reach the end customers in Europe.

Only around half of the daily production outturn of plantation white sugar from the mills with back-end refineries is refined during the crop campaign while the balance is stored in the adjacent sheds for processing in the off-crop period. As regards PWS from the other mills, namely Médine, Deep River Beau Champ, and Terra Milling, they are delivered during the crop either directly to the refineries or to the Bulk Sugar Terminal (BST) in Port Louis for reclaim by the refineries for processing purposes during the intercrop season. Shed No. 1 of the BST has been adapted accordingly with the installation of the required equipment for collection and delivery of the sugar feedstock. During the 2012 crop the BST received a total of 54,781 metric tons PWS, which included 40,544 metric tons from the aforementioned mills and another 14,237 metric tons from Omnicane Milling. A total of 65,741 metric tons of the PWS, comprising production from the 2012 crop as well as carry-over stock from the previous crop, have been delivered to the two refineries during the year under review. The consignment of 26,919 metric tons raw sugar feedstock imported by the Syndicate in July 2012 was also stored in Shed No. 1 of the BST, in a separate heap for traceability purpose, prior to transfer to the refineries for further processing. This stock was fully delivered to the two refineries by June 2013.

As regards export of special sugars, shipments were effected in 20-foot containers and consignments were delivered to customers in both the EU and non-EU markets on a Cost Insurance Freight (CIF) basis. Unlike white refined sugar, they were produced and bagged only during the crop and consequently had to be stored at the BSSD warehouses in Port Louis for year-round shipments as per buyers' requirements. These warehouses are HACCP certified

and the BSSD personnel ensures that all conditions are met to secure a safe food grade environment during the storage, handling and loading of the sugars. Furthermore, the Syndicate's team of supervisors attached to the warehouses rigorously monitors the storage and handling of the sugars as well as the stuffing operations prior to export in order to ascertain compliance with strict quality and food safety control requirements. The BSSD also ensures a First In First Out handling of the bagged sugars.

130,563 metric tons of special sugars for direct consumption were delivered in bags to the warehouses of the BSSD from the 2012 crop, against 126,024 metric tons for the previous campaign. Out of these deliveries, 118,498 metric tons, including the balance from the 2011 crop carry-over stock, would be shipped by the end of the marketing year in September 2013 to fulfill the Syndicate's contractual obligations for the 2012-13 marketing year. During the period from July 2012 to June 2013, the BSSD also received delivery, for domestic sales, of 8,000 metric tons imported white refined sugar, 3,500 metric tons raw sugar, and another 8,500 metric tons white refined sugar in bags produced by the refineries. Total deliveries on the local market during this period comprised 11,109 metric tons white refined sugar and 3,311 metric tons raw sugar for direct consumption.

Quality And Food Safety

Confidence in the safety and integrity of the food supply chain is an important requirement for consumers who expect protection from hazards occurring along the entire food chain from the primary producer. Protection can only occur if all sections of the chain operate in an integrated way and food control systems address all stages of this chain. The Syndicate's capacity to meet regulatory requirements of importing countries is a *sine qua non* condition for its sugar exports. Creating and sustaining demand for Mauritian sugar in world markets relies on building the trust and confidence of importers in the integrity of the food system. Food safety is not a competitive advantage but an entry point to the market.

To fulfill its duties, the Central Quality Department (CQD) of the Syndicate has ensured, through the proper establishment, management and monitoring of quality control and quality assurance systems for sugar, packaging materials and containers, that customer needs and expectations have been fulfilled. Its scope also extended to providing valuable technical information to buyers, handling response to their questionnaires, transmitting customer complaints, following up on corrective actions with factories and forwarding to customers appropriate corrective action plans within an agreed time frame. The Syndicate has also closely monitored with sugar factories improvements in process facilities and the proper implementation of preventive measures.

The various audits and visits carried out by buyers during the period under review have confirmed that the quality and food safety system along the supply chain has met both customer and legal requirements. Concurrently, the Syndicate has communicated and discussed changes in US FDA legislation with regards to food safety with producers and the BSSD for implementation in their respective environments.

The role of the CQD is therefore two folds, namely as a support to the Syndicate's Marketing Department by providing technical information necessary to fulfill its duties and as an after sales support to buyers. To effectively perform their duties, Quality Assurance Officers of the Syndicate followed training courses on the requirements of the British Retail Consortium (BRC) Global Standards in Food Safety (Version 6). The course was delivered by an approved training provider for the British Retail Consortium who currently carries out BRC training courses for SAI Global in South Africa, UK and Mauritius. Training was also extended to the Syndicate's supervisors for enhancing their supervisory skills; such courses were delivered by SGS and the industry's Regional Training Centre.

White Refined sugar

White Refined sugar destined for the export and local markets is manufactured by refineries that are BRC (British Retail Consortium) certified. This standard specifies the safety, quality and operational criteria required to be in place within the refineries to fulfill obligations with regard to legal compliance and protection of the consumer.

It is also designed to allow for an assessment of the refineries' premises, operational systems and procedures by a competent third party. Such exercise is performed by the certifying body on a yearly basis. The standard also includes a clause for product release which ensures that products are not released unless all agreed procedures, including those established with the Syndicate, have been followed.

The CQD is responsible for the approval of the quality information provided by refineries and the subsequent clearance of sugar for export and delivery on the local market. The existence of an efficient communication network ensures proper information flow from refineries to the Syndicate and subsequently to Suedzucker AG and vice versa. Similarly, sugar imported for delivery on the local market undergoes quality control and validation prior to shipment and at unloading in Mauritius. This ensures delivery of a fit for purpose product on the local market.

Special sugars

The Syndicate's team of supervisors responsible for monitoring quality assurance at storage has worked in close collaboration with the BSSD personnel to ensure that storage and handling of sugars have been properly carried out. Special sugars produced by factories according to buyers' specifications and the requirements of their Quality and Food Safety standards are positively released on a daily basis against a product release certificate for storage at the BSSD warehouses. After verification of such documents by the CQD, the products are cleared for delivery. A strict traceability system based on production date codes completes the comprehensive quality system in place for special sugars. Concurrently, the CQD is responsible for issuing certificates of analysis for export of all consignments of special sugars to its clients.

Packaging materials

With the help of overseas manufacturers, the Syndicate's CQD has reviewed the technical specifications for packaging materials used for sugar during the 2012 crop. In addition, these materials have been assessed for compliance with regards to design, mechanical and permeability characteristics, handling and stacking properties as well as food contact requirements prior to release and subsequent use by the industry.

Transport of Refined and Special sugars

Container depots were regularly audited by the Syndicate's Quality Assurance Officers to ensure that selection, cleaning and dispatch of containers were performed according to procedures agreed with the shipping lines. Concurrently, follow up of corrective action plans with depots ensured the delivery of fit for purpose containers for the transport of sugar as validated prior to stuffing and loading of containers at the BSSD and the refineries.

Reporting to the MCIA

As a standing obligation towards the producers' community, the analysis of polarization and moisture of the PWS and special sugars delivered by the mills were performed on a daily basis and their average results were communicated to the Control and Arbitration Department of the MCIA at the end of the crop. These data are used to determine the tonnage of sugar accruing to the different millers and planters.

28th ICUMSA Session

The Deputy Chief Quality Assurance Officer of the Syndicate, Mr. Patrick Bussier, attended the 28th Session of the International Commission for Uniform Methods of Sugar Analysis (ICUMSA) held on 16-17 July 2012 in Cambridge, United Kingdom. Such participation allowed the Syndicate to be kept abreast of the latest developments at the level of ICUMSA and to review and update analytical methods used in the sugar industry and ensure they are suitable for its purpose.

The ICUMSA is a worldwide body which brings together the activities of the National Committees for Sugar Analysis in more than thirty member countries. It is the only international organization concerned with analytical methods for the sugar industry. In addition, ICUMSA methods are recognized by authorities such as the Codex Alimentarius Commission, the OIML, the EU, and the US Food Chemicals Codex.



2013 CROP & MARKET PROSPECTS

The 2013 crop benefited from abundant rainfall during the first three months of 2013 and despite drier weather conditions during the earlier part of the growth stage as well as between April and June, the average stalk height over the island attained 186.7 cm by end June 2013 which was 8 percent higher than that recorded at the same time in the previous year, but comparable to the last five years' average. The favourable temperature amplitudes together with above normal solar radiation during the cane maturing stage between April and June also supported sucrose accumulation and the richesse of the cane reached 13.5 percent by end June 2013 compared with only 11.9 percent at the same time in the preceding year.

In anticipation of a further reduction in the area under cane cultivation, though foreseen to be lesser than for the five previous years, the Crop Estimate Coordinating Committee, chaired by the Mauritius Chamber of Agriculture, set the initial crop estimate on 6 June 2013 at 425,000 metric tons of sugar on the basis of an estimated cane output of 4.08 M tons, compared with 3.95 M tons harvested during the previous crop. The official forecast was maintained by the Crop Estimate Coordination Committee at its meeting held on 8 August 2013.

The 2013 crop production will be supplemented with some 33,007 metric tons of PWS, available as at end June 2013, and 6,491 metric tons of bagged sugar stocks carried forward from the previous crop, bringing total availability of locally produced sugar to some 464,498 metric tons. The Syndicate, moreover, plans to import two consignments of raw sugar

TABLE II

2013 Crop Sales (metric tons)

	MT	
2013 Crop Estimate	425,000	
Add carry-over stocks from 2012 crop		
PWS	33,007	
Bagged sugar	6,491	
Add imported sugar feedstock (projected)	54,000	
TOTAL DISPOSABLE SUGAR		518,498
EXPORT SALES ESTIMATES 2013-2014		
European Union		
White refined sugar	360,000	
Special sugars	70,000	
Total EU Exports		430,000
United States		
Special sugars		10,000
World Market		
Special sugars		30,000
LOCAL MARKET		
Raw sugar for direct consumption		4,000
TOTAL SALES ESTIMATES		474,000
Less Processing and Storage Loss		(9,720)
Estimated Surplus/ (Deficit)*		34,778

** Surplus raw sugar feedstock to be refined for local market requirements*

feedstock in bulk to supplement local production and consequently meet local market requirements in white refined sugar and also increase total export of processed sugars from Mauritius. Total availability of sugar for the 2013 crop would consequently increase to some 518,498 metric tons.

Assuming the local refineries operate at full production capacity, with a combined daily output in excess of 1,300 metric tons sugar, some 360,000 metric tons of white refined sugar are expected to be made available for shipment to Suedzucker AG customers in the EU and another 15,000 metric tons for sales on the local market. On this basis, the stock of plantation white sugar at the end of the crop would be around 19,373 metric tons, a necessary buffer stock to facilitate the transition to the following crop. Furthermore, some 110,000 metric tons special sugars are to be produced for export to the EU, US and world market destinations and another 4,000 tons to meet local market requirements in raw sugar. The 2013 crop commitments are detailed in Table II.

European Union Market

As for the past three years, the bulk of the 2013 crop production will be exported as white refined sugar for delivery to the EU market under the long term commercial partnership agreement with Suedzucker AG. These quantities will be produced throughout the delivery period, except during the refineries' maintenance shutdowns, and will be shipped, mostly in bulk containers, directly to their customers across the EU. On the basis of a crop outturn of 425,000 metric tons of sugar and taking into account the import of 2 consignments of raw sugar feedstock during the year, some 360,000 metric tons of white refined sugar are thus to be processed and exported to the EU market.

Furthermore the Syndicate forecasts to contract sales of some 70,000 metric tons special sugars for shipment to a range of customers across the EU during the October 2013 / September 2014 marketing year. A decrease in sales of special sugars is foreseen during this marketing year owing to firstly dwindling consumption in a number of EU countries as a result of the persistent economic crisis, and secondly aggressive competition from a lower quality direct consumption raw sugar from new origins desperate to secure a market share. The special sugars will be shipped mostly in 25kg, 50kg and 1050kg polypropylene bags in containers and occasionally, upon buyers' request, in retail packing, after subcontracting the packaging operations to local operators.

The Regional Safeguard Threshold (RST) quantity for the Eastern and Southern African (ESA) region has been set, under the ACP/EU EPA Sugar Agreement, at 632,850.9 tons wse for the 2013-14 delivery period. Since the supply estimate of the non-LDC ACP suppliers of the ESA region, namely Mauritius and Zimbabwe, for this period was estimated at 578,000 tons wse as at July 2013, the risk of this threshold being exceeded is quite remote.

United States Market

Although there has been no official announcement at time of writing, the United States Department of Agriculture (USDA) is expected to set the US import quota of raw sugar for the 2013-14 delivery period at the minimum WTO bound level of 1,231,497 short tons raw value (1,117,195 mtrv). Mauritius is likely to obtain its 1.2% net share allocation of this quota, amounting to 12,636 mtrv sugar Owing to a surplus market situation within the US, no further allocation of quota is anticipated by the USTR during the year. The quota to be allocated to Mauritius is to be fulfilled through export of special sugars to a range of buyers in the US.

