

Rai family increases dominance in sugar industry with new factory

SATURDAY JANUARY 22 2022



Duty-free sugar is offloaded at the port of Mombasa from the Comesa region. The Naitiri sugar plant, belonging to Kenya's Rai family, is set to start operations soon. PHOTO | FILE

Summary

- The family is set to start operations of the Naitiri Sugar plant as an extension of West Kenya Sugar Company, with a production capacity of 3,000 tonnes of cane per day.
- Kenya relies on imports from the Common Market for Eastern and Southern Africa (Comesa), bringing in up to 350,000 tonnes of sugar from the region despite the Treasury capping the volumes at 210,000 tonnes.
- The plant will be using cane from more than 200,000 contracted farmers spread across the Western Kenya Sugar belt.

By ANTHONY KITIMO

[More by this Author](#)

A few weeks after Kenya's Rai family bagged a mega contract to manage part of Mumias Sugar Company's operations, it is seeking to widen its dominance of the sugar industry business in East Africa by opening a \$42.4million sugar plant in Western Kenya before the end of first quarter 2022.

The family is set to start operations of the Naitiri Sugar plant as an extension of West Kenya Sugar Company, with a production capacity of 3,000 tonnes of cane per day.

The company would bridge an annual sugar deficit of 200,000 tonnes, and stabilise prices in Kenya.

Kenya relies on imports from the Common Market for Eastern and Southern Africa (Comesa), bringing in up to 350,000 tonnes of sugar from the region despite the Treasury capping the volumes at 210,000 tonnes.

The Naitiri Sugar plant's commencement could help limit the cheap imports coming to the

country by cutting on import quotas.

The new plant will create employment opportunities in the country.

Related



Will Ugandan sugar mogul finally breathe life into ailing Mumias?



Uganda's Sarrai Group wins Mumias 20-year lease

In the past two years, West Kenya Sugar Company has invested more than \$7.81 million in cane development, creating over 200,000 direct and indirect jobs for farmers in nine Kenyan counties.

General manager N V Venkatappa said they are winding up on trials this month, and then a decision will be made on when to operationalise the plant.

“If the trials go well and we do not encounter any problem during this period, then we shall be commencing actual production as early as soon as possible,” said Mr Venkatappa.

The plant was initially scheduled for commissioning in 2020. However several factors, including the pandemic and access to foreign exchange, disrupted the importation of equipment and travel for experts to facilitate the installation of new modern equipment at the factory.

The plant will be using cane from more than 200,000 contracted farmers spread across the Western Kenya Sugar belt.

Conglomerate

The opening of the Naitiri Sugar plant will increase dominance of the Rai family in the sugar industry, after one of their Uganda-based conglomerates Sarrai Group won a 20-year lease to manage assets of Kenya’s Mumias Sugar Company.

Sarrai Group, led by Kenyan businessman Sarbi Singh Rai, owns sugar and plywood businesses in Uganda and Malawi.

Mumias Sugar, which used to be Kenya’s leading producer, at more than 250,000 tonnes a year, was beset by poor management, heavy debts, and years of mounting losses, prompting its closure.

In September 2019, the miller was placed under receivership by KCB to protect its assets and maintain its operations.

Sarbi Rai’s siblings, under the watch of Jaswant Rai, own three millers in Kenya - West Kenya, Sukari Industries, and Olepito Sugar.

The group also operates Rai Cement in Kenya. Sarrai Group also runs Kinyara, Hoima and Kiryandongo sugar factories in Uganda.