



BELIZE SUGAR CANE FARMERS ASSOCIATION

COMMITTEE OF MANAGEMENT

ESTABLISHED UNDER THE SUGAR INDUSTRY (AMENDMENT) ACT 2015

34 SAN ANTONIO ROAD, ORANGE WALK TOWN, P.O. BOX 20

TEL: 322-2005, FAX: 322-3171, EMAIL: bscfa_com@yahoo.com,

bscfacom.management@gmail.com

Flo-ID 18980

BELIZE SUGAR CANE FARMERS ASSOCIATION

PRESS RELEASE

ENSURING A JUST PARTICIPATION BY SUGAR CANE FARMERS IN THE SUGAR CANE INDUSTRY

In a recent press release the Belize Sugar Industries Limited (BSI) has made alarming and untruthful statements regarding the commercial relationship between themselves and the Belize Sugar Cane Farmers Association (BSCFA).

In early June 2017 BSI informed the BSCFA of a proposal to invest BZ\$22 million over the next 18 months to increase the production of direct consumption sugar from 30,000 to 50,000 tons and to pay cane farmers an additional \$2.00 per ton cane. At the same time BSI also proposed to amend the existing commercial agreement signed between BSCFA and BSI on January 19, 2015. BSI requested an urgent acceptance of these proposals by the BSCFA.

However, BSCFA informed BSI that it had to inform and consult its members on these proposals before it could formally respond to BSI. In an effort to address the request urgently, the BSCFA organized a schedule of branch meetings in July, **to which BSCFA invited BSI to present its proposals to BSCFA Branch members, who would then have the opportunity to ask questions and seek clarifications on the proposals. BSI accepted the invitation to attend these meetings and present their proposals.** However, they only attended and participated in the first meeting that was held in San Lázaro Branch. At this meeting **BSI was provided ample opportunity to present its proposals and respond to the queries of the cane farmers. BSCFA has not yet provided BSI with a counterproposal, as this will be done upon conclusion of consultations with its members.**

BSCFA agrees that it cannot be business as usual for the industry. Hence, when American Sugar Refining Inc became majority owners of BSI, BSCFA responded to their call to increase cane production to the extent that cane farmers have been producing more cane than the factory mill can grind. Just as BSI requires assurance that cane supply will not be interrupted, BSCFA also requires assurance that BSI will have the milling capacity to grind its cane supply.

BSCFA acknowledges that BSI's proposed investment will bring added benefits to the industry and cane farmers; however the proposed amendments by BSI to the current Commercial Agreement, as conditions to proceed with this investment, will unnecessarily put cane farmers at a great disadvantage.

"To serve, promote and protect the interest of all its members transparently, representing and negotiating on their behalf, working in Union to improve the quality, quantity and efficiency of sugar cane production, processing and marketing."



BELIZE SUGAR CANE FARMERS ASSOCIATION

COMMITTEE OF MANAGEMENT

ESTABLISHED UNDER THE SUGAR INDUSTRY (AMENDMENT) ACT 2015

34 SAN ANTONIO ROAD, ORANGE WALK TOWN, P.O. BOX 20

TEL: 322-2005, FAX: 322-3171, EMAIL: bscfa_com@yahoo.com,

bscfacom.management@gmail.com

Flo-ID 18980

However, despite their statement that the agreement has functioned well to date, **the BSCFA has identified some areas of the contract that require discussion and improvement, such as clarification on the financial and legal obligations and responsibilities that ownership of the cane implies and clarification on the calculation of the Net Stripped Value of Sugar and Molasses on which cane farmers are paid for their cane. In November 2016 cane farmers were made to bear part of the cost of molasses that was lost due to the Maillard Reaction and recourse to the law had to be taken in order for farmers to be returned this cost. Changes need to be made to the contract to enable resolution of such incidences in order to prevent recourse to the law for a resolution.**

BSI has misinterpreted BSCFA's intentions and has made several misleading assertions in its press release. The BSCFA is not seeking a complete revision of the contract. BSCFA wishes to focus on amendments to be made in those areas that were put forward in BSI's proposals and other areas mentioned earlier. The contract calls for the manner in which the bagasse payment would be revisited. The BSCFA is in no way proposing an alteration in the sharing of existing revenue of sugar and molasses, which is set at 65% for cane farmers and 35% for BSI. The amendments can be undertaken within a process of negotiation to the mutual benefit of BSCFA and BSI. For BSI to state that any re-negotiation of these changes would lead to stalemate and uncertainty is condemn the negotiation process to failure from the outset. The BSCFA is optimistic that these changes can be readily negotiated without such stalemate and uncertainty.

The BSCFA views with dismay BSI's threat to not accept cane from the members of BSCFA if the contract is terminated. There is no provision under the Sugar Act that gives BSI this legal right to not accept cane from farmers who do not have a cane purchase agreement in place. The Act states that no manufacturer shall purchase or take delivery of any sugar cane except from the cane farmers appearing in the Cane Farmers Registry. BSCFA members appear in this registry, and through the contract between BSCFA and BSI are entitled to deliver cane. BSCFA has no intention to terminate the contract or to interrupt the delivery and supply of cane. BSCFA simply intends to revisit some clauses in the current Commercial Agreement in the same manner that BSI has proposed some amendments to the same.

**Issued by:
Committee of Management
Belize Sugar Cane Farmers Association
Orange Walk Town
July 20, 2017**

"To serve, promote and protect the interest of all its members transparently, representing and negotiating on their behalf, working in Union to improve the quality, quantity and efficiency of sugar cane production, processing and marketing."