

Statement by Hon. Karl Samuda, CD, MP
Minister of Industry, Commerce, Agriculture and Fisheries
House of Representatives on Developments in the Sugar Industry
Tuesday, March 29, 2016

Mr. Speaker, I wish to bring to the attention of this Honourable House certain developments in the sugar industry, which are of national import.

The Sugar Industry

Mr. Speaker, this Honourable House is no doubt aware that the sugar industry has been with us for 300 years. During this time it has survived mercantilism, slavery, colonialism, cooperativization, and in more recent times the erosion of our preferential markets in Europe.

Mr. Speaker, as we speak today the industry is facing its greatest challenge yet.

Mr. Speaker, between 2009 and 2010 the Government of Jamaica divested its holdings in the sugar industry, namely the Monymusk, Frome, Bernard Lodge, Trelawny and St. Thomas Estates, which constitute 70% of the industry. The immediate post divestment period coincided with the highest ever price paid for our sugar exports in our history. While the new owners, that is, Pan Caribbean Sugar Company (PCSC), Everglades Farms Limited (EFL) and Golden Grove Sugar Company (GGSC), made significant investments in rehabilitating their respective factories, and while there has been a significant expansion of cane production by farmers, the industry did not focus on the diversification of the product base of the sugar cane, nor the markets.

Mr. Speaker, this is in direct contravention of the Jamaica Sugar Adaptation Strategy that was laid in this Honourable House in November 2005. It is also the case that the industry did not sufficiently save from the last four years of plenty to cushion itself from the precipitous 30% fall in prices we are experiencing this year. Bad management decisions were also made.

Mr. Speaker, since last year all the new owners began to indicate to the Government some levels of pressure and uncertainty in relation to their continued operation. In the case of GGSC, they have outsourced the field operations and secured a marketing agency agreement from the Sugar Industry Authority (SIA) to package and market their sugar in the retail trade in the Caribbean. They have shown leadership in diversification and reorganization and I wish them well.

Mr. Speaker, EFL, citing serious financial problems, also indicated that they would not operate the Long Pond Factory (LP) for the 2016 crop. The previous Government in response approved \$213M in transportation support to assist farmers with the incremental cost of moving their over 116,000 tonnes of cane from Trelawny into Appleton Estates (AP) and Worthy Park. It was the intention that the principals of EFL would work with the GOJ during the 2016 crop to pursue other streams of income from the sugar cane in partnership with other investors, to allow for the reopening of the factory in 2017.

Mr. Speaker, the failure of Appleton to commence operations so far this year, due to a court injunction, has put these plans into a tail spin. As it is right now, it is imperative that the Long Pond factory, which is in good condition, immediately commence operations, in order to rescue the over 95,000 tonnes of cane that has so far not been reaped in Trelawny. The principals of EFL have indicated that they are in no position to start up the factory due to their financial position, and are prepared to allow the GOJ to start up and operate the factory for three months to take off the canes in Trelawny.

Mr. Speaker, simply put, if we fail to reap the canes in Trelawny this year we can simply forget about any sugar industry in Trelawny. Of course, one need not elaborate on the socio-economic impact of such a scenario. The GOJ through the SCJ Holdings and EFL are working out the details of this engagement and this Honourable House will be kept abreast of developments.

Monymusk Sugar Factory

Mr. Speaker, PCSC is also facing problems. While the Frome operations are going fairly well, and while the Monymusk factory is in excellent condition due to its extensive rehabilitation, PCSC has cited many challenges that militate against them operating Monymusk next year. These challenges include high operating costs due to irrigation fueled by JPSCO power, low productivity, widespread theft and low cane supply.

PCSC has therefore indicated that it wishes to hand over the cane growing operations to independent farmers starting immediately, and the factory to the GOJ for operation next year. In the meantime, they will continue to work with the GOJ to activate new revenue streams in partnership with other investors, to return to operating the Monymusk factory in 2018.

Mr. Speaker, the entire social and economic fabric of Southern Clarendon and St. Catherine is at considerable risk if the Monymusk Factory fails to operate next year. This Government has every intention to find ways to keep Monymusk open. We are therefore intensifying our consultations with cane farmers, the principals of PCSC and all the necessary stakeholders to devise a workable plan for the consideration of the Cabinet to keep Monymusk working.

Mr. Speaker, these times call for extraordinary courage, vision, ingenuity and innovation. This Government is prepared to provide the leadership. Too much is at stake to fail. I want to assure Jamaica and this Honourable House that as soon as we complete our consultations and the Cabinet has signed off on the way forward, we will report back to you.