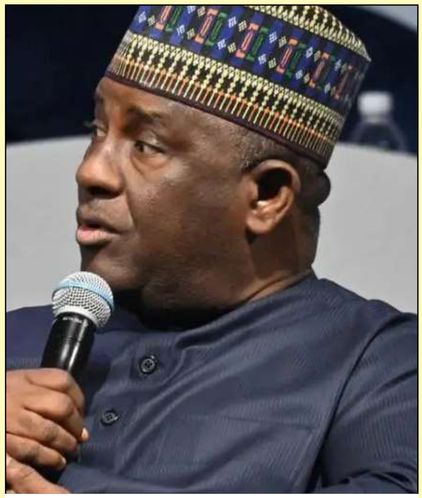
BUA'S 20,000 hectares integrated plantation ready in 2023

- Abdul Samad Rabiu

The founder of BUA Group, Abdulsamad Rabiu, has stated that localized production of sugar is key to the nation's economic backward integration drive of BUA Group, adding that countries that produce what they consume have been well positioned to manage the inflationary risk exacerbated by the lingering war between Russia and Ukraine. Rabiu, who in an exclusive interview with Omar Ben Yedder, monitored by Daily Independent, who argued that the lingering conflict between Russia and Ukraine has highlighted Africa's vulnerabilities, particularly in Nigeria, where the domino effect of the war is been felt, said the prevailing inflationary trend in the continent need African leader's backward integration drive for survival.



Abdul Samad Rabiu,
Chairman, BUA Group

Citing Uganda as an example, Samad who is the Chairman of BUA, a Nigerian conglomerate concentrating on manufacturing, infrastructure and agriculture and producing a revenue in excess of $2.5 billion, added that with an appreciating dollar, importing inflation is now a bigger risk for countries in Africa and elsewhere. He said: "We concentrate on areas where we can add value to resources that we have locally, this makes you less susceptible to shocks. We are sitting on 60% of the world's arable land and 30% of the natural mineral resources,"

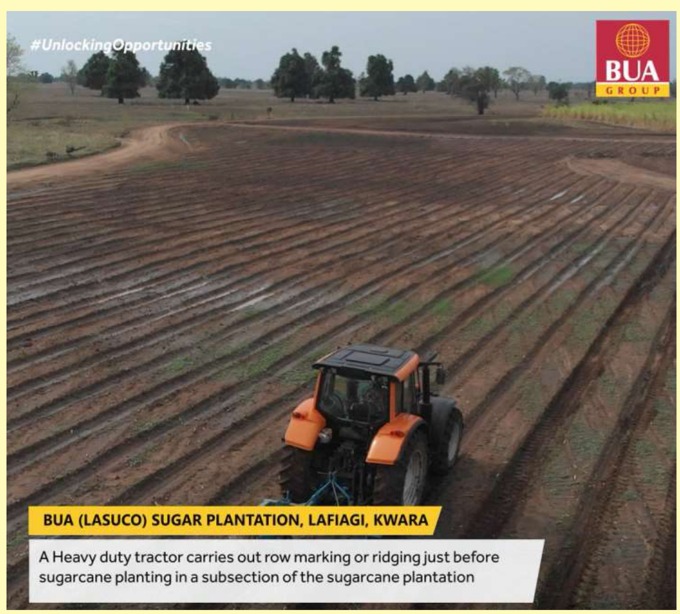
He buttressed his view by saying that he has seen the mounting costs of global shocks, particularly as increases in the price of wheat are threatening the viability of BUA's flour and foods business. "Last year we were paying $250 a ton to import wheat. Today that has increased to $600. So if you are importing 1m ton a year, that is adding close to $30m per month to your cost base. We can't pass this cost to the consumer; they just wouldn't pay it, so yes it's a cause for concern", explained,

According to him, his business model going forward is therefore, to be as little exposed to foreign exchange risk as possible and localise as many stages as the production process as possible. This is evident in the new sugar facility. He specifically said: "The beauty of the sugar refinery is that in terms of agriculture is the way to go. Our plantation is going to be completed by next year. It's a 20,000-hectare fully integrated four-in-one plantation with sugar mill, sugar refinery, ethanol and power plant. Once we complete it, it should reduce Nigeria's import bill by $150m a year.

"And we should be creating 6,000 direct jobs. Even the power we produce to run the mill and refinery comes from a bi-product of the sugar cane. Agriculture is turning out to be a game-changer. And Nigeria sits on almost 48m hectares of arable land between Kwara state, Niger state and Kogi state – flat, arable, fertile land." It's an exciting project.

He added, "For the time being, sugar will be sold in the domestic market. With a population of 200m, satiating local demand makes business sense. And selling to other countries is still tough.

Despite the implementation of the African Continental Free Trade Area, Rabiu emphasized that there are still challenges to cross-border trade as governments make a substantial chunk of revenues from import duties. He, however, said that the Kwara state government was supportive in giving them the land on a freehold basis, although they did have to compensate local communities at considerable cost. Getting the title deeds in a clean and transparent way was a deal clincher, he revealed and added that once this was settled, everything else, including finance, was relatively straightforward given the fact that half of the project costs are being financed by the Africa Finance Corporation (AFC).



BUA (LASUCO) SUGAR PLANTATION, LAFIAGI, KWARA

A Heavy duty tractor carries out row marking or ridging just before sugarcane planting in a subsection of the sugarcane plantation