BELIZE SUGAR CANE FARMERS ASSOCIATION

PRESS RELEASE

On Wednesday July 20, 2016 a meeting was held at the Conference Room of Belize Sugar Industries Ltd. (BSI) among representatives of the Belize Sugar Cane Farmers Association (BSCFA), Corozal Sugar Cane Producers Association (CSCPA), Progressive Sugar Cane Producers Association (PSCPA), BSI Officials, and representatives of the Sugar Cane Production Committee (SCPC), the Sugar Industry Control Board (SICB) and the Sugar Industry Research & Development Institute (SIRDI).

At this meeting BSI presented the results of its investigations on the loss of molasses due to Maillard Reaction, including its press release on this Reaction, and the cane price estimate for the second payment to cane farmers.

In its press release BSI stated that “the Maillard Reaction at BSI is attributed mainly to the quality of cane received with high levels of reducing sugars combined with high ambient temperatures during the 2016 crop”. The BSCFA expressed its disapproval of this statement, which sought to place blame and responsibility for the Maillard reaction mainly and squarely on the cane farmers. The BSCFA indicated that “the chief cause of the spontaneous decomposition of molasses in storage is attributed by Brownie to the reaction of unstable organic substances (originally produced by the action of lime upon the reducing sugars of the cane during clarification) with further quantities of reducing sugars in the molasses, which results in the formation of dark coloured colloidal reactive impurities of high carbon content. Furthermore, the BSCFA pointed out that the laboratory test results showed that the quality of cane delivered by cane farmers during the 2015/2016 crop was good in relation to the quality parameters for the acceptance and rejection of cane stipulated in the commercial agreement signed between BSCFA and the other Associations. In plain and simple terms, the cause of the Maillard effect cannot be attributed to the quality of cane.

BSI estimates that 3,900 tons of molasses was lost as a result of the Maillard Reaction. BSI has included this loss in its estimated cane price for the second payment to cane farmers for the 2015/2016 crop. This loss amounts to $432,666, which will be shared in the proportion of 65% by cane farmers and 35% by BSI. The effect of this loss on the estimated cane price of cane to be paid

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to cane farmers is, therefore, $0.22 per ton of cane. As a result, the estimated average price for the second payment will be $48.08 per ton instead of $48.30 per ton.

The BSCFA, however, has objected to the sharing of this loss, and has stated that this loss should be borne completely by BSI. The commercial agreement does not provide for the inclusion of such loss of molasses in the calculation of the cane price to be paid to cane farmers. In fact, the agreement states that “ownership of any sugar cane purchased …shall transfer to BSI when the cane is weighed and ticketed at the factory scales”. The Agreement also states that “prior to a load of cane being weighed and ticketed at the factory scales, cane may be rejected in accordance with the process and criteria set out in the Agreement”. Hence, the cane farmer expects to receive payment for his cane in accordance with the quality accepted at the scales.

It follows, therefore, that BSI has sole responsibility for the cane thereafter and for all products extracted from this cane, name molasses, sugar and energy. Whatever happens to these products during the manufacturing and storage processes is the sole responsibility of BSI, and hence any losses that occur in these processes should be borne fully and solely by BSI. The cane farmers should not be made to bear any losses in these processes. The Agreement covers losses from the moment the product is being loaded from the storage point at BSI unto the barges up until the point it is being discharged at the port of delivery to the buyer such as Tate & Lyle Sugars.

The BSCFA further pointed out that the estimated price used to calculate the revenues from the export of molasses is less than the price reflected in the contract with the buyers of molasses. As a result, cane farmers will be paid a lower estimated cane price than that to which they should be entitled. The BSCFA considers this to be an unfair trading practice by BSI.

The BSI indicated that it has noted the comments and requests for changes to the estimated cane price made to them by BSCFA. Nevertheless, the BSCFA is requesting that the Sugar Industry Control Board take the following actions:

1. Conduct an independent investigation into the loss of molasses from the Maillard Reaction;
2. Have BSI assume the entire financial loss of revenues as a result of the loss of molasses;
3. Have BSI revise the estimated average price of cane to be used for the second payment to cane farmers for the 2015/2016 crop by using the actual contract price for the export sale of molasses.

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The cane farmers are already suffering the brunt of low sugar and cane prices. It is not fair for them to bear the additional burden of the financial losses from the loss of molasses and to be deprived of income through the use of an incorrect export price for molasses.

Issued by the Committee of Management
Belize Sugar Cane Farmers Association
Orange Walk Town
July 20, 2016