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## The sugar industry is collapsing; don't say we did not tell you

**T**here is a real danger that the sugar industry in this country will not be around in 20, 10, even five years, if the Government continues to fold its arms and do nothing about current developments.

A bit of background should help set the context.

Uganda's sugar industry goes back to the early 20th century when the founders of the Kakira Sugar Works and Sugar Company of Uganda Ltd (SCOUL) planted their first seedlings in Kakira outside Jinja and in Lugazi respectively.

By the time of independence, we were already self-sufficient in sugar production with the addition of Kinyara Sugar in western Uganda.

The Idi Amin era and the expulsion of the Asians in 1972 sent our production back to scratch. The industry has only been resuscitated in the last 30 or so years.

The three major players have used the time tested method of using out growers to supplement the sugarcane harvested from their nucleus plantations. They have helped the out growers with seedlings, credit and

other extension services to ensure the productivity of their farms; in addition they have provided social services like health and education for their areas.

In fact seeing as the Government has forgotten how to promote agriculture, the ministry would do well to study these industrial estates to learn how to support farmers in increasing the productivity of their farms.

Until the turn of the century, the three big sugar concerns have been expanding their production to the point that we are currently the only country in the EA community that has a surplus of sugar, meaning that we do not have to import sugar.

But they haven't stopped there. The three industries have created supplementary industries – power generation and ethanol manufacture from the by-products of sugar production. Of all the industries the Government has tried to grow the sugar industry has been the most successful. They are the largest employer of any industry with at least 20,000 direct employees and tens of thousands more of people employed up and down the supply lines. Last



financial year, between themselves, they paid about sh300b in taxes. And from nearly zero 30 years ago installed capacity has been beefed up to crush 400,000 tonnes per annum.

But in a classic case of biting the hand that feeds it, the Government through its indifference or even worse out right collusion is overseeing the collapse of the industry.

In the last decade, the Government has licensed more than half a dozen mills to crush cane without a corresponding increase in the acreage of sugar plantation. It does not take a rocket scientist to work out

that the sugar cane has to come from existing plantations.

The trade ministry has disingenuously argued that there is no law that prohibits the licensing of sugar millers. The existing policy, issued in 2010, while it lays out the parameters within which the sugar industry will operate, has not got the force of law the ministry argues.

In the meantime, there has been a pointed lack of urgency in passing a law for the sector. We know that if this Government wants something passed, it will be passed in double quick time. Passing the Sugar Bill, 2016 is clearly not one of its priorities.

It should be because not only have these new operators disrupted the operations of existing players --- they claim their plants are now working at only 47% but thousands of tonnes of sugar have been smuggled into the country, meaning existing players are just stockpiling the sweetener – 600,000 bags at last count, priced out of the market by the smuggled sugar.

The three major producers have only just expanded their production capacity to take advantage of regional opportunities having planned for the

increased acreage under cane, which they now find is being poached voraciously.

The Uganda sugar industry faces the real danger of going the way of their Kenyan counterparts. Kenya, who supplied the region in the days when our sugar industry was in doldrums, have seen their industry collapse following a similar pattern as is happening in Uganda, a deliberate conspiracy between the sugar importing cartels and corrupt government officials. As a result, the Government has opened the flood gates for imported sugar to come in unabated.

At the height of its powers, Kenya's sugar industry was producing almost 700,000 metric tonnes of sugar annually and has still been brought to its knees. Uganda at its peak, in 2015, produced 420,000 tonnes of sugar.

The big three are not angels and there might be legitimate concerns about how they do business, but that is not cause to throw the baby out with the bathwater.

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