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Sifca to invest \$417 million in West Africa palm-oil expansion

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Sifca to Invest \$417 Million in West Africa Palm-Oil Expansion

By Olivier Monnier

Sifca Group, which owns Africa's biggest palm-oil refinery located in Ivory Coast, said it plans to spend \$417 million in the next five years on plantations and factories in Ghana, Nigeria and Liberia.



Sifca is planting palm-oil seeds on 15,000 hectares (37,000 acres) of land in south-eastern Liberia and plans to develop 14,000 hectares of plantations in Nigeria (Photo: Goh Seng Chong/Bloomberg)

The company, which is also West Africa's largest rubber producer, will use the 35 billion CFA francs (\$70 million) it raised through the sale of bonds last week to pay for the expansion and will finance about 36 percent of the plan itself, Chief Executive Officer Bertrand Vignes said in a July 16 interview. The rest of the funds will come from bank loans and partnerships, he said. The total investment figure was in a statement handed by the company to Bloomberg News the same day.

Palm-oil prices, which reached a 3 1/2-year low on July 16, are likely to "be a bit less favorable this year compared with last year," Sifca Group Chief Executive Officer Bertrand Vignes said. Photographer: Goh Seng Chong/Bloomberg

"Our strategy is to consolidate our footprint in West Africa and to continue growing in the countries where we are based," Vignes said in Abidjan, Ivory Coast's commercial capital. Sifca is "on watch for opportunities" particularly in palm oil and rubber, in the region and continent, he said.

Sifca plans to boost palm-oil output 33 percent to 400,000 metric tons annually over the next four years, Vignes said last month. The expansion comes amid World Bank estimates that demand for the world's most used cooking oil may double by 2020, driven by rising consumption in China and India. Wilmar International Ltd. (WIL), the largest palm-oil trader, and Olam International Ltd. (OLAM), the Singapore-based commodities trader that's the second-biggest rice dealer, are equal owners of a company that holds 27 percent of Sifca's shares, according to its website.

New Plantings

Sifca is planting palm-oil seeds on 15,000 hectares (37,000 acres) of land in south-eastern Liberia and plans to develop 14,000 hectares of plantations in Nigeria, Vignes said.

The company is in talks with Wilmar to take a stake in a plant in Ghana that will have the capacity to produce 1,000 tons of oil daily, the company said in the statement.

Palm-oil prices, which reached a 3 1/2-year low on July 16, are likely to "be a bit less favorable this year compared with last year," Vignes said. The contract for delivery in September declined 1.5 percent to 2,257 ringgit (\$707) a ton on the Malaysia Derivatives Exchange in Kuala Lumpur today.

Sifca, which employs 29,000 people, is also equipping its rubber plants in Ivory Coast and Ghana to be able to process as much as 130,000 tons of the material this year, from 120,000 tons in 2012, Vignes said. The company owns five factories in Ivory Coast, the continent's biggest grower of the material, and produced 151,000 tons of rubber in West Africa last year.

Sifca is planting rubber on 5,000 hectares in Ghana and is also extending its plantations in Nigeria, Vignes said. It produces about 18,000 tons of rubber in each country, he said. In Liberia, the company signed a concession agreement with the government in 2011 to develop rubber on more than 25,000 hectares, he said.

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