

# PERU

## Sugar and Biofuels



### The sugar sector

The sugar industry of Peru is concentrated on the fertile soils of the river valleys that intersect the coastal desert of Northern Peru. Prior to the Land Reform of 1969/1970, Peru was renowned as having one of the most efficient sugar industries in the world, consistently achieving some of the highest field and factory productivities in the world. In the Land Reform process however, the Government set up worker-owned co-operatives which generally proved unsuccessful as business models. The co-operatives failed to maintain the cane fields and infrastructure adequately, and the industry entered a period of decline until ground-breaking legislation in 1996 opened up the sector to fresh investment from strategic partners.

### Booker Tate track record

Booker Tate has extensive experience of the Peruvian sugar industry. Booker Agriculture International, one of the predecessor companies of Booker Tate, carried out "Proyecto PRIA", the World Bank-financed industry-wide plan for the rehabilitation and development of the entire industry in the early 1980s. Since the sugar industry was opened up to strategic investors in the 1990s, Booker Tate has worked with various private investment groups evaluating the opportunities and preparing business plans.

### Sugar industry privatisation

In 1996, Booker Tate was appointed as technical adviser to the Peru Agri-Industrial Company (PAIC), a Lima-based international investment company set up to investigate and invest in the newly re-structured, former co-operative, sugar companies. Booker Tate assessed the potential of each of the sugar companies of La Libertad (Casa Grande and Cartavio) and La Libertad (Pomalca, Púcala, Tumán and Cayalti) and prepared business plans.

In 1999, Booker Tate went on to work with the Peru Privatisation Fund (PPF), another international fund administered by HSBC, assisting in the technical due diligence for PPF's acquisition of a major stake in Cartavio, through a holding company, Azucagro.

Booker Tate contributed to the planning of the rehabilitation and development of Cartavio, and took a seat on the Board of Directors through to 2001. Booker Tate field and factory technicians worked at Cartavio on the implementation of projects modernising practices, plant and equipment.

Between 1999 and 2002, Booker Tate worked with Perú Zucker in appraising the potential for the rehabilitation and development of Púcala and Tumán sugar companies. A Sugarcane Agronomist worked for Perú Zucker on the Agrícola San Juan sugarcane plantation near the Tinajones Reservoir in the Chancay Valley, Lambayeque.

### Greenfield project development

In 2002/2003, Booker Tate worked with Agrícola Cerro Prieto (ACP), a company jointly owned by The Maple Companies and Corporación Financiera de Inversiones (CFI), a Peruvian company connected with PAIC. Booker Tate prepared a sugarcane development plan for ACP's 'green-field' 5,000 hectare drip irrigation project in the Jequetepeque Valley for sugar production.

### New areas

At various times, project sponsors have looked at promoting new sugarcane projects for sugar and ethanol production in the humid tropical lands east of the Andes mountains. In the 1970s, Booker Tate carried out a feasibility study for a sugar project in Amazonian Peru, 'Azucar Selva'.

### Ethanol

Most recently, Booker Tate has been working in 2007 with Maple Etanol SRL, a Peruvian subsidiary of The Maple Companies, on the planning of Maple's ethanol project in the Chira Valley near Piura. The project includes the construction and operation of a 110 to 150 million litres per year ethanol distillery, the development of an irrigated sugarcane plantation and the promotion of production by independent farmers in the Chira River Valley.

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