

# GOJ's Sugar Adaptation Strategy: **A ROADMAP**

Sugar Transformation Unit,  
Ministry of Agriculture

George

Sugar Cane: Energy for Life



# The Sugar Adaptation Strategy: A Thought

“Plan for what is difficult while it is easy, do what is great while it is small.”

‘The Tao-te Ching’



# Contents – Landmarks on the map

- Background: Challenges to the sugar sector
- GOJ Response to Challenges
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- Production targets
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# Sugar Cane Sector: The Challenges

- Reducing unit cost of production: US\$0.26 to below US\$0.17 per pound sugar
- Increasing cane yields from an average of about 62 T/Ha to above 77 T/Ha NB. Average at Appleton Est. (2001 -2005) was 67 T/Ha & 82 T/Ha at Worthy Park Est.
- Increased capital investment at public sector estates (Estimated at US\$ 10 million over next 3 years for factories alone)
- **36%** fall in EU export prices



# GOJ's response: Jamaica Country Strategy: 2006 - 2015

- GOAL:

“To achieve an effective transition to a sustainable sugar cane industry over the period 2006 – 2015.”



# Jamaica Country Strategy: 3 Strategic objectives

- Development of a sustainable private sector-led sugar cane industry (**Privatization**); [MoA](#)
- Economic diversification, social resilience & environmental sustainability (**ADPs in SDAs**); [MoA](#)
- Maintain progress toward GOJ's macro-economic goals (**Debt reduction**). [MoF](#)



# Jamaica Country Strategy: Coordination of implementation

- Sugar Transformation Unit (STU),  
Ministry of Agriculture: WORKING  
THROUGH EXISTING SUGAR  
INSTITUTIONS & AGENCIES



# Jamaica Country Strategy: The targets

Indicative production targets for Year 2010

- Sugar cane: 3.5 mln. Tonnes
- **Raw sugar:** 200,000 t. (Export & domestic)
- **Molasses:** 134,000 t. (Rum)
- **Ethanol:** 70 mln. Liters (Substitute MTBE in gasoline)
- **Bagasse:** Cogeneration of electricity



# Markets: Sugar

- EU exports
  - US exports
  - **Sub-Total, exports**
  - Domestic, Raw
  - Domestic, Refined
  - **Sub-Total, domestic**
  - **Grand Total:**
- 126,000 tonnes (raw)
  - 12,000 tonnes (raw)
  - **138,000 tonnes (raw)**
  - 60,000 tonnes
  - 80,000 tonnes
  - **140,000 tonnes**
  - **278,000 tonnes**
  - **NB. EPA: 30,000t ???**

# Cane Production Targets: Output & cost

- Year: 2006/07
  - Cane output: 2.0 MT
  - Cost per tonne: € 20\*
  - (J\$2,000/tcane)
  
  - Brazil: Price paid for cane € 8.5/tonne
- Year: 2010/11
  - Cane output: 3.5 MT
  - Cost per tonne: € 12.8\*
  - (J\$1,280/tcane)
  
  - NB.
  - \* Estimate
  - 1€ = J\$100
  - TC/TS = 10.0
  - Price/sugar (€523.7 to €335 per tonne)

# A Reality Check! Possible or impossible?

- Year: 1978
- Cane output: 3.6 MT

Of which:

- Estates: 0.7 MT (19 %)
- Cane farmers: 2.9 MT (79%)
- Area reaped: 51,840 hectares
- Yield: 69.44 Tc/Ha

- Year: 2010/11\*
  - Cane output: 3.5 MT
- Of which:
- Estates: 2.0 MT (57%)
  - Cane farmers: 1.5 MT (43%)
  - Proj. area reaped: 43,750 hectares (30,000 in 2006)
  - Yield: 80 Tc/Ha (58.2 in 2006)

\*Estimates



# STU Plan of Action: Year 2008/09

To get there: **A Forced March!**

- Targets: Year 2010/11:

- New cane area: 14,000 hectares
- Yields: min. 80 Tc/Ha
- Fully privatized sugar cane industry by end 2008
- Commence implementation of ADPs for SDAs by end 08/09

- Actions: 2008/09

- Sugar Cane Expansion Fund (SIA): Start-up
- Public Awareness Campaign
- Support for Privatization of SCJ
- Implementation of ADPs for SDAs (Start-up)



# Doubts: 3.5 M t. cane by 2010/11 crop ???

- 2006/7 crop (M tc):
- SCJ, Total: 0.8
- WP & APPL: 0.4
- Cane Farmers: 0.8
- TOTAL: 2.0 M
- 2010/11 crop (M tc):
- SCJ, Total: 2.2 ^
- WP & APP: 0.4 ^
- Cane Farmers: 1.0 ^
- TOTAL: 3.6



# Critical success factors: The Roadmap on the Forced March!

- Successful **completion of privatisation** of public sector sugar assets;
- Review & decision on an **institutional structure & pricing policy for sugar cane** as a raw material for a multi-product industry, which must include input from new investors;
- Rapid thrust into **value-added products** to improve our revenue streams;
- Massive but sustainable **improvements in productivity** (cane yields) & factory processing efficiencies;
- Production of **3.5M tonnes of cane** by **2010/11** crop, latest.



# End: A thought

“The most difficult things in the world must be done while they are still easy, the greatest things in the world must be done while they are still small.”

‘The Tao-te Ching’

‘God is Great’

