U.S. Quota for South Africa’s Sugar
-a Bittersweet Connection

Who on Earth could get through this mountain of Sugar?

The Japanese for a start. And the Canadians, Americans, British and Israelis all have a sweet tooth for South African sugar.

Last year we produced a record 1.9 million tons of it. And the nations of the world bought just on R85 000 000’s worth.

It’s success like this that makes South African sugar one of the Republic’s biggest and most profitable agricultural exports.

The sugar industry stands on its own feet.

In fact, we subsidised exports of canned fruit, jams and other products containing sugar. And still managed to earn R85 000 000 of valuable foreign currency. This year we hope to make the mountain bigger, the profits sweeter.

Published with a grain of pride by the South African Sugar Association.
Annual sugar consumption per capita in the U.S. is over 100 pounds. To assure a constant supply, over half of the sugar used must be imported. Since 1948, the U.S. has operated a quota system which fixes prices and allocates quotas to certain favored countries allowing them to supply sugar to the U.S. Since these prices are not affected by the wild fluctuations of the world commodity markets, countries which are already part of the U.S. agreement are anxious to maintain this favored nation status. South Africa has been receiving a quota since 1962. The U.S. Sugar Act is currently before Congress for renewal and member countries are lobbying for an extension of their quotas. South Africa, pointing to its expanding sugar industry, favorable trade relations with the U.S., and past record of meeting its quota, is asking for both an extension and increase of its quota: 59,539 tons in 1973, and not less than 75,000 requested for 1974.

THE SUGAR INDUSTRY IN SOUTH AFRICA

The Black Man's Burden

Sugar is the second largest agricultural industry in South Africa, earning almost R200 million in 1973 export and local sales.

There are approximately 150,000 people involved in the growing and refining of the sugar cane. Cultivation is on some 800,000 acres, mainly in the Natal region of South Africa. The terrain is rugged and the climate often arid. These two factors prohibit the use of machines for cutting, thus a large portion of the 131,370 agricultural workers involved in the growing process are cane cutters. All but 520 of these workers are Black or Indian. While there are over 8,000 individual growers, of whom 53% are African and 23% Indian, the average holding of the Black independent growers is ten acres, thus yielding a very small proportion of the sugar which actually reaches the marketplace. In 1972, just one company, Huletts, cultivated 60% of South Africa’s sugar cane. The vast majority of Black sugar workers work on the large estates owned by giant corporations like Huletts.2

According to the South African Sugar Association (SASA), the average cash wage for field workers in 1974 is $2.64 a day. The Association claims that the value of housing and food given to workers pushes total daily remuneration up to $4.75 a day. Conservative financial journals such as the Financial Mail (March 30, 1973) have argued that the real value of such “fringe benefits” is often closer to $1 a day. Thus, at best, accepting the Sugar Association’s figures at face value, this means that the average cane worker earns only $63.36 a month in cash—or a possible $114.00 if one includes claimed fringe benefits.

Only 25% of the agricultural work force are permanent; all of the others are migratory workers who are employed on a contract basis and are compelled by the whole pass law system to leave their wives and families behind in the Bantustans. Not only that, but freedom of movement is proscribed so that workers leaving the Bantustans are frequently forced to work on the sugar plantations because they are refused permission to seek work elsewhere. This process whereby men are deliberately driven to work as agricultural workers was described by a member of the South African government, the Deputy Minister of Bantu Development as follows: “They [the Blacks] do become available for service in any labour sector but can only leave the homeland on demand, and with the establishment of the tribal labour bureaus, it will be virtually impossible to go into the cities freely.”3

Sugar refining is done in 20 mills owned by 13 companies. Thirteen of these mills are owned by six public stock companies, five by private concerns or subsidies, and two by co-operatives. The two co-operatives, located in KwaZulu, had a joint refining yield of 169,885 tons in 1973, or 8.9% of the total output of that year,4 and these are the only mills in which Black ownership participation is possible—all the other mills are white owned and controlled. Huletts, the sugar daddy of the industry, refined 40% of domestically used sugar in its 5 mills.

There are some 20,000 workers in the mills, of which 75% are Black and Indian. As in the fields, many of the factory workers must live in company compounds apart from their families. The wage scale in the mills, including a much vaunted recent 50% increase prorated over a three year period is currently between $59.00 and $83.00 a month.5 Even with the housing and food benefits added to these wages, the contract worker, who on the average is responsible for at least four dependents, cannot support his family back home on this meager income. For both the mill worker and the cane cutter, all the wage levels are below the Poverty Datus Line figure (the bare survival level) calculated by the University of Port Elizabeth as $124 a month for the Durban area in late 1973.6

South Africa’s “White Gold”

The South African Sugar Association which represents all of the growers and refiners has been pursuing a policy of expanding the sugar output. Towards this end, plans are to place more land under cultivation, to develop new refineries, and to enlarge the storage capacity at the docks in Durban. This policy has begun to pay off: the yield in the 1970-71 season was over 1.5 million tons, rising to 2.1 million in the 1972-3 year. The annual per capita consumption of sugar among the local white population is 54 kg., almost at saturation point. But the per capita consumption among rural Blacks is only 18 kg., and the cost of sugar for that segment represents 7% of their income, reflecting the tremendous poverty of Black South Africans who cannot afford to buy the sugar they grow.7 Thus the possibility of great expansion in the local market is negligible. Therefore SASA is extremely anxious to take advantage of the growing world sugar market for its own expanding yields.

