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Trucks unload sugar cane at a milling plant. The government approved 25 new licences for sugar factories nationwide.

25 new licences sweeten sugar output

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The government has approved licences for investors to build 25 new sugar factories, raising the number of sugar producers to 79 over the next five years, says the Office of the Cane and Sugar Board (OCSB).

The move is part of the government's plan to expand its sugar industry as well as to increase the number of sugar by-products to feed high-value industries such as bioplastics, one of the government's target industries to stimulate the economy.

Somsak Jantararungtong, the OCSB secretary-general, said companies granted new licences must proceed with an environmental impact assessment and start construction of factories within five years.

"We cannot say for sure how many sugar factories could start operation by 2021. It could be fewer than 25," said Mr Somsak.

The country's sugar cane strategy over the next decade aims to raise sugar plantation to 16 million rai in 2026, up from 10 million rai currently. The larger plantation area is to come from crop-switching as the government encourages rice farmers to switch to more lucrative and higher-value crops such as sugar cane.

One goal is to increase cane production to 180 million tonnes or around 20.4 million tonnes of sugar a year, up from 100 million tonnes of cane or 11 million tonnes of sugar now.

Another goal is raising production of sugar by-products such as molasses as feed for ethanol and bagasse as feed

for renewable energy. With higher sugar production, the country's ethanol production capacity is expected to rise to 5.4 million litres per day in 2026, up from the 2.5 million litres.

Power-generating capacity from renewable sources is projected to rise to 4,000 megawatts in 2026, up from 1,542MW, he said.

"The goal is to raise income generated from sugar and related industries to 500 billion baht in 2026, up from 200 billion," said Mr Somsak.

The US Department of Agriculture forecast global sugar for consumption in the next 2016/17 crop to reach a record 174 million tonnes, with production at 169 million tonnes. This would lead to global stocks falling to their lowest since the 2010/11 crop, signalling global prices could rise further the next few years.