

Sugar-cane exports to nosedive in 2019

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Ms Warawan says the new biochemical industry plan will take up the bulk of sugar-cane juice next year.

^{B2} The country's sugar exports are expected to decline sharply by 40-50% in 2019 as cane crops have been promised to the government's new biochemical industry plan, says the Office of Cane and Sugar Board (OCSB).

The government has been promoting a biochemical development plan since July to support the sugar-cane industry and help Thailand become a hub for the sector in Asean.

Biochemical products have high added value, allowing farmers to enjoy higher prices.

In 2017, Thailand produced 10.75 million tonnes of sugar, the OCSB reported. Sugar for domestic use stood at 2.93 million tonnes last year, down 0.4%, while exports tallied 6.94 million tonnes, up 7%.

The OCSB said sugar production from January to July stood at 13.6 million tonnes. The domestic market took 1.65 million tonnes, down 4%, while exports surged by 51% to 6.57 million tonnes.

In 2015, Thailand marked a record high with 7.97 million tonnes of sugar exported.

Thailand is the world's fourth-largest sugar producer and second-largest exporter.

Warawan Chitaroon, secretary-general of the OCSB, said the cabinet approved sugar juice for the biochemical industry in 2019, but the office has projected that the sugar juice supply will be insufficient to serve sugar production in 54 plants across the country.

"But sugar millers and sugar-cane farmers are in talks with the OCSB to seek a conclusion about a proportion of sugar juice between sugar and biochemical sectors for the 2018-19 sugar-crushing season, which is expected to start in November," she said. "The volume has to comply with the Cane and Sugar Act of 1984."

The act stipulates that both sugar millers and sugar-cane farmers must propose a selling price to the OCSB. The selling price of sugar cane must be higher than 80% and not exceed 95% of estimated profit.

But Ms Warawan said the government is considering revising the act to amend five sugar-related laws and regulations and revoke Quota A, which is set aside for domestic consumption. This is meant to free up the domestic retail price.

The act has been in the amendment process since 2014.

The OCSB said the current system is 70:30 profit-sharing, where 70% of total sugar revenue made each year goes to farmers, with the remaining 30% allotted to millers.

Ms Warawan said the government will provide sugar-cane farmers with new planting technology to increase sugar-cane yields by 15% from 11% because Thailand is struggling to expand sugar-cane planting area.

Industry Minister Uttama Savanayana said Thailand needs to be the biochemical hub for the region by 2027, with a focus on bioplastics and biochemicals.

"The biochemical development plan is located in Khon Kaen, Nakhon Sawan and Kamphaeng Phet because those areas have raw materials, including cassava and sugar cane," he said.

Companies such as Thai Beverage, Global Green Chemicals, Mitr Phol Group, Purac Thailand, Corbion Group and Kaset Thai International Sugar Corporation are interested in the biochemical plan.

The biochemical industry is one of the government's top priority sectors, with expected investment value of 130 billion baht by 2027.