Africa Sugar *Digest*

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East Africa: Kenya could get an extension on COMESA safeguards

Kenya could gain temporary reprieve of COMESA sugar safeguards against unlimited importation from the bloc's members, if it shows progress in the privatisation of state-owned sugar companies by February 2012, when the current four-year safeguard period expires, said COMESA general secretary in late March. The extension would give the new owners a chance to establish themselves before the domestic market is open. The Kenya Sugar Board said Cabinet has approved the privatisation program, although there are some amendments to be made to the Sugar Act. Also, Parliament has still to approve the writing-off of a portion of the industry's debt, which is owed to government.

Uganda: Sugar industry plans USD 197 million in expansion programs

Uganda's three main sugar producers plan to invest a combined USD 197 million to increase production and diversify operations, said *Bloomberg* quoting a report by the Uganda Sugar Cane Technologists Association.

Kakira Sugar plans to invest USD 100 million in expanding sugar and ethanol production and electricity cogeneration, projects that may be completed by June 2012. The company is expected to produce 165,190 tonnes of sugar this year. Kakira is owned by the Madhvani Group, one of the largest corporate groups in the country.

Kinyara Sugar would invest USD 70 million to increase electricity cogeneration to 40 megawatts. Kinyara is 51 percent-owned by Rai Group, a Kenyan/Mauritius company. They expect to produce 126,380 tonnes this year.

The Sugar Corporation of Uganda (SCOUL) would invest USD 27 million in replacing its mill and acquiring equipment for field operations and cane transportation. The company, jointly owned by the government and the Mehta Group, is expected to produce 54,000 tonnes.

The Association reported that Uganda consumes 346,000 tons of sugar; and it imported 130,000 tonnes last year, of which 67,590 were re-exported.

Uganda: Dispute over electricity tariff

The Uganda Electricity Regulatory Authority (ERA) set the energy feed-in tariff at 8 cents per kilowatt/hour, but a dispute is deepening with sugar millers who demand a higher rate. Since 2007, Kakira Sugar Works (KSW), owned by the Madhvani Group, has been advocating for an increase of 35 percent on the tariff for bagasse-based electricity; they would like to see a 10-cent tariff.

According to Madhvani a 10-cent tariff will encourage the three main sugar millers in Uganda to cogenerate at least 50 MW for export to the national grid by 2012. Madhvani's Kakira exports electricity at a 6.15 cents, while Kinyara Sugar earns 7 cents per unit.

The ERA said that the tariff has now been standardised and will apply to all generators of renewable energy in the country. Uganda's electricity is generated from hydropower, cogeneration from biomass and thermal power by both public and private actors. Sugar mills contribute to the grid 17 megawatts from bagasse: 12 MW from Kakira and 5MW from Kinyara.

Kenya: Farmers want sugar zones eliminated

Sugarcane growers in the Kakamega area have requested the Kenya Sugar Board to eliminate the sugar zones and allow them sell their crop to millers of their choice. They said farmers are being intimidated by some millers, who have vandalised lorries belonging to buyers from outside the zones. This has been witnessed in Mumias and Nzoia, according to a spokesperson for the Mumias Sugarcane Farmers Association, who said farmers should be able to sell their cane as they choose because they have no supply contract with anyone or owe money to millers. It was reported that West Kenya Sugar Company, which reportedly has no contracted farmers, has lost more than 1 million shillings (USD 12,100) due to vandalism.

Kenya: Ramisi factory to be re-launched in July

The Kwale International Sugar Company Limited (KISCOL) will re-launch in July the Ramisi factory at a cost of 16 billion shillings (USD 195 million). The factory will have a daily crushing capacity of 3,000 tonnes of cane and, when fully operational, will produce 90,000 tonnes of sugar per year, 30,000 litres of ethanol per day, and 18MW of electricity. At least 700 registered independent farmers will grow cane on 2,000 hectares while the company will cultivate another 4,500 hectares. The Ramisi factory collapsed in the 1980s and is located on Kenya's coastal area, some 70km south of Mombasa.

Ethiopia: India arranges line of credit for sugar projects

The Export-Import Bank of India has extended line of credit of USD 91 million to the government of Ethiopia, the fourth tranche of the total credit commitment of USD 640 million to finance sugar rehabilitation programs. Exim Bank will reimburse 100 percent of contract value to Indian exporters, based on the progress of projects. The credits will be used in financing at least 75 per cent of total contract value through the sourcing of goods and services from India.

Zambia: Zambia Sugar contracts local suppliers

Zambia Sugar Plc has offered a USD 215,000 contract to the Mazabuka District Business Association (DBA) to supply motor vehicle parts, stationery and others goods this year. This is a second contract offered to the Association, which follows a USD 150,000 deal to renovate staff houses. The business association has welcomed the initiatives, as they represent an opportunity to strengthen the regional economy. Zambia Sugar is the country's largest sugar producer, and a subsidiary of the South African Illovo Sugar.

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