

Small sugarcane millers oppose the 25km distance proposal

By Mary Karugaba

As the battle for space rages on among the sugar producers, the small sugarcane millers have opposed Government's proposal to license only one mill in a zone of 25km radius.

Unlike their colleagues, the old established sugar manufacturers, the small millers argue that such a proposal by Government creates protectionism and kills competition.

Appearing before the tourism, trade and industry committee of Parliament to present their views on the Sugar Bill 2016, the Miller Association of Sugarcane warned that whereas the idea may be necessary, the clause is likely to create problems to outgrowers, the growers and the nation since it denies them the opportunity to determine their own prices.

"In the event that such a miller cannot buy all the sugarcane, they should not enjoy the protectionism. In this case, a second miller may be licensed," Henry Wambuga, the company secretary, Mayuge Sugar Industries Limited, said.

Wambuga noted that the big traditional sugar manufacturers, such as Kakira, Sugar Corporation of Uganda Limited (SCOUL) and Kinyara do not have the capacity to consume all the cane produced, hence the opportunity for the farmers to sell to other buyers.

While Kakira Sugar Ltd., Kinyara Sugar Ltd. and Sugar Corporation of Uganda Ltd have in-house sugarcane farms, the new millers rely largely on outgrowers.

Of recent, there has been a fight between the two groups, with the old manufacturers accusing the new group



Kyambadde

of poaching on existing outgrowers and sometimes stealing their cane to feed their factories.

The committee, chaired by Fort Portal Municipality MP Alex Ruhunda is currently scrutinising the recently tabled Sugar Bill 2016.

The Bill's objective is to ensure that there is a sustainable, diversified, harmonised, modern legal framework to enable the sugar industry develop

in an orderly and competitive manner.

Tabling the Bill in Parliament, trade minister Amelia Kyambadde noted that currently, there is no comprehensive law regulating the sugar industry, hence disharmony among the key players in the industry.

Among the contentious issue in the Bill is clause 22 (1-3) that seeks the implementation of zoning in the sugar industry.

According to the clause, in licensing sugar mills, the board shall ensure that there is only one mill in a zone of 25km radius.

In a presentation to the same committee, the Uganda Sugar Manufacturers Association, composed of mainly Kakira, Lugazi SCOUL and Kinyara, supported the move, arguing that having more than one mill in a zone creates unrealistic surge in

demand for sugarcane, which in turn results in extremely high pressure on the available cane in a particular zone.

"More than one miller in a zone leads to loss of yields due to the harvest of immature sugarcane, loss of revenue and higher costs of production," the association chairman, Jim Mwine, said.

Small millers

Committee members Geoffrey Macho (Busia Municipality), John Lubyayi (Mawokota South) and Peter Mugema (Iganga Municipality) insisted that the small millers should be allowed to operate in the area to allow competition.

"I do not support the proposal to relocate the small millers. That would mean losing jobs, revenue and other services they provide. Let there be competition," Macho said.