World Market

The Syndicate plans to further diversify sales of its special sugars from the 2013 crop outside the EU and US markets. In addition to consolidation of its market position in a number of existing destinations, emphasis is placed on the regional and also emerging markets where niche market segments are being established for these value-added products. Total supplies of special sugars to the world market are expected to reach 30,000 metric tons in 2013-14, compared with 27,616 metric tons finalised in the previous year.

Local Market

The local market requirements in white refined sugar will be met from the processing by the local refineries of raw sugar feedstock imported by the Syndicate. Such imports are sourced from the world market through international tenders: the New York #11 price evolution is closely monitored by the Syndicate in order to minimise the cost of purchase and consequently keep sales prices on the local market at the lowest level. A first cargo of 27,000 metric tons high polarisation sugar bought from Brazil was delivered in Port Louis during the second half of August 2013: this consignment would provide for production of some 10,000 metric tons of refined sugar for delivery on the local market. The purchase of an additional cargo of sugar feedstock envisaged by the start of 2014 would allow the Syndicate to meet the balance of its share of the domestic market requirement, which is now estimated at 32,000 metric tons per annum. The sugar delivered to the local market is of EEC Grade 2 quality and is equivalent to that being supplied to the customers of Suedzucker AG in the EU market. Likewise, the annual local requirement for raw sugar for direct consumption, which is now estimated at some 4,000 metric tons per annum, will be sourced from local producers. Sugars destined for the local market are bagged in 50 kg polypropylene bags and are stored at the BSSD warehouses under the required quality and food safety norms and standards, prior to delivery to local customers.




UNITED STATES
200
YEARS OF
FREEDOM

CROP FINANCING & PAYMENTS

Advance and Payment to Producers

In its budget speech for year 2012, Government announced the maintenance of payment of an advance of 80% of the estimated ex-Syndicate price to small and medium planters as soon as their canes from the 2012 crop were sent to the mills and sugar produced therefrom. The Bank of Mauritius provided the necessary financial resources to the tune of MUR 1.3 billion to commercial banks for on-lending to the Syndicate in this respect. This transaction was formalized through a Protocol d'Accord signed between the Bank of Mauritius and the Syndicate on 28 June 2012 which enabled the latter to benefit from the agreed preferential rate of 3.5% per annum from local commercial banks. Three banks, namely the State Bank of Mauritius Ltd, the Mauritius Post & Cooperative Bank Ltd, and the HSBC confirmed their intention to avail themselves of this line of credit and an initial advance of MUR 12,800 per metric ton of sugar representing 80% of the provisional ex-Syndicate price of MUR 16,000 produced for the 2012 crop was thus made as from July 2012. A sum of MUR 1.05 billion was consequently utilized for advance payment to 9,369 beneficiaries representing a total production of 79,806 metric tons of sugar for the 2012 crop. The loan was fully reimbursed by the Syndicate to the Bank of Mauritius on 31 May 2013.

As regards the other producers, an initial advance of MUR 10,000 per metric ton, representing 62.5% of the estimated ex-Syndicate price was remitted weekly as from the start of the crop. These advances were financed by short term loans sourced from commercial banks at negotiated interest rates, ranging from 4.40% to 5.00% per annum. Advances were gradually increased throughout the year till final settlement on 27 August 2013 reaching an ex-Syndicate price of MUR 17,573.32 per ton of sugar. As per normal practice, advances were effected weekly during the harvest period and monthly in the intercrop season. Some 9,100 producers instructed the Syndicate to credit their proceeds directly to their accounts held with different commercial banks of Mauritius while 404 producers were paid through their respective brokers. About 8,000 planters received their sugar proceeds through 152 cooperative credit societies with which they were duly registered.

Borrowings

In line with the marketing year in its main export destinations, sugar proceeds for the 2012 crop were received by the Syndicate as from 1 October 2012. For the financing of its operational expenses including the SIFB premium and the statutory Global Cess, the Syndicate therefore had to negotiate as from July 2012 overdraft and short term loan facilities with commercial banks. The Syndicate's funding was supplemented by loans on a call basis from the MCIA; a sum of MUR 191.2 M was due on these loans as on 30 June 2013. Additionally, the SIFB premium payable as per the Sugar Insurance Fund Act No. 4 of 1974, subsequently amended on 29 May 2012, was contracted as loan from this organization at 4.25% interest per annum. The sum of MUR 294.4 M and accruing interest were reimbursed on 30 April 2013. As on 30 June 2013, the Syndicate still owed MUR 2.57 billion as short term loans to commercial banks, as compared to MUR 2.36 billion at the same period last year.

Bridge Term Facility to Refiners

In an endeavour to uplift their processing facilities and improve the quality of their white refined sugar production, the refiners had solicited the assistance of the Syndicate for a short bridge term facility in 2011. Given the urgency for such improvement, the Syndicate agreed to enter into an agreement for an amount of Euro 2.5 M with Alteo Refinery Ltd (ex-FRL) for a period of two years with the capital sum repayable in November 2013 and with an interest rate of Euribor 1 month + 1.5% per annum claimed monthly in arrears. This transaction is at no cost to the Syndicate since all charges thereon are borne by Alteo Refinery Ltd.

Contribution by Distillers/Bottlers for Absolute Alcohol

In 2010 Government introduced a contribution payable by distillers and bottlers to sugar cane planters of MUR 20.00 per litre of absolute alcohol for home consumption. This provision, embedded in the MCIA Act 2011, requires every distiller to make a contribution to the Syndicate in respect

of molasses used for the production of alcohol for local consumption. The amount thus received is converted into a payment rate per ton of sugar accruing, and subject to the approval of the MCIA, is distributed to the cane growers in two instalments during the crop year. A total amount of MUR 87.7 M was thus received in 2012 crop year compared with MUR 84.5 M in the previous year. A first tranche of MUR 41.4 M was paid to the planters on 28 December 2012, and the balance was settled on 16 July 2013. The cane growers have thus benefitted from an additional revenue of MUR 271.46 per ton of sugar produced for the crop.

Payment to the Mauritius Cane Industry Authority

The reform of the sugar sector Service Providing Institutions (SPIs) leading to the consolidation of the various institutions into the Mauritius Cane Industry Authority (MCIA) in 2011, succeeded in substantially reducing the Global Cess. Consequently, in line with the target of reaching an equivalent of 4% of the ex-Syndicate price as from the 2012 crop, remittance to the tune of MUR 287.6 M was made to the MCIA representing some MUR 700 per metric ton of sugar paid by sugar producers for the year under review.

The sugar industry was also called upon to contribute to the social costs of the SPIs' reform in 2012. Consequently, in September 2012, Government agreed to disburse a soft loan of Euro 10.2 M equivalent to MUR 400 M at 3.0% interest rate per annum to the Syndicate for onward grant to the MCIA. This sum channeled through the Mauritius Post and Cooperative Bank Ltd is repayable bi-annually over a period of six years.

Payment of Bagasse Proceeds

In line with the Sugar Industry Efficiency Act (Amendment to Schedule) Regulations of 1999, a sum of MUR 62.1 M was received and distributed to different categories of producers on 5 July 2013. A sum of MUR 7.5 M was paid to the first group of producers consisting of all planters who are also millers, or who, directly or indirectly, control or are controlled by millers. The planters falling under this group as per the SIE Act 2011 are Alteo Ltd, Terragri Ltd, and Medine Sugar Estate. The second group which comprises of all other planters have received a sum of MUR 23.6 M, and finally, those involved in power supply benefitted from a sum of MUR 31.1 M. Details pertaining to this payment are set out in the Statement of Distribution of Bagasse Proceeds in the Statement of Account section of the report.

Foreign Exchange Receipts

Proceeds from the sale of Mauritius sugars during the period under review have been received mainly in Euros (90%) and US Dollars (10%). The industry's functional currency being the Mauritian Rupee, the Syndicate ensured that the returns of producers in the local currency are protected from volatility in foreign currency exchange rates. In this context and in order to protect itself from the downside risks of US Dollar / Euro rate and Rupee / Euro rate, the Syndicate started hedging its proceeds for the 2012 crop as from January 2012. Various hedging instruments, namely normal forward contracts, leveraged forward contracts, swaps and options, were utilized. The Forex Committee, as mandated by the Syndicate's Executive and Selling Committee, comprising of the President, Vice President, a representative of the MSPA, a planter's representative and the Syndicate's Management met regularly during the year and, in collaboration with the Forex consulting firm Stewardship Consulting (Pte) Ltd, closely monitored the international and local markets, focusing specifically on their impacts on the foreign currencies exchange rates. Considering the risk exposure, risk tolerance and preference of strategies, the Forex Committee made recommendations on different hedging instruments to be applied by the Syndicate's Management. Hedging performances achieved as a result of the implementation of the different strategies were regularly reported to the Syndicate's Forex and Executive and Selling Committees. These committees ensured that best practices were applied as prescribed for foreign currency management.

The hedging performance achieved by the Syndicate over the last six years are set out at Table III.

TABLE III

Crop

	AVERAGE RATE ACHIEVED	AVERAGE MARKET SPOT RATE	HEDGING SURPLUS
	MUR/EUR	MUR/EUR	MUR/M
2007	43.91	41.72	398.40
2008	42.90	41.37	398.10
2009	44.50	42.78	367.00
2010	40.88	39.58	292.30
2011	41.35	37.69	304.30
2012	40.62	38.85	560.66

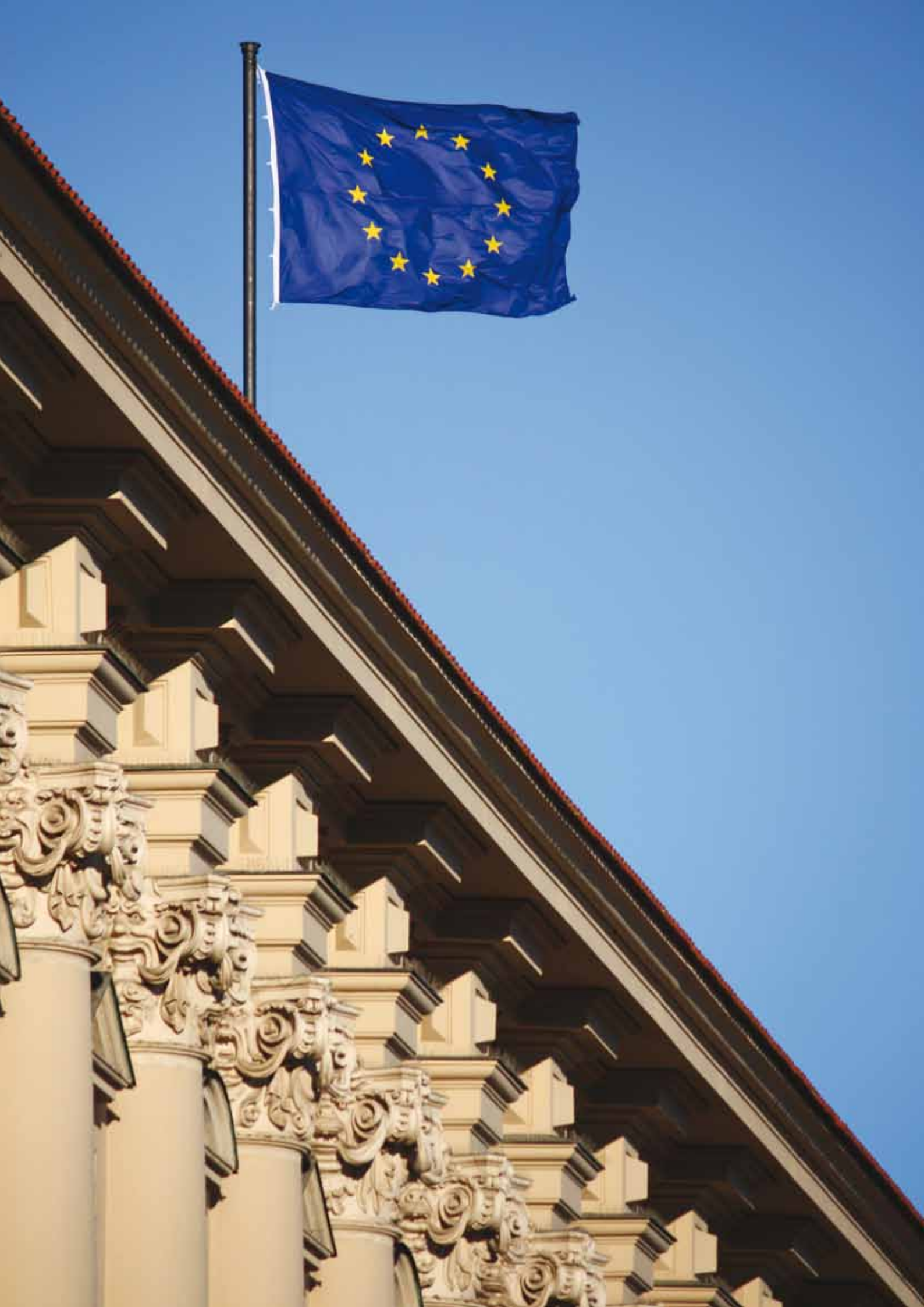
The Syndicate applies duly defined and approved forex management policies while undertaking its hedging transactions. In this context, hedging of its estimated proceeds starts six months prior to the harvest. Hedging transactions for 2012 crop started in January 2012 and some 60% of the estimated sales proceeds were contractually sold by the end of September 2012 when the local currency traded in the range of MUR 36.32 – MUR 37.95 to the Euro. Since the Mauritian Rupee weakened to trade in the range of MUR 37.90 – MUR 40.44 between October 2012 and June 2013, the Syndicate completed the conversion of its remaining foreign currencies thus achieving a weighted average conversion rate of MUR 40.62/Euro by the end of the crop year. The weighted average rate of exchange achieved in the period was severely affected by market conditions namely the fall in the euribor rate, cuts in interest rates and the weighted average treasury bills rates, factors generally having an impact on the premia received by the Syndicate on its foreign currency transactions.

