

importantly, the viability price of producers, which would require urgent adjustments downwards in the context of lower sugar prices; and

- Thirdly, a number of **other supportive measures**, some of which could be implemented immediately while others would require some more time before finalization, that would also be crucial for the industry in its quest to meet concurrently the set objectives of increasing revenue and reducing operational costs.

4.3 The JTC would like to emphasise that the new set of measures as defined above should be viewed and implemented as a whole package and not piece meal in order to achieve the desired results of long term sustainability of the sector. A full and more elaborate presentation of the proposed measures is found in **Annex 2**.

4.4 **Energy Component**

4.4.1 **Better remuneration for bagasse**

4.4.1.1 The main game changer will need to come firstly from a more appropriate remuneration for bagasse to reflect the economic value of the commodity. Bagasse currently represents 16% of the country's energy mix production and is a reliable source of renewable energy. Considering that the Sugar Cane Sustainability Fund covered crop years 2015 to 2017, the JTC has had to identify other sustainable sources of funding in its recommendations. With the implementation of the new Alteo Power Plant, the production of electricity from bagasse and for supply to the national grid is expected to increase from 350GWh to 440GWh which will be a major step in the context of Government's objective for renewable energy to attain 35% of the country's total energy utilisation by year 2025.

4.4.1.2 A decline in sugarcane production will have a direct bearing on the energy mix of the Central Electricity Board. Should the cane industry disappear completely, this would entail the cessation of operation of the four power plants running on coal/ bagasse. In that configuration, it could be expected that the CEB would need to replace this loss in energy production by more expensive combustibles such as HFO resulting in additional yearly expenses ranging from Rs700M to Rs 1.5Bn. In this regard, the JTC recommends that on average a total remuneration of **Rs 3,000 / t sugar** (including existing and proposed measures) for bagasse commodity is necessary to improve producers' revenue at this critical juncture so as to enable them to stay in business. This is a prerequisite to maintain cane productivity, to reduce land abandonment and avert further decline in national sugar production.