World Association of
Beet and Cane Growers

NEWS FROM WABCG

APRIL 2022

EDITORIAL

This month, we had the opportunity to meet virtually to try to compare the way the sugarcane and sugar beet price is fixed around the world.

Thus, we compared the situation in 29 countries, to give our members food for thought. If I had to draw four major conclusions from this study, I would keep the importance of:

- the existence of clear, predefined rules to determine the cane or beet price, based on final products,
- the existence of balanced negotiations at the time of implementation,
- a proper segmentation of the finished products to be considered,
- and the existence of a system of control to guarantee trust.

Why does our sector need this? Why do we often surprise the agricultural world by this organization?

Because it is necessary: we, growers, produce a raw material which is difficult to store and transport and which requires an industrial processing stage. In addition, our sector needs its own investment (at farm and at industry level) which mobilises very significant capital, knowing that the finished product is one of the most volatile in the world!

Therefore, factories and growers have always needed a formal commercial framework over time – it is a prerequisite of survival!

And I hope this study will help you all to improve the situation in your own countries, towards more cohesion, and, thus, better sustainability!

Eduardo Romão, President
WABCG

Save the dates!

WABCG Conference
'Virtual Fargo'

13 June, 13.00 (London Time):
'Around the world session'

20 June, 13.00 (London Time):
'Detailed overview of the US sugar sector'

27 June, 13.00 (London Time):
'Private session'

WABCG/ISO Consultation

21 November
London, UK

News from Kenya

Kenyan farmers who rely on the long rains (March-April- May) are in for a tough 2022 planting season as global fertilizer prices keep soaring. Experts say global demand for fertilizer has gone up outstripping supply thus pushing prices of the commodity through the roof. The high cost is also attributed to disruptions due to the Covid-19 pandemic in production, consumption, supply and distribution. Farmers are therefore advised to make right fertilizer purchase decisions by having their soils tested and purchasing recommended fertilizers for their intended crops to guarantee better returns. However, in the face of challenges, AFA-Sugar Directorate has made positive strides in revitalizing the Sugar industry in the country by addressing the issue of high sugar production costs. One of the initiatives being undertaken to reduce production costs is the establishment of minimum tillage scientific trials at one mill in each of the four (4) sugarcane growing zones. If fully adopted this initiative will reduce cost on land preparation, weeding and ultimately improve soil fertility.

The Annual Industry Cane Availability Survey carried out in all the 15 factory zones in December 2021 indicate that the area under cane increased by 8.65%. This is largely attributed to the expansion of the cane area in the West Kenya, Butali Sugar Mills and Sukari Industries cane catchments. The Industry mean productivity is projected at 68.85 Tc/Ha in 2021 which is an increase compared to 61.85 Tc/Ha reported in 2021. There is good reason to believe that the boost in productivity could be due to the adequate rains received in 2021 as well as improved agronomic practices.

SUGAR ZONE	Area under cane (Ha)		% Variance	Yields (Tc/Ha)		
	21-Dec	20-Dec		2021*	2020	% Variance
CHEMELIL	18,057	17,511	3.12	62.61	46.65	34.22
MUHORONI	14,996	13,666	9.73	62.96	48.48	29.87
MUMIAS	274	198	38.33	22.06	N/A	N/A
NZOIA	18,820	18,684	0.73	63.84	60.74	5.11
SOUTH NYANZA	8,194	9,197	-10.90	72.01	77.24	-6.78
KIBOS	8,056	7,379	9.18	70.37	68.82	2.26
SOIN	2,790	1,921	45.22	62.35	N/A	N/A
BUTALI	23,707	19,959	18.78	74.70	67.49	10.69
WEST KENYA	58,926	48,969	20.33	68.74	66.97	2.64
MIWANI	1,615	1,910	-15.43	30.34	34.49	-12.03
SUKARI	21,251	17,732	19.85	70.11	50.6	38.56
TRANSMARA	15,401	15,791	-2.47	94.48	133.16	-29.05
KWALE	7,287	6,763	7.75	74.27	46.1	61.11
OLEPITO	9,703	9,186	5.62	60.17	46.62	29.07
BUSIA	11,061	13,751	-19.56	69.60	46.37	50.09
TOTAL	220,138	202,616	8.65	68.85	61.85	11.31

