

Siemens targets large share of contracts for Thai sugar mills

FULL INTEGRATED, AUTOMATED SOLUTION 'CAN CUT WORKFORCE BY ONE-THIRD, SAYS FIRM

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THE NATION *LP*

GERMAN INDUSTRIAL giant Siemens has targeted landing contracts for at least half of new and expanded sugar-mill projects in Thailand, where the sugar industry is undergoing a multibillion-dollar, world-record expansion.

After freezing output of the industry for more than two decades, the Industry Ministry has permitted new facilities, relocations and expansions of sugar mills nationwide, awarding licences for 13 greenfield and more than 20 expansion projects to date.

The investment is huge even by global sugar industry standards, as the sector does not usually see such a big boost in capacity, Gilles Weber, a vice president at Siemens Industry, said during a recent interview with *The Nation*.

Each new greenfield sugar mill requires US\$100 million to \$150 million (Bt3.6 billion-Bt5.4 billion) of investment, excluding budgets for cane farming, power-generating units, and other related requirements.

Bernd Langhans, Siemens global sales manager, Sugar & Starch Project Business, said the output spike would lift Thailand, which is already the world's fourth-largest sugar producer, to definitely become the most important producer in Asia,

and most likely in the world as well.

However, on the efficiency front, the Thai sugar industry is ranked 15th globally, considering its higher production costs at present, he added.

"The danger is that these [new] investments may be wasteful, because other countries are also expanding," the executive warned.

Langhans said that players in the Thai sugar industry must ensure they are globally competitive and upgrade themselves to the next level, by utilising the latest "digital factory" and automated system. A majority of Thai sugar mills still use old machinery, and a lot of them still operate their plants manually, he pointed out.

Nonetheless, the Siemens executive said Thai sugar millers understood and realised the need to modernise their operations, as evidenced by the very good feedback he had received from his presentation on the topic of digitisation and industry 4.0 solutions for sugar plants at the International Society of Sugar Cane Technologists forum, held in Chiang Mai early this month.

Manually operated sugar plants will find it tough when world sugar prices shift into a downturn cycle in the next two to three years, he predicted.

Though currently on an uptrend due to a shortage of cane output, Sucden - a Paris-based sugar and ethanol specialist - has forecast that



Bernd Langhans, Siemens global sales manager, Sugar & Starch Project Business.

sugar prices will return to a downward cycle, as supply is predicted to outstrip demand by 2.1 million tonnes from the 2017/18 growing season.

Langhans said Siemens's fully integrated, automated solution could help sugar mills cut their workforce requirement by one-third, boosting their plants' efficiency by 20-30 per cent, producing a more consistent quality of sugar, enhancing operational flexibility and time-to-market, and improving plants' reliability and dependability. Downtime is very costly for a sugar mill, which has to maximise its crushing operations during the limited four to five months of cane harvesting each year, he explained.

The global sales manager targets Siemens, which has won five of the 10

new fully integrated, automated sugar-mill projects that have been initiated elsewhere around the world over the last five years, seizing at least half of the new projects that have been awarded licences in Thailand.

These greenfield and expansion projects are expected to be completed within the next five years.

In moving toward fully integrated, digital-factory operations, Weber emphasised that in addition to upgrading equipment, sugar millers had to train their engineers and staff to understand the importance of modern technologies - and knowing how to utilise them properly. "Some plants already have an automated system, but their staff do not use it and still run things manually," he said.