Risk Management

Risk management has been a continuous, proactive and systematic process to understand, control and manage potential risks identified and assessed in the Syndicate's operations during the course of the year. The risk assessment plan including the different risk areas, the likelihood of events occurring and measures proposed for the mitigation of risks have been continually reviewed and updated. The Risk Management Committee, which comprises of the President, the Vice President, a representative of the MSPA, a planter's representative and the Management of the Syndicate met several times during the year for follow up of the action plan and for monitoring the effectiveness of the risk management measures adopted.

Information Technology and data protection being critical risk areas, they have been given a special attention during the period under review. The Syndicate, in collaboration with its IT Consultant, PricewaterhouseCoopers (PwC), organized workshops and training sessions to sensitize employees on the importance of IT security. Internal control measures for protection of the Syndicate's data assets were set in place and followed on a regular basis. PwC has also been very active in ensuring that the overall IT risks of the Syndicate were properly monitored and that a disaster recovery plan be put into place for business continuity in case of any major disruption.

Health and safety risk of employees at the workplace was also a pertinent issue that the Syndicate has addressed in the crop year. Necessary equipment and amenities have been installed at the CQD to protect the employees in the handling, storage and transport of chemical substances for use in the performance of their duties. Such measures were recommended by the consultant of Health & Safety Management Solutions Co. Ltd in his report following the review of the health and safety practices at the Syndicate.



Reform of the Common Agricultural Policy (CAP)

On 12 October 2011, the EU Commission submitted a "Proposal for a Regulation of the EU Parliament and of the EU Council of Ministers establishing a common organisation of the markets in agricultural products". The Commission's proposal included reforms pertaining to the Single Common Market Organization. For the sugar sector, the Commission proposed to terminate the EU beet and isoglucose production quotas in September 2015.

The Agriculture Committee of the European Parliament voted on 23 January 2013 in favour of the resolution of the future Single Common Market Organisation and its provisions with regards to sugar, presented by its rapporteur MEP Michel Dantin. The MEPs called for a balanced and consistent package on sugar, including an extension of the current EU beet and isoglucose quotas until 30 September 2020. On 13 March 2013, the European Parliament voted in its plenary session in favour of these amendments. The vote by the European Parliament was an important step as it endorsed the proposal that the EU beet and isoglucose quotas be extended until 2020.

On 18-19 March 2013, the EU Agriculture Council, chaired by Minister S. Coveney of the Republic of Ireland, adopted a general approach on the CAP Reform package. However, it was disappointing to note that the EU Agriculture Council proposed to extend the quota provisions for sugar by only two years to September 2017 instead of 2020 as agreed by the European Parliament. The Council's proposal ignored the representations made by the ACP Group at the political and diplomatic levels emphasising to key Member States and to the European Commission the critical importance of the sugar sector to their countries' economies and social fabric, and the damage which would result from an early abolition of EU quotas.

As no consensus was reached between the Council and the EU Parliament on the reform of the CAP, including the arrangements for the future sugar regime, trilogue negotiations were launched with a view to reaching a final compromise by the end of June 2013 as proposed by the Irish EU Presidency. These are informal tripartite meetings attended by representatives of the EU Parliament, the EU Council and the EU Commission. The first meeting was held on 11 April 2013 and following some forty five such sessions on the four main chapters of the reform (direct payments, rural development, common market organisation, including sugar, and horizontal issues) and a three-day marathon meeting, the EU institutions finally reached an overall consensus on the CAP reform in the afternoon of 26 June 2013. The Agreement reached on 27 June 2013 on the Multi Annual Financial Framework 2014 to 2020 paved the way for a general agreement on the CAP reform. It is widely envisaged that the legislative procedure (drafting of legal texts) could take place between October 2013 and January 2014. The publication of the new Council/EP regulation would not take place before January/February 2014. Delegated and implementing acts would then be drafted by the Commission for finalisation by June/July 2014.

Throughout the process, the ACP/LDC message has persistently underscored that only the extension of sugar production quotas to at least 2020 would ensure fair, stable and remunerative EU market prices to ACP exporters. Price volatility and price reduction resulting from quota abolition, as highlighted by most impact studies (including the ones of the EU Commission), would negate the rationale behind the heavy investments being made in their respective industries and the important accompanying measures provided by the EU. The ACP/LDC underlined that this decision would call into question the policy coherence of the EU in relation to its trade and development objectives as recognised in both the EPA and EBA agreements.The ACP/LDC stressed that the EU Policy Coherence for Development aimed at avoiding collateral damage to developing countries and at removing contradictions between the EU's internal policies and development objectives.

In view of the importance of extending EU beet and isoglucose quotas, an intensive lobbying campaign was carried out to promote the ACP position. Letters were sent to numerous parties, resolutions were adopted, press communiqués were issued on

a regular basis, and meetings were held both in and outside Brussels with EU decision makers at the level of the European Parliament, Member States and the EU Commission. On 6 November 2012, a joint event was held at the EU Parliament which brought together EU beet farmers (CIBE), EU sugar producers (CEFS), EU workers' unions (EFFAT) and the ACP Group, and they all called for an extension of the Single Common Market Organisation (CMO) for sugar until 2020. The event was held on the theme: *CAP towards 2020: Can it ensure a smart, sustainable and inclusive future for the sugar sector?*

The Syndicate's Overseas Representative, Mr Govinden, was given the opportunity to intervene at the EU Parliament when the European Cane Sugar Refiners Association (ESRA) organised an event on 13 November on the theme "*There is more than beet and quotas, Market balance and consumer choice*". ESRA had been pressing for additional duty-free imports of raw sugar which, if upheld, would lead to preference erosion, market oversupply and price collapse.

The ACP Council of Ministers met in Malabo, Equatorial Guinea, in early December 2012 in the margins of the ACP Summit, and adopted a resolution calling on the EU to maintain its sugar and isoglucose quotas and the management tools which guaranteed predictability and stability on the EU sugar market, and allowed ACP suppliers to derive a reasonably remunerative price from their sugar exports. In January 2013, H.E. the Hon. Themba Masuku, Deputy Prime Minister of the Kingdom of Swaziland, undertook a lobbying mission in Brussels, Strasbourg and the United Kingdom to advance the ACP position. Hon. S. Faugoo, the ACP Ministerial Spokesman for sugar, also signed numerous letters and travelled in mid June 2013 to Ireland, Germany and the Netherlands to meet his Ministerial counterparts to explain the damage which would be caused to ACP sugar industries and economies should beet and isoglucose be abolished before 2020.

ACP Parliamentarians issued a declaration during their meeting in Brussels for the 31st Session of the ACP Parliamentary Assembly to register the ACP's deep concern and dismay on the EU Agriculture Council's proposal to extend sugar and isoglucose production quotas by only two years to 2017 instead of 2020 as agreed by the European Parliament. That position was forcefully reiterated by them during the 25th session of the ACP-EU Joint Parliamentary Assembly which took place in Brussels from 17 to 19 June 2013. The decision of the EU to terminate beet and isoglucose quotas in 2017 is indeed a disappointing outcome for the ACP/LDC group.

EPAs and sugar

Following a trilogue process, the EU agreed in April 2013 to amend the current Market Access Regulation 1528/2007, as a result of which ACP countries that had initialled an EPA at the end of 2007 but had not yet signed and ratified it, would no longer benefit from duty-free and quota-free access under that EPA as of 1 October 2014. LDCs would nevertheless continue to benefit from duty-free and quota-free access under the EBA.

In the SADC region, negotiators considered revised offers to increase agricultural market access, a key determinant in the finalization of the negotiations. Senior Officials, who had met in March and June 2013 to advance the negotiations, were apprised of the importance of their outcome for Swaziland which would be deprived of duty-free and quota-free access should no agreement be reached. The ACP group was also made aware that the Republic of South Africa was seeking a TRQ of 320,000 tonnes for sugar.

Mauritius, Seychelles, Madagascar and Zimbabwe have on their part started to implement the agreement after ratification for its provisional application as from July 2012. The first Joint ESA/EU Interim EPA Committee was held in October 2012 in Brussels where the parties agreed on an agenda for the implementation of the IEPA. Problems relating to the implementation of the Agreement, rules of origin and procedural issues were discussed. The second meeting of the IEPA committee was held in Mauritius in May 2013 when the Parties adopted the Rules of Procedure for the Committee and sub-committees and reviewed the state of ratification and implementation of the Agreement. Both Parties acknowledged the practical difficulties in concluding

an Administrative Cooperation Agreement for the purposes of cumulation of rules of origin and agreed to pursue their consultations in Brussels to urgently address the issue.

EU FTAs

After signing the EU-Colombia-Peru Multi Party Trade Agreement in June 2012 and obtaining the EU Parliament's consent and the Peruvian Congress ratification in December 2012, the agreement with Peru entered into force on a provisional basis on 1 March 2013. It provides for an initial TRQ of 22,000 tonnes of sugar (raw sugar equivalent) with an annual increase of 660 tonnes. Colombia still had to complete its internal ratification procedures following which it would benefit from a sugar quota of 62,000 tonnes within the next few months.

On 29 June 2012, an Association Agreement was signed by the EU and the six Central American countries (Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama) and the ratification process is now well advanced on both sides. The EU has completed its internal procedures and is therefore in a position to provisionally apply the agreement.

As regard Central America, the ratification process in each country and the adoption of a Geographical Indication (GI) legislation reflecting the obligations in the Agreement, are taking place at varying speeds. These procedures were to be completed by mid-2013 and the trade component of the Association Agreement were to enter into force during the third semester of 2013.

The sugar TRQ of 150,000 tonnes offered to Central America has been shared between its member States with the largest allocation going to Guatemala with 65,000 metric tons, followed by El Salvador with 24,391 tons, Nicaragua with 21,681 tons, Honduras and Costa Rica with 19,464 tons each.

Negotiations of an FTA with India are on-going, but difficult issues still remain to be resolved. A Ministerial meeting was held in mid April 2013 and the aim was to reach a political conclusion by September 2013.

With respect to the proposed FTA with Mercosur, nine rounds of negotiations have been organized since the talks resumed in 2010, enabling progress in respect of the draft text of the future Association Agreement. The EU Commission is expecting that there could be an exchange of market access offers not later than the last quarter of 2013. However, it was unclear whether Mercosur would be able to reach this deadline, as the internal situation in this region remained complex with the suspension of Paraguay, the accession of Venezuela, and the protectionist measures taken by Argentina and, to a lesser extent, by Brazil.

FTA negotiations with Thailand were formally launched on 6 March 2013 by Prime Minister Yingluck and President Barroso in Brussels. Both sides have expressed their commitment to reach an ambitious outcome. The first round of negotiations took place in Brussels from 27 to 31 May 2013 and two more rounds are foreseen in the second half of 2013.

The first round of the TransAtlantic Trade and Investment Partnership (TTIP) between the US and the EU kicked off on the 8 July 2013 in Washington, D.C. The general objective is to reach an agreement within a couple of years, but both sides agree that the most important is to achieve a good result. The US have defensive interests in sugar and with the EU having agreed on its CAP reform in a bid to promote its agro industrial exports, it is premature to anticipate how the TTIP will impact on the EU sugar sector. The EU was also negotiating FTA'S with a series of other countries and regions (Singapore, Malaysia, Vietnam, Indonesia, Canada and the Philippines) but these were unlikely to impact on the sugar trade of Mauritius.

