Farmers protest Sugar Bill

Tension gripped Uganda's sugarcane growers' fraternity after the Sugar Bill 2016 was presented to the parliamentary committee on trade as the first stage in the process of its being tabled in Parliament. The Bill aims at zoning sugarcane, setting prices and relocating or closing new sugar mills. CHARLES OKALEBO and TOM GWEBAYANGA give you its implications



A sugarcane grower pleading with authorities to rescind the decision of regulating sugarcane growing

What started as a rift between the proprietors of local sugar factories and the new investors has spilled to farmers. The conflict has bred the Sugar Bill 2016 and massive protests in Busoga, Buganda and Bunyoro.

Protesters say the Bill, presented by the trade ministry to the parliamentary committee on trade, has many controversial clauses poised to oppress them. These include the zoning of sugarcane, pricing by the investors, the relocation of new sugar mills and the closure of some of them. The Bill also proposes new mills to be 50km away from the indigenous ones.

The kingdom has also been sucked into the fray, with backing from the kingdom prime minister, Dr Joseph Muvawala, who has vowed to petition Parliament. He agreed with the sugarcane growers that the critical clauses be amended before the Bill is tabled.

Muvawala, also the executive director of the National Planning Authority (NPA), lashed out at critics, who say sugarcane growing has caused hunger in the region and is, therefore, detrimental to Busoga's growing economy.

"I do not believe sugarcane is the main cause of famine and poverty. It is a matter of planning. I know people who own huge plantations and feed their families successfully," Muvawala said. He made the remarks during a crisis meeting at Bugembe Stadium recently.

During the heated meeting, Muvawala agreed with sugarcane growers that the Bill is not in their favour and only benefit the investors.

"What happened to the liberalisation system of free markets?" Muvawala asked. "This Bill shall not only hurt the growers' fraternity, but also the national economy."

The chairperson of Busoga Sugarcane Out-growers' Association, Isa Budhugo, said they were not against the whole Bill, but the critical clauses which need amendment.

Among other mobilisers is Buikwe LC5 chairperson Mathias Kigongo, who is organising meetings in Busoga region.

MUSEVENI'S DIRECTIVE

The Bill has the backing of President Yoweri Museveni, who wrote a letter directing the authorities to implement sugarcane zoning and restricting the ferrying of sugarcane across the region.

He also slammed the issuance of licences to new sugar mills.

The directive also confines farmers to get permits for selling to specific mills, in addition to the relocation of the new mills away from the old mills. He explained that lack of regulation has resulted in the prevailing scarcity of sugar, with factories jostling for the crop, resulting in 'poaching', escalated prices of sugarcane and sugar.

Museveni gave examples of the victims as Kakira Sugar Works, Sugar Corporation of Uganda (SCOUL) - Lugazi and Kinyara Sugar Works whose businesses, he said, were retarded.

It is said they petitioned President Museveni, who responded with the directive.

The new mills and recurrent droughts, which translate into poor cane yields resulting in hiked cane prices, are the key factors why the old millers petitioned. The new sugar factories include Mayuge Sugar Industries, Kamuli Sugar, Sugar & Allied Industries (SAIL), GM Sugar Mbikko, Sezibwa Sugar and Seven Star.

THE BILL

Budhugo said the Bill only favours old millers.

"We are opposing the formation of the National Sugar Advisory Council, with technocrats appointed by the trade minister, which will set tough terms and stringent laws," Budhugo said.

The Bill also bars growers with less than six acres from growing cane, while suppliers must have 500 hectares and above. This, protesters say, will force small farmers out of business.

The funds to run the advisory council shall be farmers' contributions.

The cane and sugar prices shall be determined in accordance with the formula in Schedule 3 and prevailing market forces, which the farmers protest, owing to the free market (liberalisation) system being enjoyed by Ugandans.

Early this week, the parliamentary committee on trade, chaired by Alex Ruhunda, the MP for Kabarole Municipality, met the farmers and millers from all regions to gather views about the sugar policy.

SHARES

The Bill has awakened new demands. During the consultation with sugar professionals, the farmers designed a paper, demanding shares in the mills. They also want dividends from the by-products of sugarcane such as electricity, ethanol, molasses, pulp and bagasse.

"The Government owned shares in Kinyara and when the industry declined, it sold them off at the expense of Ugandans. It is time we reclaimed our shares," Michael Mugabira, the chief executive officer of Eden Forestry Company, said.

Mugabira said farmers should not only get sugarcane cash alone, but also at least 51% of the dividends from the by-products.

"The millers should pay us interest when they buy our cane as agreed," Mugabira, who owns 600 acres of sugarcane in Masindi, said. "We should balance power with the millers if we are to benefit from the industry."

David Abubaker Ojwang, the former chairperson of Kakira Sugarcane Out-growers Association, said Busoga MPs were not helping the sugarcane growers.

"We tried to fight this Sugar Bill from 2008 and in 2016, we were invited by the trade ministry for a meeting between the sugarcane farmers and the sugar millers," he said.

Ogwang added: "We agreed on the draft, which was supposed to comprise the Sugar Bill 2016. But we are seeing different things in the Bill from what we agreed upon. If the ministry wanted new things, why didn't they return to consult the farmers?"

Justifying the Sugar Bill



Makerere's Okumu

Dr Mike Ibrahim Okumu, a lecturer in the School of Economics, Makerere University, who is also a sugarcane farmer, says the Bill is important because the Government must control the number of sugar mills in a given radius.

"Otherwise, it compromises the maturity of sugarcane harvested and affects the quality of sugarcane. This causes the sugar prices to increase," he said.

Okumu explained that when factories are close to each other, it induces a high demand for sugarcane and results in price increases.

"Higher prices tend to incentivise households to substitute food crops for sugarcane. Since sugarcane takes at least 16 months to mature, there is an inherent risk of food insecurity and its associated outcomes such as malnutrition among both adults and children," he said.

One of the ways to eliminate the poaching behaviour and its associated externalities of some sugar mills is for the licensing authority to reconsider how it issues licences to protect the sugar industry in Uganda.

Jim Kabeho, the managing director of Kakira Sugar Works, says in spite of the protests, they are waiting for Parliament to pronounce itself on the sugar policy and the Sugar Bill 2016.

Other sugar millers, who did not want to be named, said in India, the sugar millers are not allowed to grow sugarcane. But in Uganda, they do, which limits the out-grower farmers from having a say in the sugarcane business.

Comment



JACQUELINE KAMOGA
The new factories they are squeezing out give soft loans to out-growers and deduct the debt at harvest. This saves them from banks with high interest rates and pressure to repay.

GRACE TENYWA, THE CHAIRPERSON OF KAMULI OUT-GROWERS ASSOCIATION
Sugarcane has changed our lives and we can now take our children to better schools. It is not true that it causes hunger; we fed our big families through the famine without government aid.



ISA BUDHUGO,
Enemies of the regime have infiltrated the trade ministry to set bad laws that provoke voters to hate the Government.

Scanned with CamScanner