Of the 1 million tons exported in 1973, the United States received over 72,000 tons. The value of this sale was $10,845,460; if the same amount of sugar had been sold on the world market, South Africa would have received an additional $8.8 million.8 Why would South Africa want to hold on to the U.S. quota if it could earn so much more on the world market? First of all, in only

*Rand 1 equals $1.49, 1973
four years of the past sixteen, has the world sugar price risen above that offered by the United States; the stability of the U.S. market is very desirable even if losses are infrequently incurred. Secondly, it is very much to South Africa's political advantage to maintain as many trade ties as possible with the U.S.

CRITERIA OF THE U.S. SUGAR QUOTA: THE CASE AGAINST SOUTH AFRICA

Countries which are granted quotas under the U.S. Sugar Act supposedly meet a set of criteria. There are three of these criteria which certainly do not apply to South Africa.

Criterion One: "Friendly government to government relations, including non-discrimination against U.S. citizens in the quota country and indemnification for property owned by U.S. citizens in cases of expropriation."

In fact, discrimination against U.S. citizens, both Black and White, is not rare in South Africa.Visas have been repeatedly denied to Congressman Diggs and Arthur Ashe. Church groups and individuals interested in studying conditions in industries owned by U.S. corporations have been prevented from entering the country. Black Americans who are visitors do not have free movement within the country, and unless given honorary white status, are subject to the invidious apartheid regulations. Richard Sanders, a Black U.S.I.A. officer, was very recently permitted to stay in a white hotel only if he agreed not to dance in its nightclub. Bob Foster, the heavy weight fighter, was housed in a barely completed hotel last Fall so that any undue confrontations and embarrassments could be avoided. Current labor regulations would prohibit a Black American from holding any supervisory position in either the sugar or other industries in South Africa. Laws would not prohibit a Black American from owning any land. To suggest that South Africa does not discriminate against U.S. citizens and therefore meets this first criterion for the quota is a travesty.

Criterion Four: "Need in the country for a premium priced market in the U.S. including (a) reference to the extent it shares in other premium priced markets such as the U.K., (b) its relative dependence on sugar as a source of foreign exchange, and (c) present stage of and need for economic development."

The actual share of the U.S. market in the total export of South African sugar is only 7.2% the value of this trade was less than one tenth of the foreign exchange earned from the sale of sugar overseas. In addition, the U.S. market for sugar constitutes less than one percent of South Africa's total foreign exchange earnings. There is no major need for South Africa to have this favored status and quota. SASA, itself, proudly claimed in 1972 that "The sugar industry stands on its own feet. In fact, we subsidized exports of canned fruits, jams and other products containing sugar." And 1973 was even more successful than 1972.

Further, South Africa, with its GNP of $18 billion and industry expanding rapidly, is hardly a developing nation, unlike its sugar growing neighbors of Mauritius and Swaziland. KwaZulu, a Bantustan and the only area in which Africans can become independent growers, might be considered in a developing stage, but the acreage owned and cultivated by Blacks amounts to less than 4.2% of the entire 800,000 acres of South African sugar cane. The proportion of the refining done at the KwaZulu co-operatives is likewise small. The subsidy of the U.S. quota price, thus, ends up supporting the big White industries, not the small farmer.

Criterion Five: "Extent to which the benefits of participation in this market are shared by factories and larger land owners with farmers and workers together with other socio-economic policies in the quota countries."

The sugar industry is increasingly profitable, and has been dubbed "White Gold" in South Africa. As the world supplies tighten and the demand increases, the value increases. In some countries which had previously been large suppliers, such as Cuba and Puerto Rico, the labor shortages have cut into the annual crop yields. The socio-economic policies of South Africa insure that its industry is not beset with the same problem. After strikes in the mills in 1973, the industry agreed to a 25% wage increase for field workers and 50% over a three year period for the mill hands. The plan provided for addition revenue for increased labor costs to be taken from the expected R40 million profit in 1973. The cost of this reform was estimated at R4.5 million, or about more than 10% of the profit. This was seen by the sugar growers as a small price to pay: "The wages of the agricultural workers in the sugar industry have risen by some 20% over the past two years and it seems as if the industry may well have found the formula to keep a necessarily unskilled labor force happy and thus productive."11

Of the 130,000 Black and Indian workers, less than half of one percent are independent growers. The expected yield on Black individual holdings, which average ten acres, is 35 tons of cane per hectare (1 hectare equals 5.2 acres), and that of a White holding, 75-80 tons. The big grower-refining companies, though, command the lion's share of the industry. Four of the six public share companies refine more than 60% of the cane.12 It is patently clear that neither the agricultural and mill workers, nor the individual grower, the majority of whom are Black, actually participate in or benefit from the premium market which the U.S. quota offers.

South Africa should not have its U.S. sugar quota renewed. Its policies are discriminatory, its sugar industry based on a form of forced labor, and its need for the quota non-existent.●

1. Testimony of South African Sugar Association before House Committee on Agriculture March 7, 1974
2. SASA Testimony
4. SASA Testimony
5. Financial Mail, March 30, 1973
6. Rand Daily Mail, December 27, 1973
7. Financial Gazette, June 30, 1972
8. SASA Testimony
10. SASA Testimony
11. Financial Mail, June 31, 1972
12. Financial Gazette, June 30, 1972

ACTIONS PROPOSALS
Write, wire and visit your Senators, urging them to support the Kennedy Bill S. 3207 advocating the end of South Africa’s quota.
Urge your Representative to support legislation eliminating South Africa’s sugar quota.
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  • APARTEID AND IMPERIALISM: U.S. CORPORATE INVOLVEMENT IN SOUTH AFRICA
  • NAMIBIA: U.S. CORPORATE INVOLVEMENT by Winifred Courtney and Jennifer Davis
    (The Africa Fund, 1972)

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