Source: Sugar Directorate Cane Census Availability Survey 2021/2022-2022/2023

Sugar reforms

The National Government has commenced significant reforms aimed at improving the operational efficiencies of sugar value chain in order to guarantee better earnings for the farmers. These reforms are more particularly elaborated in the Sugar Bill, 2019 that is at advanced stage of the legislative process.

- *Sugar bill development*

The Sugar Bill (National Assembly Bill No.68 of 2019) was read a First Time in the Senate in February, 2022 and stood committed to the Standing Committee on Agriculture, Livestock and Fisheries. Invitation for public participation and submission of memoranda is underway. The bill provides for development, regulation and promotion of the sugar industry.

- *Sugar price stabilization*

In light of the myriad of challenges that plague the Sugar sector in Kenya, there was need to establish a sustainable and efficiently managed Sugar sector price stabilization framework to underwrite risks associated with seasonality of earnings for sugar farming community. A technical working committee has hence been put in place to oversee its operationalization. The framework is anticipated to guarantee fair, stable and predictable earnings to sugarcane farmers and provides potential to generate momentum for increased farm

level production, creation of jobs and enterprises and contribute significantly to social economic development.

- *Cane Testing Units (CTUs)*

The Government of Kenya in conjunction with development partners has developed a National Adaptation Strategy to support the sugar industry whose aim is to help increase competitiveness of the industry through the improvement of efficiency and the reduction of production costs. Consequently, this expedited the piloting of Cane Testing Units. The Cane testing units are critical physical components as Kenya shifts from weight based cane payment system to sucrose – based system. So far eleven (11) fully operational CTUs have been set up at eleven (11) sugar mills across the country.

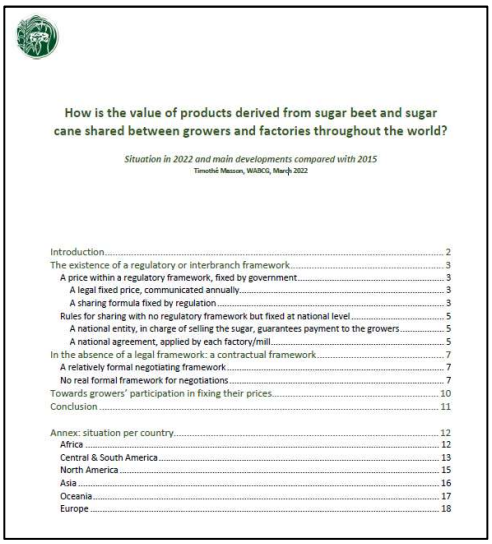
New factories on the block

A prospective new mill, Seal Sugar Mill, is currently seeking the seal of approval from the country's National Environment Management Authority (NEMA) to begin construction of the factory in Siaya County. The factory is set to be established on 18,400 acres of land (*Nota: 7,500 ha*) and is anticipated to create over 1,000 jobs which in turn will improve the livelihoods of the local population. When completed the factory will have an initial milling capacity of 1,250 tonnes cane crushed per day.

Other entrants interested in establishing sugar mills include; Kisii Renewable Energy and Sugar company, West –Valley, Tembo, Giritu Sugar Company, South Gem, Central Nyanza, Nandi and Sireret Jaggery.

Beatrice Odiwa, Assistant Director,
Technical and Advisory Services Department, Sugar Directorate, Kenya

New study available



How is the value of products derived from sugar beet and sugar cane shared between growers and factories throughout the world?

Situation in 2022 and main developments compared with 2015

Timothé Masson, WABCG, March 2022

How is the value of products derived from sugar beet and sugar cane shared between growers and factories throughout the world?

Situation in 2022 in 29 countries
Main developments compared with 2015

More information: contact WABCG !