SADC Technical Committee on Sugar (TCS)

In the context of the implementation of the SADC Protocol on Trade, all matters relating to sugar in the SADC region are monitored by a Technical Committee on Sugar (TCS) comprising officials and industry representatives of all sugar producing countries in the region. It is unfortunate that for budgetary reasons, the TCS has again not been able to hold more than one round of meetings during the year, thus impeding the development of certain important projects for

sugar in the region. This situation has also affected the works of certain committees generally organized in the margins of the TCS meetings, including the two Working Groups of the TCS and the SADC Producers' Consultative Forum (SPCF). The only round of TCS meetings for the year was held from 4 to 5 October 2012 in Dar es Salaam, Tanzania, preceded by meetings of the Working Groups and SPCF. Matters addressed during the meetings included *inter alia* the allocation of non-SACU country quotas for the 2012-13 marketing year; the updated databases for Research, Training, and Smallholder Initiatives and Statistics; SADC bio-security planning; the sharing of information on research projects, particularly EC-funded ACP sugar research projects; the development and implementation of a comprehensive regional capacity building programme for small scale growers; the development of best management practices for sugarcane and sugar production; a review of the previously identified priority cost reduction and efficiency enhancing strategies; the implementation of a SADC Sugar Strategy Action Plan; the SADC Sugar Statistics Database September 2012 update; the Matrix of Sugar Producers' Products, Value-addition and Diversification Activities and the SADC Sugar Value-addition Diversification Projects.

Matters of particular relevance for Mauritius during these discussions were the revised quota allocations for marketing year 2012-13, the review of Annex VII to the SADC Trade Protocol relating to sugar, the development of SADC guidelines for best management practices (BMPs) in sugarcane and sugar production, and the proposed treatment of sugar in the COMESA-EAC-SADC Tripartite FTA. With regard to the allocation of quotas under Annex VII for 2012-13, it was noted that based on a SACU market expansion of 7.81 percent for the year, a total additional tonnage of 1,459 tons would be shared between the non-SACU suppliers for the year from which Mauritius would obtain an additional 89 tons. Market access for Mauritius to SACU has thus increased to 2,431 tons from 2,342 tons in the previous year. On the review of Annex VII on sugar, it was agreed that, owing to the likelihood of material changes occurring in the global market environment, it was important that in future a close monitoring of markets be undertaken by both sugar industries and the SADC Secretariat and that any matter likely to justify a review of Annex VII be reported annually at the TCS meeting. As for the development of SADC guidelines for best management practices (BMPs) in sugarcane and sugar production, it was noted that funding remained a major constraint for implementation of the project and that the TCS Secretary and SPCF were engaged in the process of identifying and approaching potential donors. Finally, regarding the proposed treatment of sugar in a Tripartite FTA, it was noted that the SADC sugar industries had during the year pursued consultations with their counterparts in the EAC and COMESA regions and that there was a general agreement on the merits of treating sugar under a special dispensation. It was, however, agreed that any such special dispensation should not affect the *acquis* of the suppliers under the existing regional agreements, that it should be subject to review as per agreed conditions, and that it should be guided by stringent rules of origin. At the TCS meetings, the sugar industry representatives had also agreed that they would brief their respective governments requesting that the matter be taken forward in the Tripartite TNF negotiations.

Federation of SADC Sugar Producers (FSSP)

The annual FSSP Conference was held back-to-back with the TCS meetings in Dar es Salaam, Tanzania, on 2 and 3 October 2012 on the theme "Whither SADC Sugar Industries?" It was hosted by the sugar industry of Tanzania through joint collaboration between the Tanzania Sugar Producers Association, the Sugar Board of Tanzania and the Sugar Industry Development Trust Fund, and attracted the participation of sugar industry representatives, government representatives, and other sector stakeholders from the region.

The Conference addressed a number of issues of critical importance for the SADC sugar industries namely the implications of the EU Commission's proposal to abolish quotas in 2015, the SADC sugar policy trajectory with respect to the global trading environment, the promotion of intra-Africa trade in the spirit of NEPAD and the validity of a special dispensation for sugar in the context of the Tripartite FTA negotiations, factors affecting smallholders' development and the need for comprehensive

out-grower and stakeholder engagement programmes to increase the sustainability of cane supply, private-public sector partnership in sugar sector development as exemplified by the Southern Agricultural Growth Corridor of Tanzania (SAGOT) project, and finally the evolution of the global sugar market with an emphasis on developments in Brazil and its role in the world sugar market. The CEO of the Mauritius Sugar Syndicate was invited to make a presentation during the conference on "The EU Commission's proposal to abandon sugar beet production quotas in 2015: Implications for SADC Sugar Industries".

A Communiqué was issued at the conclusion of the Dar es Salaam Conference through which the SADC sugar industries emphasized on the role of domestic and regional markets in supporting the expansion and sustainability of their industries and noted the importance of the sugar sector in promoting development in their various economies. They also noted the importance and continued relevance of existing sugar policy arrangements in SADC as a basis for both industry development and engagement in the TFTA and recognized that a basis for a special dispensation for sugar in the TFTA existed, and agreed to advise their respective governments to incorporate this proposal in the modalities being developed for the TFTA negotiations. They, moreover, expressed concerns about the uncertainties with respect to the world sugar market, including EU sugar reforms, EPA negotiations, WTO Doha Development Round, TFTA, and in particular noted the significant and potentially very negative implications for regional producers of the EC proposals to abolish beet production quotas in the EU and, in this respect, agreed to intensify lobbying efforts towards retention of such quotas. Finally, they acknowledged the merits for the regional sugar sector for diversifying their activity by moving from sugar only to sugar-and-energy based industries.

2013 Farm Bill

The legal authority for the US sugar program is contained in the 2008 Farm Bill, which was extended for one year just before its expiration on 31 December 2012. Congress had been working for much of the prior two years to develop the terms of the 2012 Farm Bill, including renewal of the sugar program. Although the Senate passed its version of the 2012 Farm Bill on 21 June 2012, making only minor changes to the sugar program, the full House of Representatives never took up the version of the 2012 Farm Bill recommended by the House Agriculture Committee, which would have made no change to the sugar program.

The 2012 Farm Bill faced serious opposition on two fronts in the House: on one side from House Democrats who opposed what they perceived to be too drastic cuts in nutrition programs for the poor; and on the other side the ultra-conservative Tea Party Republicans who opposed what they believed to be inadequate cuts in both nutrition welfare and farm commodity program spending. Neither side would compromise on these issues in an election year, which created the stalemate that prevented the House leadership from bringing the 2012 Farm Bill before the full House. Instead, both the House and Senate were forced to pass the stop-gap one-year extension of the 2008 Farm Bill.

In a *déjà vu* from 2012, the Senate and House Agriculture Committees introduced new versions of the Farm Bill in early 2013 that were almost identical to their respective measures from 2012. Both the Senate and House versions of the Farm Bill for 2013 would renew the sugar program for five years with no change. During Agriculture Committee deliberations in both chambers, a number of amendments were offered that would have abolished or significantly reformed the sugar program, but none was adopted.

The International Sugar Trade Coalition (ISTC), of which the Syndicate is a Charter Member and which represents roughly half of the quota holders under the U.S. raw sugar tariff rate quota (TRQ), participated actively in Congress' deliberations over the 2013 Farm Bill. ISTC made several representations to Congress on issues affecting renewal of the sugar program in the 2013 Farm Bill. In addition, during 8-10 April and 5-8 May 2013, two delegations of ISTC members met with key Members of Congress and their staffs, as well as Administration officials, to explain the importance of access to the U.S. sugar market for

ISTC's developing country members. ISTC's position is that the current sugar program should be renewed without changes.

The Senate acted first on the 2013 Farm Bill, which was before the full Senate for two weeks, ending on 10 June, when the Senate approved the 2013 Farm Bill by a vote of 66-27. As it has been passed by the Senate, the 2013 Farm Bill would make no change to the current sugar program. The full House of Representatives began its deliberations over the 2013 Farm Bill ten days later on 20 June 2013. An amendment sponsored by Representatives Pitts (R-PA), Davis (D-IL), Blumenauer (D-OR) and others would have basically rolled back the changes made to the sugar program by the 2008 Farm Bill, as well as making certificates of quota eligibility (CQEs) tradable, narrowly defeated by a vote of 206-221. Then in a surprising development, the House failed to pass the 2013 Farm Bill by a relatively wide margin of 195-234. The same political chasm that prevented the 2012 Farm Bill from going to the House floor last year led to the 2013 Farm Bill's defeat: Conservative Republicans thought the bill did not cut enough from nutrition programs, while liberal Democrats thought it cut too much. 172 Democrats and 62 Republicans voted against the bill.

At time of writing, it was not clear what would happen next. The House Republican leadership had not yet decided how to move forward, and no further action was expected on the Farm Bill before Congress recessed for the 4 July holiday. Although the sugar program is authorized through 30 September 2014, most of the remainder of the Farm Bill will expire on 30 September 2013. Status quo is not a realistic option and the House will have to come up with a new plan. The most likely options are either another one-year extension or some new approach to the nutrition title of the Farm Bill that breaks the partisan stalemate. In either case, further action on the Farm Bill will probably not occur until later this year.

FDA Food Safety Modernization Act

In January 2013, the U.S. Food and Drug Administration (FDA) issued proposed regulations implementing the Food Safety Modernization Act (FSMA), which had been enacted by Congress in 2011. The FSMA *inter alia* amended the Bio-Terrorism Act (BTA), which was enacted in 2002, to expand the food safety requirements applicable to imported food products and foreign food producers whose products are intended for export to the United States. Mr. Ryberg has provided legal advice to the Syndicate concerning the requirements of, and how to comply with, the FSMA regulations, and kept the Syndicate up-to-date on developments affecting the regulations.

WTO

Mr Roberto Azevedo, of Brazil, will succeed to Mr. Pascal Lamy as the Director General of WTO in September 2013. The anticipated deliverables and early harvest which are being considered for the 9th WTO Ministerial meeting in Bali, Indonesia from 3 to 6 December 2013, namelyTrade Facilitation, some aspects of the agricultural negotiations, and certain key development issues of relevance to LDCs, are not likely to have any direct impact on the Syndicate's sugar trade. It was felt by some Member States that agreeing on a limited set of issues would constitute the first step on the road towards the conclusion of the Doha Development Agenda. A key component thereof would be the conclusion of a WTO Trade Facilitation Agreement which could be of benefit to everyone.

ISO

The Administrative Committee of the ISO held its 60th meeting in October 2012. The ISO 2012 December session kicked off with the 23rd joint WABCG/ISO consultations. Session 1 of these consultations dealt with "Sugar and Ethanol Outlooks » and session 2 with "Energy Independence". During the second session, Mr. Gérard Chasteau de Balyon of Omnicane intervened on the theme "From King Sugar to Queen Cane : the benefits of cogeneration" and Dr Ausilio Bauen, Director of E4Techon on "The ILUC factor: a sustainable source of illusion". The WABCG also held its 24th executive board meeting.

Thereafter, the ISO held its 21st ISO seminar on the theme "Sugar crops – unleashing growth potential". ISO Seminars have established themselves as

one of the annual highlights in the world sugar conference circuit. The 2012 seminar was attended by 435 participants from 70 countries. The 40th session of MECAS which took place in that same week examined the three following studies (a) FDI (Foreign Direct Investment) and M&A (Mergers and Acquisitions) in the World Sugar Industry (b) Sugar Perspectives of the MENA (Middle East & North Africa) Region and (c) World Fuel Ethanol Outlook to 2020. Mr Jack Fisher, Consultant, made a presentation on the theme "Sugar Cane Model — a Tool for Technical and Economic Decision-Making". The 42nd ISO Council session took place at the end of the week when the Prime Minister of Fiji was elected Chairman for the year 2013 to succeed Mr Gupta of India.

In June 2013, the ISO Council session started with a workshop on "Developing countries – options for growth in sugarcane". The workshop offered participants the opportunity to hear interventions on the Fiji industry by the Fijian hosts, an overview of the India/Fiji cooperation in the sugar sector by delegates from India, the refining industry from the Senior Vice President of Tate and Lyle and regional market prospects by the CEO of Queensland Sugar (Australia). The 41st MECAS meeting which ensued addressed the three following themes (a) The Future Role of Sub-Saharan Africa in World Sugar and Sugar Crop Renewable Energy (b) The International Survey on Prices for Sugar Cane/Beet and Competing Crops and (c) Climate Change and Sugar Crops.

Were also held the 62nd meeting of the administrative committee and the 43rd ISO Council session which was chaired by Commodore Josaia Voreqe Bainimarama, Prime Minister and Minister for Sugar and Chairman of the ISC.

The Overseas Representative participated in the 43rd session of the ISO Council in Fiji when he made a presentation on the national policies of Mauritius. During the 62nd session of the administrative committee he was succeeded in the chair by H.E Mr. Pinta Gama, Ambassador of Brazil.

