

## Sugar Mill Project



Sugar mill

### Outline of Loan Agreement

Loan Amount / Disbursed Amount	5,100 million yen / 3,854 million yen
Loan Agreement	December 1982
Terms & Conditions	Interest rate 2.25% p.a. Repayment period 30 years (Grace period 10 years)
Final Disbursement Date	May 1991

### Project Outline

The project comprised the construction of a sugar plant that would utilize sugarcane produced in the centrally-located province of Pegu in order to meet domestic demand for sugar.

### Results and Evaluation

During project planning the government of Myanmar was making efforts to encourage domestic industry and to promote the manufacture of import substitutes. This project was also designed to increase the production of sugar, which was banned from import due to foreign currency shortages, with the aim of meeting domestic demand. Plant construction was completed in 1988, however, since trial operation had to be postponed due the outbreak of political instability the same year, full-scale production did not get underway until November 1991. The plant was designed to have a sugarcane processing capacity of 1,500 tons/day, and a sugar production capacity of 25,000 tons/year, however, during 1994-98 actual production was sub optimal, fluctuating between 15~17,000 tons. In bumper years, the plant accounts for roughly 20% of domestically-produced sugar and has contributed to increasing per capita sugar consumption (1.5 kilos/person in 1990 → 3.8 kilos per person in 2000), nevertheless, since 2000, output at the plant has dropped even further, to a little over 12,000 tons, and production continues to be unstable. This is attributed to a shortage in supplies of sugarcane stemming from low commodity procurement prices, which has resulted in farmers switching to other food crops such as rice and soybeans. In order that the plant's capacity can be sufficiently utilized, production and supply volumes of sugarcane in contiguous areas need to be secured.