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Kingdom gets back on track with overseas sugar exports

THURSDAY, 10 JUNE 2010 15:01 NGUON SOVAN



Shipment of 10,000 tonnes is on its way to the UK – the first in four decades

Cambodia shipped its first export of raw sugar to an overseas market in four decades on Friday last week, with the 10,000 tonne cargo destined for the United Kingdom.

Koh Kong Sugar Industry, which opened its factory for operation in January, said that the shipment left last Friday from Laem Chabang port in Thailand's Chonbori province.

"We made our first shipment last week since the plant officially opened for operation in January," Korn Posayanond, research and business development manager at Khon Kaen Sugar Industry Public Co Ltd – the factory's 50 percent shareholder – told the Post on Wednesday.



Staff of the Koh Kong Sugar Industry at Laem Chabang port in Thailand. Photo courtesy Koh Kong Sugar industry

He declined to disclose how much the shipment was worth, saying it was confidential.

The Post estimates 10,000 tonnes of raw sugar would yield about US\$3.31 million, based on Wednesday's prices on the Bloomberg agriculture index, which said one pound of raw sugar was valued at \$0.15.

Korn Posayanond said crushing operations for next year's exports would begin in November, and that the factory has already planted and expected to harvest between 200,000 and 250,000 tonnes of sugarcane for this year's harvest. But he said there are concerns as to whether this level is sustainable.

"We expect to increase our export volume to between 20,000 tonnes and 25,000 tonnes of raw sugar to Europe's markets next year," he said.

"However, our greatest concern is the shortage of sugar-cane due to the low yield resulting from land condition and poor farming techniques," he said, and added that in Thailand 1 hectare of sugar cane yields up to 60 tonnes, whereas in Cambodia the yield is only 42 tonnes.

The company is seeking to contract more farmers to grow sugarcane exclusively for the factory in order to address the possible shortfall, he said.

"We are calling on farmers to grow sugarcane to supply our factory. We will supply them sugarcane seeds and fertiliser free of charge, but they have to sell their sugarcane yield to us," he said.

He said the factory would give them a fair price – a tonne of sugarcane for 900 baht, or US\$27.50.

Bunlert Pramkerson, the governor of Koh Kong province, said Wednesday that the province is cooperating with the factory to encourage farmers to take up the offer.

"Our officials are informing farmers about the demand for sugarcane from the factory and encouraging them to grow it because it is a sustainable source of income for them," he said.

Koh Kong Sugar Industry is a \$60 million joint venture by three partners – Thai investor Khon Kaen Sugar Industry Public Ltd holds 50 percent, Taiwanese investor Vewong Corporation holds 30 percent, and Cambodian investor Ly Yong Phat holds 20 percent.

The three companies have received certain privileges under the investment-promotion measures of the Cambodian government, such as 90-year concessions for sugar cane plantation areas of some 20,000 hectares in Koh Kong, as well as tax incentives, according to a previous interview with Khon Kaen Sugar Industry's CEO Chamroon Chinthammit.

The plant has the capacity to crush 700,000 tonnes of cane per year, with an expected raw sugar output of about 70,000 tonnes of sugar per year.



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