In his capacity as Chairman of the Administrative Committee since June 2012, the Syndicate's Overseas Representative, Mr Govinden presided over the deliberations of both the 60th and 61st sessions of the Committee, held respectively in October and December 2012 in London. The Committee approved the reinstatement of Mexico who's contribution was in arrears. Mr Govinden together with the Syndicate's CEO attended the other meetings of the ISO in London in December 2012. In the absence of the substantive ISO Council Chairman, the former co-presided over the deliberations of the 23rd joint WABCG/ISO consultations and was one of the speakers at the 21st ISO seminar.

During this December 2012 ISO week, Mr Govinden and the CEO attended the 40th session of the MECAS. He also represented Mauritius at the 42nd Council session during which he was appointed as a member of the Selection Committee for the replacement of Dr Peter Baron, the current Executive Director, who is retiring at the end 2013. Representatives from Argentina, Australia, Brazil, Cuba, EU, India, the Russian Federation, South Africa, Switzerland, Thailand and the Executive Director of ISO were the other appointees. The Syndicate's Overseas Representative was elected chairperson of the committee at its first sitting held in London on 20 May 2013. The designation of the new Executive Director will take place during a special Council session in early October 2013.

Mr Govinden was a special guest of the Ministry of External Relations of Brazil to the "2nd Sugar and Ethanol Summit- Brazil day". This one day seminar attended by 180 participants from some 10 countries provided updated information about current status and future perspectives of the Brazilian sugar cane sector.

Overseas Representation

EU Representation

Over the past year, the Syndicate's Overseas Representative, Mr Géo Govinden has continuously endeavoured to safeguard the interests of the Mauritian sugar community in Europe, primarily vis a vis the European institutions in Brussels.

In Brussels, he actively took part in all meetings and tasks of the Brussels Sugar working group and of the

Ambassadorial Sugar Consultative group and was engaged in the burning issue of CAP reform specially in respect to sugar.

He attended the 95th session of the ACP Council of Ministers held in Port-Vila (Vanuatu) from 10 to 15 June 2012 including the Ministerial consultations on sugar held at the beginning of the session. He participated in the 16th session of the ACP Trade Ministers' meeting as well as the 11th Joint Ministerial Trade Committee meeting held in Brussels at end October 2012. He also contributed actively to the 96th session of the ACP Council of Ministers in Malabo (Equatorial Guinea) from 10 to 11 December 2012, which included a special Ministerial consultation on sugar, held in the margins of the 7th Summit of ACP Heads of State and Government. Mr Govinden attended the 70th ACP-EU Sub-Committee on Trade Cooperation mid April 2013 in Brussels. He contributed to the drafting of technical briefs, statements, resolutions, and other documents at these meetings.

Mr Govinden took part in lobbying missions in Europe including the one led by the Deputy Prime Minister of Swaziland in Brussels and Strasbourg (January 2013). He intervened at the Land Use and Food policy inter group of the European Parliament on the theme "The Sugar quota regime and its external dimension" on 15th May 2013 to convey the ACP position. Similarly, he was invited to take part in the debate with Mr Jaffrelot, Head of Unit at the Commission's DG Agriculture and responsible for sugar and arable crops at the ASSUC AGM held end May in Brussels. The theme of the debate was "The Future of ACP/EU Trade Relations on Sugar". ASSUC is the European Association of Sugar traders representing over 60 sugar trading companies across the EU.

As usual, the Syndicate's Overseas Representative participated in a series of joint technical discussions with officials of the Commission on the important issue of implementation rules which govern ACP sugar imports on the EC market over the period 1 October 2009 to 30 September 2015.



He also interacted regularly, with EU Commission's officials, primarily DG Agriculture and DG Trade, dealing with sugar issues. He took part in the advisory meeting on sugar held at the Commission's headquarters on 6 July 2012. He discussed with MEP Michel Dantin, the European Parliament rapporteur on the common market organization, which includes sugar, on numerous occasions and interacted regularly with other influential European Members of Parliament such as Mr Capoulos Santos (rapporteur on farm payments), Mr George Lyon (spokesman for the liberal group), Mrs Marina Yannakoudakis (MEP for London). He exchanged regularly with members of the EU Council's Special Committee of Agriculture, and more particularly with Mr D. Ryan, the Irish representative who has been chairing the committee during first semester of 2013.

He maintained the close contacts he had developed with the Comité Européen des Fabricants de Sucre (CEFS) and the Conféderation International des Betteraviers Européens(CIBE) over the years. He facilitated meetings between the ACP group and these two European Sugar Organisations. His privileged relationship with CEFS and CIBE ensured that there was a regular exchange of information and that common strategies, such as the joint event on 6 November at the European Parliament, were developed on the crucial issue of CAP reform. He organised, with CEFS, a beet field and factory visit for ACP Ambassadors in December 2012.

Mr Govinden participated actively in the monthly meetings of the EBA/EPA London Sugar Commercial Group which represents the ACP and LDC industries supplying sugar to the EU. He was involved, with some other Members of the group, in the drafting of ACP positions.

Mr. Govinden has submitted regular reports, briefs and analyses to the Syndicate on all his activities and has constantly advised on what he believed should be the strategy to be adopted in respect of these crucial developments.

Washington Representation

Mr. Paul Ryberg of the Washington, D.C. law firm of Ryberg and Smith, L.L.C. has been the Syndicate's legal representative and lobbyist in the United States since 1982.

During 2012-13, Mr. Ryberg regularly liaised on the Syndicate's behalf with the U.S. Congress, the U.S. Department of Agriculture (USDA), the Office of the U.S. Trade Representative (USTR), U.S. Customs and Border Protection, and the other administrative agencies involved in setting and administering U.S. sugar policy.

In order to maximize Mauritius' influence on U.S. sugar policy, in 2006 Mr. Ryberg organized the International Sugar Trade Coalition (ISTC), whose members represent roughly half of the quota holders under the U.S. tariff rate quota (TRQ). The Syndicate is a Charter Member of ISTC, and Mr. Ryberg is ISTC's president. Working via ISTC, Mr. Ryberg made regular representations during 2012-13 to Congress, USDA and USTR on various issues affecting sugar imports and the U.S. sugar program, including in particular renewal of the sugar program in the 2013 Farm Bill.

Mr. Ryberg has kept the Syndicate regularly informed of all developments affecting the U.S. sugar program and the U.S. sugar market, including weekly monitoring of sugar imports. Mr. Ryberg has also liaised as necessary with the Syndicate's special sugar customers in the United States. Mr. Ryberg is also the registered agent for all Mauritian sugar processing facilities under the FDA Food Safety Modernization Act, and he has kept the Syndicate informed of all developments affecting compliance with the FSMA.

During 2012-13, Mr. Ryberg participated in various conferences relating to U.S. sugar policy, and was a featured speaker at the 2012 International Sugar Organization Seminar held in London in November 2012.

Mr. Ryberg visited Mauritius in December 2012 for consultations with the Syndicate.


G.P.C



Statement of Account

2012-2013

Independent Auditor's Report

To the Members of the Mauritius Sugar Syndicate

Report on the Financial Statements

We have audited the financial statements of Mauritius Sugar Syndicate (the "Syndicate") on pages 49 to 73 which comprise the statement of financial position at 30 June 2013 and the statements of comprehensive income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of the Syndicate in accordance with the accounting policies described in note 2 to the financial statements, as required by the financial reporting provision of the Syndicate.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the accounting policies described in note 2 to the financial statements, for determining that the basis of preparation is acceptable in the circumstances, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Syndicate for the year ended 30 June 2013 are prepared, in all material respects, in accordance with the accounting policies described in note 2 to the financial statements.

Basis of accounting and restriction of use

Without modifying our opinion, we draw attention to note 2 to the financial statements, which describes the basis of accounting. The accounting policies used and disclosures made are not intended to, and do not, comply with all the requirements of International Financial Reporting Standards ('IFRS'). The financial statements are prepared to comply with the financial reporting provision of the Syndicate. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the members of the Syndicate and should not be used by parties other than the members of the Syndicate.

PricewaterhouseCoopers Gilles Beesoo,
licensed by FRC

Date: 26 September 2013

Statement of Financial Position
at 30 June 2013

	Notes	2013	2012
		Rs'000	Rs'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	8,742	7,838
CURRENT ASSETS			
Inventories	5	219,901	111,115
Trade and other receivables	6	4,246,349	3,403,476
Cash and cash equivalents (excluding bank overdrafts)	7	273,746	258,588
Derivative financial instruments	22	-	34,622
		4,739,996	3,807,801
TOTAL ASSETS		4,748,738	3,815,639
LIABILITIES			
NON-CURRENT LIABILITIES			
Retirement benefit obligations	10	9,092	639
CURRENT LIABILITIES			
Bank overdrafts	7	921,349	462,268
Borrowings	8	2,761,638	2,487,200
Trade and other payables	9	1,051,741	865,532
Derivative financial instruments	22	4,918	-
		4,739,646	3,815,000
TOTAL LIABILITIES		4,748,738	3,815,639

The notes set out on pages 53 to 73 are an integral part of these financial statements.

Approved and authorised by the Committee for issue on 26 September 2013.

Jean Noël Humbert
Chief Executive Officer

Jyoty Soomarooah
Chief Finance and Administrative Officer

Statement of Comprehensive Income
for the year ended 30 June 2013

	Notes	2012-2013 Crop			2011-2012 Crop		
		Rs'000	*Rs per MT*	*%*	*Rs'000*	*Rs per MT*	*%*
REVENUE							
Sales Proceeds	11	10,766,747	26,110	100.00	10,326,161	23,531	100.00
Other Income	12	-	-	0.00	581	1	0.00
		10,766,747	26,110	100.00	10,326,742	23,532	100.00
EXPENDITURE							
Direct Operating Costs	13	(2,951,569)	(7,157)	(27.41)	(2,901,064)	(6,610)	(28.09)
Storage Charges	14	(130,662)	(317)	(1.21)	(93,427)	(213)	(0.91)
Administrative and other charges	15	(79,810)	(194)	(0.74)	(72,685)	(166)	(0.71)
Service Providing Institutions and Docker's Pension	17	(756,739)	(1,835)	(7.03)	(383,884)	(875)	(3.72)
Sugar Industry Reserve Fund		(409)	(1)	(0.00)	(435)	(1)	(0.00)
TOTAL EXPENDITURE		(3,919,189)	(9,504)	(36.39)	(3,451,495)	(7,865)	(33.43)
		6,847,558	16,606	63.61	6,875,247	15,667	66.57
FINANCE INCOME - NET							
Finance income - net	16	399,087	967	3.71	154,928	353	1.50
NET REVENUE BEFORE CONTRIBUTIONS AND DEDUCTIONS		7,246,645	17,573	67.32	7,030,175	16,020	68.07
Bagasse Transfer Price Fund	18	62,126			64,703		
Contribution by distillers/bottlers	19	87,670			84,477		
Sugar Insurance Fund Board Premium	20	(294,369)			(176,282)		
NET AMOUNT DISTRIBUTED TO PRODUCERS		7,102,072			7,003,073		

The notes set out on pages 53 to 73 are an integral part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2013

	Notes	2013	2012
		Rs'000	*Rs'000*
Cash flows from operating activities			
Net revenue distributed to producers		7,102,072	7,003,073
Adjustments for:			
Loss/ (Gain) on sale of property, plant and equipment		909	(581)
Interest costs	16	164,700	151,542
Interest income	16	(3,129)	(2,744)
Depreciation of property, plant and equipment	4	3,092	3,120
Impairment of other receivables	6	-	97,129
Unrealised foreign exchange gains		(60,536)	(45,421)
Retirement benefit assets		11,470	11,745
Operating surplus before working capital changes		7,218,578	7,217,863
Increase in inventories		(108,786)	(74,708)
Increase in trade and other receivables		(817,192)	(1,001,791)
Increase in trade and other payables		186,209	135,837
Decrease in derivative financial instruments		39,540	118,418
Cash generated from operations		6,518,349	6,395,619
Payment made to producers		(7,102,072)	(7,003,073)
Interest paid		(164,700)	(151,542)
Contribution paid to on defined pension plan		(3,017)	(3,228)
Net cash used in operating activities		(751,440)	(762,224)
Cash flows from investing activities			
Payments for purchase of property, plant and equipment	4	(5,601)	(1,974)
Proceeds from disposal of property, plant and equipment		696	600
Interest received		3,129	2,744
Net cash (used in)/from investing activities		(1,776)	1,370
Cash flows from financing activities			
Loans received		2,761,638	2,487,200
Loans repaid		(2,487,200)	(1,182,200)
Net cash from financing activities		274,438	1,305,000
Net increase/(decrease) in cash and cash equivalents		(478,778)	544,146
Cash and cash equivalents at beginning of year		(203,680)	(811,047)
Effects of foreign exchange on cash and cash equivalents		34,855	63,221
Cash and cash equivalents at end of the year	7	(647,603)	(203,680)

The notes set out on pages 53 to 73 are an integral part of these financial statements.