News from Australia

Our 2022 season is looking promising for the majority of Australian sugarcane growers. The summer growing period has been very hot but with enough rain for good growth.

Ahead of final estimates due to be done next month, some regions at this stage are reporting a crop that could be 10% bigger than last year. Across the industry, early indications are that the 2022 harvest could be up to 2 million tonnes more than the 2021 result of 30.1 million tonnes.

The southern-most growing regions however have been subjected to flooding. For some farms there have been two inundations within a month and the impact on the crop yield is not yet clear.

The general mood across the industry is positive, bolstered by the good world sugar price, even though fertiliser and fuel costs are increasing. Growers are reporting their fertiliser is costing twice as much in 2022 as it did pre-COVID in 2019.

Looking towards the start of the harvest in June, CANEGROWERS is running a campaign in other Australian agricultural regions to attract experienced workers and drivers as labour shortages are an emerging issue.

The start of 2022 has been a very busy period for CANEGROWERS and we are now nearing the end of the triennial election in the Queensland organisation, a practical expression of our commitment to be led by growers.

This election process ensures that CANEGROWERS remains relevant and truly represents the aspirations and issues of growers.

Every member of CANEGROWERS can nominate for a position on their local district board and every member can vote where a ballot is required. There are 13 district boards and close to 80 positions for growers to represent their colleagues.

The outcome will be declared in mid-April and then these boards will send representatives to the CANEGROWERS Policy Council which will elect a state board, including filling the position of Chairman.

The March meeting of the Policy Council farewelled eight representatives who will retire on 30 April. Collectively these growers have contributed 195 years of service to the industry and fellow growers. It was an emotional meeting as I am in that group as I have decided to retire from my role after nine years as Chairman of the organisation.

I know I am leaving at a time when Australian sugarcane growers face new an era of opportunities. CANEGROWERS has been collaborating with representatives of the industry research body and milling companies to formulate a new strategic 2040 roadmap for the sugarcane industry with an emphasis on growth and diversification. To work together in this way is another positive sign for the future.

Paul Schembri, President
CANEGROWERS, Australia

News from Japan

In Japan, there are two basic methods for production of sugar beet. One is the transplanting method, and the other is the direct method. Most of sugar beet growers use transplanting method. Transplanting method starts at beginning of March when the fields are still covered with snow. After filling paper pots (Paper made pot for raising seedling) with soil in the green house and sowing sugar beet seeds, seedlings are raised and managed while paying attention to freezing. In middle of April, after melting snow and rising temperature, sugar beet growers transfer seedlings to the field.

Transplanting method is the mainstream because our growing period in the field is shorter (mid-April to early October) in japan than other European countries. By extending the growing period in a green house, it is possible to have more than 10-20% yield than direct method. However, paper pot is a set of 1,400 and it weighs about 60kg. It takes a lot of effort to carry. Recently in Japan, growers are facing some issues such as shortage of labor and ageing of the population. So, they are switching transplanting method to direct method. Because direct method is a possible solution to save labor. Due to this, direct method users increased over 30% in 20 years. The yield of sugar beet in 2000 was 53.15t / ha, but it increased to 68.94t / ha in 2021. Improvement of direct sowing technology is also helping to increase the direct method users.

In addition, increase in planting acreage per sugar beet growers has also become a problem. Due to the decrease in growers, planting acreage per grower increased by about 2.5 ha in 20 years. Accordingly, the working hours also increased. Also, sugar beet has the highest production cost (labor cost, goods cost, etc.) per ha compared to wheat, soybean, and potato. So, we need to improve labor productivity.

In order to address this situation, we are working on labor-saving cultivation techniques and reducing production costs. For examples, using digital technology, and improving workability by introducing large agricultural machines. Through these efforts, we will respond to further aging and labor shortages and work on sustainable production of sugar beet.

Akira Endo, Manager of Sugar Beet & Seed Sect.
HOKUREN (Federation of Agricultural Cooperatives), Japan

Nurseries

Transplanting