

PARLIAMENTARY QUESTION NO B/1333

B/1333 The Honourable Second Member for La Caverne and

(11.12.07) Phoenix (Dr Hawoldar)

*To ask Dr the Honourable Minister of Agro-Industry & Fisheries: -*

*Whether, in regard to the Committee set up by his Ministry to look into the compensation for molasses to be paid to planters, he will state if the Committee has submitted a report thereon?*

REPLY

Mr Speaker Sir,

As we are all aware, the trade of molasses is a burning issue among sugar cane planters. Their main concern emerges from the fact that this commodity does not bring them sufficient revenue despite the upward demand trend.

2. In November 2006, I directed the Control Board to set up a Technical Committee to look into the price of molasses payable to planters under the powers vested under section 22 of the Cane Planters and Millers Arbitration and Control Board Act,.

3. The Technical Committee was chaired by the Solicitor-General in his capacity as Chairperson of the Control Board and the members of the Committee were as follows: -

- a. Mr V. Ramharai Deputy General Manager (Deputy Chairman)
- b. Mr. U. Basant Rai Representative of the Control Board
- c. Mr. D. Luximon Representative of the Control Board
- d. Dr. K. Deepchand Representative of the Mauritius Sugar Authority
- e. Mr R. K. Bunjun Representative of the Ministry of Agro- Industry and Fisheries

- f. Mr. N. Basant Rai Representative of Mauritius Cooperative Agricultural Federation
- g. Mr. J. L. Harel Representative of Mauritius Sugar Producers Assn.
- h. Mr J. Li Yuen Fong Representative of Mauritius Sugar Producers Assn.
- i. Mr. J. C. Desvaux Representative of Mauritius Chamber of Agriculture
- j. Mr. K. Ramdhary Representative of Small Planters
- k. Mr. S. Roy Representative of Big Planters
- l. Mr D. Busgeeth Representative of the Control Board (Secretary)

4. The terms of reference of the Committee were as follows:

- a. to look into all aspects of marketing of molasses;
- b. to advise whether the present marketing arrangements are such that they ensure that the best prices that can be obtained are actually obtained; and
- c. to advise on any options that would yield higher prices.

5. The Committee had meetings with the stakeholders concerned including the two companies that trade molasses on the overseas market, namely Mauritius Molasses Company Ltd and Alcohol and Molasses Export Ltd. The Committee also met Tate & Lyle Ltd which is a major shareholder in the Mauritius Molasses Company Ltd and which is responsible for the export and marketing of molasses bought from that company.

6. Taking into account that

- (a) there has been a long-standing trading and marketing arrangement from which the computation of the price of molasses has so far originated;
- (b) a sudden change in the present arrangement could cause a disruption in the marketing of molasses;

(c) molasses may not be available for export as a result of reforms being undertaken in the sugar industry;

the main recommendation of the Committee is that planters and millers negotiate the price of molasses with the trading companies and other local buyers. Negotiations have been successfully carried out and the price is expected to effectively increase from Rs 1,500 to Rs 1,800 per tonne. as from crop 2007.

7. Furthermore, in order to ensure stability in the price of molasses paid to planters, the Cane Planters and Millers Arbitration and Control Board has decided that the price chargeable to local distilleries (excluding Alcodis Ltd.) as from October 2007 would be Rs 2000 or the price based on LEI index, whichever is higher. The reasoning behind the decision is that the distilleries use the molasses to manufacture value-added products such as alcoholic drinks the price of which (a) is not influenced by the LEI rates and (b) does not usually go down in spite of fluctuations in the price of molasses.

8. The Committee has also proposed other options to be considered in the context of the sugar reform viz: -

(i) optimal use of molasses to produce ethanol which would increase the revenue of planters;

(ii) the commissioning of a study to ensure that planters obtain a fair share of revenues generated by the sugar cane industry (special sugar, electricity from bagasse and ethanol from molasses);

(iii) participation of planters in equity share capital of flexi factories; and

(v) setting up of an entity on the same line as the Mauritius Sugar Syndicate to market molasses.

9. I am tabling copy of the report.