

Enmore sugar packaging plant to start operations by October 2010

Construction of the new sugar packaging plant at Enmore in full swing .

After \$6B loss in 2008, GuySuCo now breaking even

A long-awaited sugar packaging plant that is expected to earn Guyana 50 per cent more in sales is expected to start operations by October.

This was the assurance given by management of the Guyana Sugar Corporation (GuySuCo), , during a recent inspection at the Enmore, East Coast Demerara site by Minister of Agriculture, Robert Persaud.

The announcement comes at a time when the industry's future prospects are excellent despite a \$6B before tax loss in 2008. Last year, the corporation under pressure to cut costs, managed to drag itself back to a position of now breaking even. The prognosis is that GuySuCo is now poised to return to full profitability within three years, once the implementation of its turnaround plan kicks in, the Minister told reporters.

Yesterday, GuySuCo Chairman, Dr. Nanda Gopaul, disclosed that the foundation works are almost completed and the actual prefabricated building is now going up. When completed, the turn-key packaging facility will be bagging table-ready sugar in half kilogram, one kilogram, five kilogram, 10 kilogram and one tonne quantities and will be able to take off the 40,000 tonnes currently produced by the Enmore Sugar Factory.

The factory is earmarked for reconfiguration that will allow it to produce the high quality crystals needed to meet the standards, it was disclosed. The packaging plant will see the employment of 20-odd persons to oversee production, packaging and transportation. The plant is a key component of the corporation's turnaround plan to make the industry more viable as it will be entering a value-added market, which earns much more money at a cheaper cost, the Chairman pointed out.

GuySuCo intends to tap into CARICOM markets by capturing 10,000 tonnes in demands there for packaged sugar and is already eyeing expansion in the US and UK market.

According to Minister Persaud, feasibility works were done for the packaging plant and there is no doubt that this is the direction to go. With Guyana set to lose \$20B this year from preferential price from the European Union, the fact remains that Guyana simply cannot at the moment meet market demands for value-added sugar.

With billions already being invested in the sugar industry, Persaud signaled a harsh stance on the delivery of projects on time. According to the Minister, while GuySuCo faced troubling times last year after failing to meet production targets and had to make do with some 240,000 tonnes by the end of 2009, this year industry is gearing to better this by 40,000 and it expects to pass the 300,000 tonnes in 2011.

To meet the production demands, some 10,000 hectares of new and unused cane fields are being brought into cultivation. There is no doubt that there is a good future for the Demerara estates,

the Minister assured. Already private cane farmers have managed to up production targets by over 70 per cent. And discussions are underway with three large farmers to ensure more supply

Against this background, the new state-of-the-art sugar factory at Skeldon is expected to operate with full capacity by next year, Persaud revealed. Responding to questions about a possible loss of employment for sugar workers, the Minister noted this is far from the truth. The industry is currently facing a grim situation with only a 50 per cent turnout from staffers. The situation has forced GuySuCo to resort to advertising vacancies for sugar workers, something that was totally unheard of in the past.

The reality is that industry with its measures and capabilities of the new plant and more lands being placed to sugar will be creating more opportunities.

The next three years will be key as the industry makes attempts to return to a full state of viability. It will have to include intense improvement and adjustments that will require all stakeholders to play their part, Minister Persaud warned.

The \$2.6B contract for the sugar packaging plant was signed between the GuySuCo and Surendra Engineering Co. Ltd last year June to construct a packaging plant and among other things will see the upgrade of the factory at Enmore.

This initiative by the government under a venture called “Project Gold” is the first sugar project under the Guyana National Action Plan (GNAP). Since the submission of the GNAP in 2006, and establishment of Financing Agreements between the Government of Guyana and the European Union (EU), funding in the form of fixed and variable tranches have been received for budget support.

Release of funds is contingent on Guyana’s compliance to an annual set of indicators in both the sugar sector and the macro-economy. “Project Gold” is divided into six sections, including the sugar factory process, design and upgrade, civil works design, civil works construction, design, supply and installation of sugar warehouse, sugar packaging machinery and sugar processing equipment.

Government is hoping to diversify the sugar industry and to reduce bulk sugar export, with the sugar packaging plant