1. General Information

In 1951, following the recommendations made by the Mauritius Economic Commission 1947-48, the Mauritius Sugar Syndicate, which had been founded in 1919, was set up for an indefinite period in pursuance of the Mauritius Sugar Syndicate Act of 1951.

The Mauritius Sugar Syndicate ('the Syndicate') is the sole sugar marketing organisation in Mauritius and it has for object the sale of all sugars received by it for the account of its members and the distribution of the proceeds of such sale.

All sugar producers are members of the Syndicate. The Syndicate's registered office and principal place of business is Plantation House, Place d'Armes, Port–Louis, Mauritius.

These financial statements are submitted for consideration and approval at the Annual General Meeting of the members of the Syndicate.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Committee is responsible for the preparation and fair presentation of these financial statements in accordance with the Mauritius Sugar Syndicate Accounting Policies. The financial statements are not intended to present the financial position of the Syndicate in conformity with International Financial Reporting Standards ('IFRS').

In view of the mismatch between the Syndicate's financial year, which extends from July to June, and the buyers' marketing year, extending from October to September, the Syndicate is required to hold, on behalf of its buyers, an increasing tonnage of special and white refined sugar which is shipped after the end of its financial year. Revenue for such tonnage is recognised as sales in the preparation of the financial statements and disclosures pertaining to assumptions made are set out in this note, under the heading "Trade and other receivables".

The financial statements are prepared in thousand Mauritian Rupees (Rs'000) except where otherwise indicated.

The preparation of financial statements in conformity with the Mauritius Sugar Syndicate Accounting Policies requires the use of certain critical accounting estimates. It also requires the Committee to exercise its judgement in the process of applying the Syndicate's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Syndicate and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

2. Summary of Significant Accounting Policies (cont'd)

Property, plant and equipment (cont'd)

Depreciation is calculated on a straight line basis at annual rates estimated to write off the cost of the assets less their estimated residual values over their expected useful lives. The annual rates used are:

	%
Annual rates used	
Computer equipment	20
Furniture and equipment	10-20
Motor vehicles	20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within 'Other Income' and 'Administrative and other charges' in the Statement of Comprehensive Income.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average price basis for bags, steel bars and liners. The cost of finished goods comprises all costs of purchase and other costs incurred in bringing such stocks in its present location and condition, but exclude borrowing costs.

Cost of inventories of white refined sugars for sale on the local market is determined as being the net realisable value as the latter represents the cost to the Syndicate for sugars produced locally. Cost of inventories of white refined sugar imported is valued at cost of purchase and other costs incurred in bringing such stocks in its present location and condition, but excludes borrowing costs. Net realisable value is based on estimated selling price in the ordinary course of business less applicable variable selling expenses.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Mauritian Rupees ("Rs"), which is the Syndicate's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income within finance income /(costs) - net.

Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Included in trade receivables are the sale of sugars relating to the current harvest period and which are in production process and not yet shipped to the customers at the end of the reporting period. If collection is expected one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Syndicate will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the Statement of Comprehensive Income within direct operating costs. Bad debts are written off in the year in which they are identified. When a trade receivable is uncollectible, it is written off against the allowance of trade receivables. Subsequent recoveries of amounts previously written off are credited against direct operating costs in the Statement of Comprehensive Income.

For other receivables, a provision for impairment is established when there is objective evidence that the Syndicate will not be able to collect all amounts due.

Cash and cash equivalents

In the Statement of Cash Flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as a separate line item within current liabilities on the Statement of Financial Position.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Included in trade and other payables are direct operating costs accrued at year end with respect to the unshipped portion of sugars that relate to the current crop year.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when: the Syndicate has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2. Summary of Significant Accounting Policies (cont'd)

Employee benefits

The Syndicate has both defined benefit and defined contribution plans. The Syndicate and all its employees also contribute to the appropriate National Pension Scheme, which are defined contribution schemes. A defined contribution plan is a pension plan under which the Syndicate pays fixed contributions to a separate entity. The Syndicate has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a retirement benefit plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives'.

Past-service costs are recognised immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Syndicate pays contributions to administered plans on a mandatory and voluntary basis. The Syndicate has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Expenses

Expenses are accounted for on the accrual basis. All expenses are charged to the Statement of Comprehensive Income. Included in expenses are the direct operating costs accrued at year end with respect to the unshipped portion of sugars that relate to the current crop year.

Financial assets

Classification

The Syndicate classifies its financial assets in the following category: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Syndicate's loans and receivables comprise 'trade and other receivables', and 'cash and cash equivalents' in the Statement of Financial Position.

Recognition and measurement

Derivatives, which comprise of foreign exchange forward contracts, foreign exchange leverage contracts, swaps and options are initially recognised at fair value on the dates the derivative contracts are entered into and are subsequently re-measured at their fair value. The derivatives do not qualify for hedge accounting. Changes in the fair value of derivatives are recognised immediately in the profit or loss. These derivatives are trading derivatives and are classified as a current asset or liability.

Changes in fair values of derivatives are included in the Statement of Comprehensive Income within finance income/ (costs).

Loans and receivables financial assets are carried at amortised cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

Assets carried at amortised cost

The Syndicate assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

2. Summary of Significant Accounting Policies (cont'd)

Impairment of financial assets (cont'd)

The carrying amount of the asset is reduced and the amount of the loss is recognised in the Statement of Comprehensive Income. As a practical expedient, the Syndicate may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Financial instruments

Financial instruments carried on the Statement of Financial Position include trade and other receivables, cash and cash equivalents, derivative financial instruments, bank overdrafts, borrowings and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Syndicate's activities and revenue for unsold stock for the current crop year. Revenue is shown net of returns, rebates and discounts.

The Syndicate recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Syndicate and when specific criteria have been met for each of Syndicate's activities as described below. The Syndicate bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

Sales of goods are recognised in the period in which the Syndicate has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue is recognised at the point in time when the goods are shipped.

The Syndicate also recognises the unshipped portion of sugars that relate to the current crop year as revenue at the end of the reporting period. The revenue is determined based on the unsold sugars at the end of the reporting period and the current market price at which the buyer has undertaken to purchase the goods as per the Long Term Partnership Agreement and the contracts with buyers of special sugars.

Profit sharing is recognised on an accruals basis in accordance with the substance of the relevant agreements for all sugar proceeds which are recognised as revenue and which relates to the current crop year.

Interest income is recognised on a time-proportion basis using the effective interest method.

3. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Syndicate makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The actuary determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the actuary considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 10.

Revenue recognition

At the end of the reporting period, the Syndicate recognises the unshipped portion of sugars that relate to the current crop year as revenue.

The Syndicate values any balance of plantation white sugar held at year end at the latest invoice price at which the customer has purchased the last consignment.

For white refined sugar, the Syndicate determines the sales as being the unshipped quantity of sugars at the period end referenced to the latest EU reference price and adjusted for the profit share as per the LTPA agreement. Determination of the profit share is based on the latest selling price of white refined sugar on the European Market adjusted for: (i) the EU reference price and; (ii) logistics and finance charges.

For special sugars, the Syndicate determines the sales as being the total quantity of sugars committed for sale at the period end and which is referenced to an average price at which customers have agreed to acquire the special sugars.

4. Property, Plant and Equipment

	Computer Equipment	Furniture and Equipment	Motor Vehicles	TOTAL
	Rs'000	*Rs'000*	*Rs'000*	*Rs'000*
COST				
At 1 July 2011	4,760	4,788	11,689	21,237
Additions	100	176	1,698	1,974
Disposal	(22)	(392)	(1,310)	(1,724)
At 30 June 2012	4,838	4,572	12,077	21,487
At 1 July 2012	4,838	4,572	12,077	21,487
Additions	260	171	5,170	5,601
Disposals	-	-	(2,372)	(2,372)
At 30 June 2013	5,098	4,743	14,875	24,716
Accumulated Depreciation				
At 1 July 2011	3,207	3,331	5,696	12,234
Charge for the year	503	262	2,355	3,120
Disposals	(8)	(387)	(1,310)	(1,705)
At 30 June 2012	3,702	3,206	6,741	13,649
At 1 July 2012	3,702	3,206	6,741	13,649
Charge for the year	480	265	2,347	3,092
Disposals	-	-	(767)	(767)
At 30 June 2013	4,182	3,471	8,321	15,974
NET BOOK VALUE				
At 30 June 2012	1,136	1,366	5,336	7,838
At 30 June 2013	916	1,272	6,554	8,742

5. Inventories

	2013	2012
	Rs'000	*Rs'000*
At Cost		
Bags, steel bars and liners	46,975	44,290
At Net Realisable Value		
White refined sugar: Bottlers' grade	172,926	66,825
	219,901	111,115

6. Trade and Other Receivables

	2013	2012
	Rs'000	*Rs'000*
Trade Receivables		
Exports proceeds	1,423,886	798,843
Export proceeds – Unshipped sugars	2,665,050	2,498,444
	4,088,936	3,297,287
Loan to refiner	99,962	93,300
Staff loans	4,175	4,135
Other receivables	53,276	105,883
Provision for impairment of other receivables	-	(97,129)
Total trade and other receivables	4,246,349	3,403,476

The carrying amount of trade and other receivables approximate their fair value.

At 30 June 2013, trade receivables of Rs 4,088,936,000 (2011: Rs 3,297,287,000) were fully performing.

It is the Syndicate's policy to assess the creditworthiness of customers prior to signing a sale agreement with the customer.

In order to be able to operate on a commercial basis, the Syndicate is required to provide credit facilities to its customers and partners. The credit period is 90 days from the date of issue of invoices for white refined sugar (2012 : 90 days). For special sugar, the credit period is 30 days (2012: 30 days).

As of 30 June 2013, trade receivables of Rs 406,277,000 (2012: Rs 243,850,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2013	2012
	Rs'000	*Rs'000*
Trade Receivables		
Above 30 days but before 90 days	396,723	243,672
Above 90 days	9,554	178
	406,277	243,850

All car loans advanced bear interest at the rate of 6% per annum (2012: 6%). Advances on salary are interest free. As regards to housing loans, they are advanced to certain categories of employees, and bear interest at 5% per annum (2012: 5%). Car Loans and Housing Loans are secured by a lien and repayable on a monthly basis. All other items within trade and other receivables are not secured by any collateral.

The Syndicate has advanced a bridge term loan facility to one refiner for the sum of EUR 2.5 M (Rs 99,962,000: 2012: Rs 93,300,000) for which there is no fixed term of repayment. Interest of EURIBOR one month + 1.5% is payable to the Syndicate monthly in arrears.

At 30 June 2013, the loan to refiner and staff loans were fully performing.

6. Trade and Other Receivables (cont'd)

The carrying amount of the Syndicate's trade and other receivables is denominated in the following currencies:

	2013	2012
	Rs'000	*Rs'000*
Euro	4,125,002	3,337,447
US Dollars	63,897	44,521
Mauritian Rupees	57,450	21,508
	4,246,349	3,403,476

7. Cash and Cash Equivalents

	2013	2012
	Rs'000	*Rs'000*
Cash at bank	273,746	258,588
Bank overdrafts	(921,349)	(462,268)
	(647,603)	(203,680)

The foreign bank balances and overdrafts are as follows:

	2013	2012
	Rs'000	*Rs'000*
Cash at bank		
Euro	203,997	132,957
UK Pound	590	2,752
US Dollars	7,291	8,520
	211,878	144,229
Bank overdrafts		
Euro	40,690	-
UK Pound	13,477	-
US Dollars	570,433	449,720
	624,600	449,720

Bank overdrafts are secured by the preferential lien over all sugars as conferred by the Mauritius Sugar Syndicate Act 87 of 1951. The interest rates per annum vary from 4.30% to 8.0% on Rupees accounts (2012: 4.8% to 8.00%) and Libor 1 Month + 1.5% on Euros, GBP and USD accounts respectively (2012: Libor 1 Month +1.5%).

8. Borrowings

	2013	2012
	Rs'000	*Rs'000*
Unsecured loans	2,761,638	2,487,200

The loans denominated in Rupees bear interest at 3.50% to 5.00% per annum (2012: 3.50% to 8.25%).

9. Trade and Other Payables

	2013	2012
	Rs'000	*Rs'000*
Payable to producers under the Bagasse Transfer Price Fund	61,880	64,788
Manufacturing premium – white refined & special sugars	232,547	212,569
Refiner service fee	147,203	148,321
Freight	231,520	205,183
Other accruals	378,591	234,671
	1,051,741	865,532

The Bagasse Transfer Price Fund was paid to the beneficiaries on 5 July 2013.
The Syndicate has policies in place to ensure that all payables are settled within the credit timeframe.

