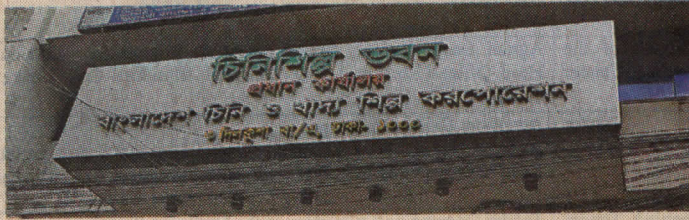


Foreign firms team up to upgrade closed sugar mills

Submit final proposal on Tk 5,000cr modernisation plan

KEY POINTS



- > Investment for modernisation: Tk 5,000cr
- > Joint venture's equity 30%
- > Japanese and Thai banks to give 70% of the fund
- > High-yielding variety of sugarcane to be introduced
- > Other products to be made: liquor and beer, products for perfume and pharma industries
- > By-products: biofertiliser and electricity



AMRAN HOSSAIN

Brown sugar being sold for Tk 65 per kilogramme in front of the Bangladesh Sugar & Food Industries Corporation in the capital's Motijheel.

JAGARAN CHAKMA

Companies from Japan, Thailand and the United Arab Emirates have teamed up to upgrade the recently shuttered six sugar mills of the Bangladesh Sugar & Food Industries Corporation (BSFIC), ensure profitability and export by-products.

Sutech Engineering Co of Thailand, Sharkara International of the UAE and Sojitz Machinery

Corporation of Japan will invest Tk 5,000 crore under a joint venture within the next two years.

The companies placed their final proposal to the industries ministry, which runs the BSFIC, for the joint venture on Thursday.

The Japan Bank for International Cooperation and Exim Bank of Thailand will finance the project. The joint venture will invest 30 per cent of the sum, and the rest 70 per

cent will come from the two banks.

"We will recover the investment within eight years," said Md Emdad Hossain, a local representative of the investors.

According to him, the joint venture will introduce high-yield sugarcane in the catchment areas of the mills and modern technologies to ensure their commercial viability.

"The initiative will save the sugar industries and farmers," he noted.

The joint venture will produce premium quality alcohol that is used in perfumes and pharmaceuticals, Hossain said, adding that by-products of the mills would help increase the revenue of the mills.

Hossain said the investors looked to get down to work as soon as possible as they do not face any financial constraints.

Following a government order on December 2, the BSFIC informed

that production at six mills—Pabna Sugar, Shyampur Sugar in Rangpur, Panchagarh Sugar, Setabganj Sugar in Dinajpur, Rangpur Sugar, and Kushtia Sugar—would be halted until further notice.

In October 2019, the BSFIC signed a memorandum of understanding with the three investors to establish energy-efficient, modern technology-based environment-friendly sugarcane and liqueur and beer industries in Bangladesh.

Sutech carried out a feasibility study on the sugar mills. The joint venture submitted the feasibility study report on July 16 this year.

The companies will set up three factories with the capacity of processing 14,000 tonnes of sugarcane per day. They will introduce high-quality sugarcane to make extra neutral alcohol (ENA) for the export market.

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Derived from sources such as sugarcane molasses, the ENA serves as an essential ingredient in the manufacture of cosmetics and personal care products such as perfumes, toiletries and hair spray, according to an article of the Indian Express.

Given its properties as a good solvent, the ENA also finds industrial use and is utilised in the production of some lacquers, paints and ink for the printing industry, as well as in pharmaceutical products such as antiseptics, drugs, syrups and medicated sprays.

The ENA is the primary raw material for making alcoholic beverages, such as whisky, vodka, gin and liqueurs.

The BSFIC has submitted a review report on the feasibility study to the industries ministry for the next course of action. It sent a letter to Sutech Engineering asking it to send the draft partnership agreement to implement the project.

Talking to The Daily Star, Sanat Kumar Saha, chairman of the BSFIC, said the corporation had closed the operation of the six sugar mills as part of the modernisation process. The project will be implemented through foreign direct investment, and the BSFIC will provide land, he said.

The investors will bring in the total amount, and the ratio of profit-sharing is

under negotiation.

He said the corporation could have signed the agreement by this year, but the coronavirus pandemic delayed the progress.

The BSFIC has received seven investment proposals from companies from Germany, the Netherlands, Malaysia, and the United Kingdom to modernise the country's old sugar mills. All of the proposals are under consideration. Saha said the BSFIC would keep its commitment on procuring sugarcane from the farmers in the catchment areas of the closed mills and no worker would lose their job.

While the mills of Shyampur, Panchagarh, Setabganj, Rangpur, Pabna, and Kushtia undergo the modernisation, their workers would be employed at the nine mills that are still operational. The six mills employ around 3,000 workers.

According to the new plan, the BSFIC's distilleries will produce spirits, alcohols, bio-fertiliser and electricity as by-products of sugar production.

The corporation has kept the mills closed for a temporary period to cut operational costs and minimise losses.

Over the last five years, the BSFIC incurred losses of Tk 3,976 crore. In fiscal 2019-20, the corporation registered a loss of Tk 970 crore.

The Daily Star

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