10. Retirement Benefit Obligations

	2013	2012
	Rs'000	*Rs'000*
(a) Amounts recognised in the Statements of Financial Position are		
Present value of funded obligations	59,832	59,616
Fair value of plan assets	(36,257)	(46,512)
	23,575	13,104
Unrecognised Actuarial loss	(14,483)	(12,465)
Liabilities recognised in the statement of financial position	9,092	639

	Note	2013	2012
		Rs'000	*Rs'000*
(b) Amounts recognised in the Statements of Comprehensive Income are			
Current Service Cost		3,330	3,704
Interest Cost		5,133	5,635
Expected return on plan assets		(3,993)	(4,594)
Past service cost		7,000	7,000
Total included in employee benefit expense	15	11,470	11,745

10. Retirement Benefit Obligations (cont'd)

	2013	2012
	Rs'000	Rs'000
(c) Movement in liability recognised in Statement of Financial Position		
At 1 July	639	(7,878)
Recognised in the statement of comprehensive income	11,470	11,745
Contributions paid	(3,017)	(3,228)
At 30 June	9,092	639
Actual return of plan assets	261	699

	2013	2012
	%	%
(d) The Principal actuarial assumptions used for accounting purposes were		
Discount rate	8.0	10.0
Expected rate of return on plan assets	8.0	10.0
Future salary increases	6.5	7.0
Future pension increases	1.0	3.0

	2013	2012
	Rs'000	Rs'000
(e) Reconciliation of the Present Value of defined benefit obligation		
Present value of obligations at start of period year	59,616	58,277
Current service cost	3,330	3,704
Employee Contributions	465	460
Interest cost	5,133	5,635
Benefit paid	(13,998)	(3,941)
Liability loss/(gain)	5,286	(4,519)
Present value of obligation at end of year	59,832	59,616

	2013	2012
	Rs'000	Rs'000
(f) Reconciliation of fair value of plan assets		
Fair value of plan assets at start of year	46,512	46,066
Expected return on plan assets	3,993	4,594
Employers contributions	3,017	3,228
Employee contributions	465	460
Benefits paid	(13,998)	(3,941)
Asset (loss)/gain	(3,732)	(3,895)
Fair value of plan assets at end of year	36,257	46,512

	2013	2012
	%	%
(g) Distribution of plan assets at end of year		
Percentage of assets at end of year		
Equities overseas	13	14
Local equities	32	34
Fixed interest securities – Overseas	7	7
Fixed interest securities – Local	6	20
Property	25	23
Loans & fixed deposits	13	-
Cash & other	4	2
Total	100	100

Where the plan is funded, the overall expected rate of return of plan assets is determined by reference to market yields on bonds and expected yield differences on other types of assets held.

	2013	2012	2011	2010	2009
	Rs'000	*Rs'000*	*Rs'000*	*Rs'000*	*Rs'000*
(h) History of obligations, assets and experience adjustments					
Fair value of plan assets	36,257	46,512	46,066	39,569	56,000
Present value of defined benefit obligations	(59,832)	(59,616)	(58,277)	(39,632)	(56,103)
Deficit	(23,575)	(13,104)	(12,211)	(63)	(103)
Asset experience (loss)/gain during the year	(3,732)	(3,895)	74	349	(7,605)
Liability Experience profit/(loss) during the year	3,141	4,519	(11,744)	(1,292)	(2,250)

	2014
	Rs'000
Expected employer contributions	3,228

Retirement benefit obligations are based on the report of Aon Hewitt Ltd.

11. Sales Proceeds

	2013	2012
	Rs'000	Rs'000
Sales proceeds were arrived as follows		
Gross Exports Proceeds: Shipped	7,676,779	7,588,419
Gross Exports Proceeds : Unshipped	2,665,050	2,498,444
	10,341,829	10,086,863
Proceeds from local sales	424,918	239,298
Total Sales Proceeds	10,766,747	10,326,161

12. Other Income

	2013	2012
	Rs'000	Rs'000
Other Income comprises of the following elements		
Gain on disposal of motor vehicle	-	581
	-	581

13. Direct Operating Costs

	2013	2012
	Rs'000	Rs'000
Manufacturing premium – white refined & special sugars	1,525,925	1,387,114
Export fee	92,285	83,462
Freight charges	613,389	630,832
Bags and other related charges	90,386	56,009
Liners, steel bars and other related costs for white refined sugar	86,266	80,517
Cost of imports for local market and re-export	510,084	556,154
Other costs	33,234	9,847
Provision for impairment of other receivables	-	97,129
	2,951,569	2,901,064

(i) Cost of imports

Costs of imports for the local market and re-export are calculated on a landed basis for 34,919 MT (2012: 29,307 MT) of white refined sugar and raw sugar feedstock.

14. Storage Charges

	2013	2012
	Rs'000	Rs'000
BSSD – Recurrent expenditure	60,100	50,800
MCIA (Ex-MSTC) – Rental, repair and maintenance costs of shed	7,642	7,042
CHC and MFD storage charges	62,920	35,585
	130,662	93,427

15. Administrative and Other Charges

	Note	2013	2012
		Rs'000	*Rs'000*
These are arrived at after charging:			
Depreciation on plant & equipment		3,092	3,120
Rental of warehouses		2,857	2,708
Brussels representation		9,230	9,103
Gain/(Loss) on sale of property, plant & equipment		(909)	581
Employee benefit expenses		46,273	44,266
(a) Employee benefit expenses			
Wages and salaries, including termination benefits		33,661	31,448
Social security costs		1,142	1,073
Pension costs	10 (b)	11,470	11,745
		46,273	44,266

16. Finance Income – Net

	2013	2012
	Rs'000	*Rs'000*
Finance Income		
Interest Income	3,129	2,744
Gain on forward exchange contracts (unrealised)	-	34,622
Exchange gain - net	565,576	269,104
	568,705	306,470
Finance costs		
Interest Payable:		
Foreign currency accounts	19,091	8,448
Loss on forward exchange contracts (unrealised)	4,918	-
MUR balances	145,609	143,094
	169,618	151,542
Finance Income – Net	399,087	154,928

17. Service Providing Institutions and Dockers' Pension

	2013	2012
	Rs'000	*Rs'000*
Payments to service providing institutions, and Dockers Pension as determined by MCIA (Ex-Mauritius Sugar Authority), comprises financing of the following		
MCIA - Global Cess	287,600	287,000
Payment of pension to redundant Dockers	69,139	96,884
Restructuring of Service Providing Institutions	400,000	-
	756,739	383,884

17. Service Providing Institutions and Dockers' Pension (cont'd)

The Sugar Industry was called upon to contribute to the social cost of the reform of the Service Providing Institutions (SPIs). In September 2012, Government advanced a soft loan of Rs 400 M at 3% interest rate per annum for onward grant to the MCIA. The Syndicate has paid the MCIA the full amount of Rs 400 M in September 2012 for the restructuring of the SPIs.

18. Bagasse Transfer Price

Bagasse Transfer Price Fund represents the sum received by sugar producers with respect to bagasse used for the production of electricity by the Central Electricity Board and for other usage. Remittance to sugar producers is effected in accordance with the Sugar Industry Efficiency (Amendment of Schedule) Regulations 1999.

19. Contribution by Distillers/Bottlers

In line with Finance Act 2010, the sum received as contribution from Distillers/Bottlers during the Crop year has been paid in two tranches: on 28 December 2012 and 16 July 2013 respectively.

20. Sugar Insurance Fund Board Premium

The premium of Rs 294,369,000 (Rs 176,282,000; crop 2011) is deducted from the sugar proceeds of the producers and remitted to the Sugar Insurance Fund Board on their behalf as per Section 24 of the Sugar Insurance Fund Act 1974.

21. Taxation

The Syndicate being an exempt body, its income is not subject to income tax.

22. Financial Risk Management

	AT AMORTISED COST	LOANS AND RECEIVABLES	AT FAIR VALUE	TOTAL
	2012	2012	2012	2012
	Rs'000	*Rs'000*	*Rs'000*	*Rs'000*
(a) Categories of Financial Instruments				
Financial Assets				
Trade and other receivables	-	3,390,587	-	3,390,587
Cash at bank	-	258,588	-	258,588
Foreign exchange forward contracts	-	-	34,622	34,622
	-	3,649,175	34,622	3,683,797
Financial Liabilities				
Bank overdraft	462,268	-	-	462,268
Borrowings	2,487,200	-	-	2,487,200
Other payables	865,532	-	-	865,532
	3,815,000	-	-	3,815,000

	AT AMORTISED COST	LOANS AND RECEIVABLES	AT FAIR VALUE	TOTAL
	2013	2013	2013	2013
	Rs'000	*Rs'000*	*Rs'000*	*Rs'000*
Financial Assets				
Trade and other receivables	-	4,246,349	-	4,246,349
Cash at bank	-	273,746	-	273,746
	-	4,520,095	-	4,520,095
Financial Liabilities				
Bank overdraft	921,349	-	-	921,349
Loans	2,761,638	-	-	2,761,638
Other payables	1,051,741	-	-	1,051,741
Foreign exchange contracts	-	-	4,918	4,918
	4,734,728	-	4,918	4,739,646

The Syndicate's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Syndicate's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Syndicate's financial performance. The Syndicate uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out under policies approved by the Marketing Strategy Committee, Risk Management Committee and the Forex Management Committee.

The Marketing Strategy Committee monitors all the marketing strategies, product pricing policies and credit risks of the Syndicate and recommends action to the Executive and Selling Committee of the Syndicate with respect to interest rate risk, credit risk and liquidity risk.

The Risk Management Committee is responsible for the overall risk management of the Syndicate. It addresses all other risks not falling under the purview of the Management Risk Committee and the Forex Management Committee.

The Forex Management Committee manages foreign exchange risk by monitoring the concentration and timing of trade receivables by type of currencies. The Committee also monitors the trends in forex thus enabling it to devise the appropriate strategy for the Syndicate's forward exchange contracts. The Forex Management Committee is also responsible for the management of interest rate risk and liquidity risk.

(b) Foreign Exchange Risk

The Syndicate operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily in respect to the Euro and US Dollars. Foreign exchange risk arises on future commercial transactions, recognised assets and liabilities.

The Forex Management Committee has set up a monitoring process whereby it ensures that the Syndicate manages its foreign exchange risk against its functional currency. To manage their foreign exchange risk arising from future commercial transactions, and recognised assets and liabilities, the Syndicate uses foreign exchange forward contracts and has foreign currency bank accounts which are transacted with commercial banks. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Syndicate's functional currency.

22. Financial Risk Management (cont'd)

(b) *Foreign Exchange Risk (cont'd)*

The currency profile of the financial assets and liabilities of the Syndicate is summarised below:

	FINANCIAL ASSETS		FINANCIAL LIABILITIES	
	2013	2012	2013	2012
	Rs'000	*Rs'000*	*Rs'000*	*Rs'000*
United States Dollar	71,188	53,041	1,190,583	664,111
Euro	4,328,998	3,470,404	405,977	410,180
UK Pound	590	2,752	13,477	-
Mauritian Rupee	119,319	157,600	3,129,609	2,740,709
	4,520,095	3,683,797	4,739,646	3,815,000

At 30 June 2013, if the Mauritian Rupee had weakened/strengthened by 5% against the US Dollar with all other variables held constant, the net revenue before distribution to producers would have been Rs 55,969,750 lower/higher (2012: Rs 30,553,500).

At 30 June 2013, if the Mauritian Rupee had weakened/strengthened by 5% against the Euro with all other variables held constant, the net revenue before distribution to producers would have been Rs 196,151,100 (2012: Rs 153,011,200) higher/lower.

At 30 June 2013, if the Mauritian Rupee had weakened/strengthened by 5% against the UK Pound with all other variables held constant, the net revenue before distribution to producers would have been Rs 644,350 (2012: Rs 137,600) lower/higher.

5% is the sensitivity rate used when reporting foreign currency internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

(c) *Derivative financial instruments*

In order to secure a price to the producers' community, it is the policy of the Syndicate to enter into foreign exchange forward contracts, foreign exchange leverage contracts, swaps and options on a regular basis. The Syndicate ensures that its sugar proceeds which are received in foreign currencies are hedged against the high volatility inherent in its receipts.

The Syndicate entered into foreign exchange forward contracts, foreign exchange leverage contracts, swaps and options with different commercial banks of Mauritius for terms not exceeding 12 months at any point in time. At 30 June 2013, the shortfall on foreign exchange forward contracts, foreign exchange leverage contracts, swaps and options undertaken for crop 2012 was Rs 4,918,000 as compared to a surplus of Rs 34,622,000 for crop 2011. It is anticipated that once the contracts will mature the surplus/shortfall will then be realised and will impact on the amount distributed to producers in 2013 Crop.

	NOTIONAL AMOUNT	FAIR VALUE	SURPLUS / (SHORTFALL)
	Rs'000	*Rs'000*	*Rs'000*
At 30 June 2013			
Normal Forward	583,150	583,150	-
Chooser Forward	1,436,738	1,437,630	892
Leverage Forward	2,538,910	2,542,936	4,026
	4,558,798	4,563,716	4,918
At 30 June 2012			
Normal Forward	4,801,937	4,923,708	121,771
Chooser Forward	-	-	-
Leverage Forward	3,233,210	3,076,817	156,393
	8,035,147	8,000,525	34,622

(d) Interest Rate Risk

The Syndicate is exposed to interest rate risk as it borrows funds at both fixed and floating rates. The risk is managed by negotiating the best interest rates available with commercial banks and with institutions of the sugar industry.

The interest rate risk profile of the financial assets and liabilities at 30 June 2013 was:

	2013	2012
	% p.a.	*% p.a.*
Financial Assets		
Cash resources – Mauritian Rupees	3.50 to 4.50	3.50 to 4.50
Cash resources – foreign currencies	0.05 to 0.50	0.05 to 0.75
Financial Liabilities		
Loans – Mauritian Rupees	3.25 to 5.00	3.25 to 8.25
Bank overdraft – Mauritian Rupees	4.30 to 8.00	4.80 to 8.00
Loans – foreign currencies	1.50 to 1.80	-
Bank overdraft – foreign currencies	1.60 to 2.80	1.60 to 2.80

The sensitivity analysis below has been determined on the exposure to interest rates for non-derivative financial instruments at the reporting date.

A 50 basis points of increase or decrease represents management's assessment of the reasonably possible changes in interest rates.

22. Financial Risk Management (cont'd)

(d) *Interest Rate Risk (cont'd)*

For floating rate liabilities/assets, the analysis is prepared assuming the amount of liability at the reporting date was outstanding for the whole year. If interest rate had been 50 basis points higher and that all other variables were held constant, the Syndicate's results would have been affected as follows:

	2013	2012
	Rs'000	*Rs'000*
Decrease in amount distributed to producers	(3,123)	(1,018)

Had the interest rates been 50 basis points lower and all other variables were held constant, there would have been an equal and opposite impact on the amount distributed to producers.

(e) *Credit risk*

Credit risk is managed by the Marketing Strategy Committee. Credit risk arises from cash and cash equivalents as well as credit exposures to retail customers, including receivables.

For banks and financial institutions, credit risk can be assessed by the historical information about the financial strengths of the financial institutions the Syndicate is dealing with. In the opinion of management, there is no associated risk as these are reputable institutions in the industry.

The Marketing Strategy Committee assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Local sales to retail customers are settled by cheques or bank transfer.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings if available or historical information about counterparty default rates. Refer to note 6 for an analysis of trade receivables which are past due and impaired and past due and not impaired. For the year under review, trade receivables were not impaired.

The carrying amount of financial assets in the financial statements, which is net of impairment losses, represents the Syndicate's maximum exposure to credit risk without taking account the value of any collateral obtained. The Syndicate's main debtors are its overseas' buyers on account of sugar sold to them.

(f) *Liquidity risk*

A liquidity risk is faced on making advances to planters on a weekly basis during the crop season and on a monthly basis in the inter-crop season. Overdraft and loan facilities have been obtained with banks and institutions in the sugar sector to supplement its regular inflow of sugar proceeds. All borrowings, bank overdrafts and other payables are due for settlement within 12 months of the date of the statement of financial position and have therefore been classified under current liabilities.

The Syndicate manages liquidity risk by maintaining the adequate level of cash and overdraft facilities to settle its debts as they become due.

23. Related Party Transactions

	2013	2012
	Rs'000	*Rs'000*
Compensation of key management personnel	11,172	11,162
Defined benefit contributions	713	712
	11,885	11,874

24. Contingent Liabilities

The Syndicate has contracted bank guarantees in favour of the Mauritius Revenue Authority amounting to Rs 5,466,353 (2012: Rs 456,353). It is the normal practice of the Syndicate to apply for duty and VAT exemptions with respect to items/equipment imported and held for eventual re-exports (admission temporaire). The Syndicate is therefore required to provide bank guarantees to the Mauritius Revenue Authority which evidence that such imports are not meant for sales on the local market.

Once the items/equipments are re-exported, the bank guarantees are thereby cancelled.

The Syndicate considers that no liability will arise as the probability for default in respect of the guarantee is remote.

Crop Statement

	2012-2013 CROP				2011-2012 CROP			
	Plantation White Sugar	White Sugar	Special Sugar	TOTAL	Plantation White Sugar	White Sugar	Special Sugar	TOTAL
	MT	*MT*	*MT*	*MT*	*MT*	*MT*	*MT*	*MT*
Net shipped weight	-	184,252	70,558	254,810	-	213,992	92,631	306,623
Stock of sugar	70,493	32,751	51,919	155,163	85,528	19,554	33,324	138,406
Reprocessed sugar	-	-	-	-	-	-	39	39
Total sugar for Export	70,493	217,003	122,477	409,973	85,528	233,546	125,994	445,068
Local Market sales	-	10,272	3,862	14,134	-	5,153	3,067	8,220
Total	70,493	227,275	126,339	424,107	85,528	238,699	129,061	453,288
Loss in weight*				3,162				-
Normal processing loss				8,850				8,327
Production MTTQ				436,119				461,615
Less non-originating sugar for re-export				(26,919)				(26,307)
Net Production of Sugar MTTQ				409,200				435,308
Adjustment at 98.5° Polarisation by Arbitration & Control Board				412,366				438,833

** Loss identified following physical stock count undertaken at year end.*

Sales Proceeds (FOBS)

	2012-2013 Crop	2011-2012 Crop
	Rs 000's	*Rs 000's*
European Union		
White refined sugar	6,045,808	6,177,524
Special sugar	2,905,859	2,488,681
Total - European Union	8,951,667	8,666,205
United States of America (USA)	259,549	313,787
World Market	513,127	466,025
	9,724,343	9,446,017
Local Sales	424,918	239,298
TOTAL	10,149,261	9,685,315

Average Price (FOBS) Per Metric Ton

	2012-2013 Crop	2011-2012 Crop
	Rs per MT	*Rs per MT*
European Union		
White refined sugar	20,249	19,376
Special sugar	31,153	26,585
United States of America (USA)	26,487	23,764
World	25,283	23,142
Average Export Price	23,046	21,190

Average Local Market Price Per Metric Ton

	2012-2013 Crop	2011-2012 Crop
	Rs per MT	*Rs per MT*
Local Market	22,000	26,200

Statement of Distribution of Bagasse Proceeds

	2012-2013 Crop	2011-2012 Crop
	Rs'000	*Rs'000*
Bagasse Transfer Price Fund	62,126	64,703
Paid out to:		
Planters of the first group according to the Second Schedule of SIE (Amendment) Act 1993	7,455	7,765
Planters of the second group according to the Second Schedule of SIE (Amendment) Act 1993	23,608	24,587
Millers or producers of electricity according to the Second Schedule of SIE (Amendment) Act 1993	31,063	32,351

Amount Per Metric Ton of Sugar Accruing	2012-2013 Crop	2011-2012 Crop
	Rs	*Rs*
Planters of the first group according to the Second Schedule of SIE (Amendment) Act 1993	61.75	62.17
Planters of the second group according to the Second Schedule of SIE (Amendment) Act 1993	116.74	112.94

Amount Per KWH of Firm or Continuous Electricity	2012-2013 Crop	2011-2012 Crop
	Rs	*Rs*
Millers or producers of electricity according to the Second Schedule of SIE (Amendment) Act 1993	0.090	0.092

The Bagasse Transfer Price Fund for 2012-2013 crop was distributed as from 5 July 2013 in accordance with the Sugar Industry Efficiency (Amendment of Schedule) Regulations 1999.

Ex-Syndicate Price Per Metric Ton

Basis 98.5° polarisation per category of producer before deduction of SUGAR INSURANCE FUND BOARD PREMIUM

		On whole production (As per provision of SIE Amendment ACT No. 1, 1993)	On first 3,000 tonnes exported	On the remainder
1989 - 90	Millers	-	7,812.06	6,448.62
	Planters	-	7,845.82	6,482.38
1990 - 91	Millers	-	8,000.98	6,603.66
	Planters	-	8,029.85	6,632.53
1991 - 92	Millers	-	8,204.61	6,789.51
	Planters	-	8,242.80	6,827.70
1992 - 93 *	Millers	7,736.33	-	-
	Planters	-	8,472.01	7,000.66
1993 - 94 *	Millers	8,722.74	-	-
	Planters	-	9,551.06	7,894.42

	On Whole Production
1995 - 96 *	11,462.80
1996 - 97 *	12,318.64
1997 - 98 *	11,907.41
1998 - 99 *	13,230.19
1999 - 00 *	12,373.77
2000 - 01 *	11,570.14
2001 - 02 *	12,834.68
2002 - 03 *	14,046.86
2003 - 04 *	15,216.29
2004 - 05 *	16,150.36
2005 - 06 *	17,625.68
2006 - 07 *	17,891.24
2007 - 08 *	18,620.15
2008 - 09 *	17,427.30
2009 - 10 *	14,612.03
2010 - 11 *	13,535.72
2011 - 12 *	16,020.16
2012 - 13 *	17,573.32

* *With effect from 1992-1993 Crop, the price of bagasse is no longer included in the final price of sugar (see Statement of Distribution of Bagasse Proceeds).*

Sugar Revenue

Crops 1989-1990 to 2012-2013	Exports (FOB Basis) & Other Receipts	Local Sales	Total Receipts
Crop	*Rs'000*	*Rs'000*	*Rs'000*
1989 - 1990	4,727,704	99,124	4,826,828
1990 - 1991	5,339,427	105,534	5,444,961
1991 - 1992	5,410,500	121,569	5,532,069
1992 - 1993	5,900,080	166,752	6,066,832
1993 - 1994	5,841,078	149,743	5,990,821
1994 - 1995	5,674,723	120,015	5,794,738
1995 - 1996	6,937,252	205,963	7,143,215
1996 - 1997	8,010,272	207,257	8,217,529
1997 - 1998	8,229,017	188,593	8,417,610
1998 - 1999	9,211,231	206,834	9,418,065
1999 - 2000	5,336,766	205,706	5,542,472
2000 - 2001	7,500,668	205,972	7,706,640
2001 - 2002	9,057,055	233,255	9,290,310
2002 - 2003	8,246,710	224,090	8,470,800
2003 - 2004	9,118,411	224,063	9,342,474
2004 - 2005	10,351,658	224,304	10,575,962
2005 - 2006	10,464,376	226,825	10,691,201
2006 - 2007	10,495,475	231,772	10,727,247
2007 - 2008	9,470,630	227,254	9,697,884
2008 - 2009	9,112,641	557,705	9,670,346
2009 - 2010	8,355,800	876,209	9,232,009
2010 - 2011 (Restated)	7,487,205	1,087,539	8,574,744
2011 - 2012	9,446,017	239,298	9,685,315
2012 - 2013	9,724,343	424,918	10,149,261

Acronyms

ACP	African Carribean and Pacific
BSSD	Bagged Sugar Storage and Distribution Co. Ltd.
BMP	Best Management Practices
BRC	British Retail Consortium
BST	Bulk Sugar Terminal
CHCL	Cargo Handling Corporation Limited
CQD	Central Quality Department
CEFS	Comité Européen des Fabricants de Sucre
CAP	Common Agricultural Policy
CIBE	Conféderation Internationale des Betteraviers Européens
DDA	Doha Development Agenda
ESA	Eastern and Southern Africa
EPA	Economic Partnership Agreement
ERCP	Economic Restructuring and Competitiveness Programme
ASSUC	European Association of Sugar traders
EEC	European Economic Community
EBA	Everything But Arms
FY	Fiscal Year
FDA BTA	Food and Drug Administration's Bio-Terrorism Act
FSMC	FUEL Sugar Milling Co. Ltd
FRL	FUEL Refinery Ltd
IEPA	Interim EPA
ISO	International Sugar Organisation
ISTC	International Sugar Trade Coalition
LDC	Least Developped Countries
LTPA	Long Term Partnership Agreement
MECAS	Market Evaluation Consumption and Statistics Committee
MCIA	Mauritius Cane Industry Authority
MTTQ	Metric tons tel quel
Mtrv	Metric tons raw value
OMOL	Omnicane Operations Ltd
PWS	Plantation White Sugar
RST	Regional Safeguard Threshold
SACU	South African Customs Union
SADC	Southern African Development Community
SIFB	Sugar Insurance Fund Board
SPCF	Sugar Producers Consultative Forum
TRQ	Tariff Rate Quotas
TCS	Technical Committee on Sugar
TFTA	Tripartite Free Trade Area
USDA	US Department of Agriculture
USTR	United States Trade Representative
WSE	White Sugar Equivalent
WG	Working Group
WTO	World Trade Organisation

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