

# OCHO SUR PROJECTS TO DOUBLE OIL PLANT CAPACITY

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*Extractor plant will sustain growth for the next two years*

Since April 2020, Ocho Sur operates its own palm oil extraction plant in Ucayali after investing US\$ 20 million. And although the company will not expand its crops (today it has 10,000 hectares of palm), it will require greater processing capacity.

Michael Spoor, CEO of said company with capital from US funds, assured that the 2,700 hectares that it still has without plantations are a forest reserve. To grow, it will instead bet on productivity and supply of producers.

“We are going to bring the productivity of the plantations to 28 tons/hectare per year (today it is 20 tons/ha), the average for the region is 13 and 14 tons per ha. Productivity will grow by age, investment, and we will continue to encourage small farmers,” he told Gestión, after mentioning that they work with almost 100 producer families.

Thus, the extraction plant (which processes 45 metric tons per hour) will support growth for the next two years. For this reason, the firm's financial manager, Alfonso Morante, announced that they plan to double such capacity to 90 metric tons per hour before reaching that time.

In 2021 alone, he noted that they will invest up to US\$10 million with the support of investors. In detail, the sum will go to the acquisition of 'agricultural machinery and transport equipment, road infrastructure and plant automation.

"We invest in roads that connect our operations with the markets to take the product to the Federico Basadre highway, there are 500 km of road," he noted.

## **PROJECTIONS**

From the operation of the extraction plant, Ocho Sur will exceed US\$ 50 million in sales in 2021 (US\$ 19 million in 2020), estimated Alfonso Morante. In this way, they will contribute more than 50% of Ucayali's exports.

For his part, Michael Spoor recognized that greater local productivity and high international prices also support the jump in billing.

"85% of the palm oil in the world comes from Malaysia and Indonesia. Prices are high due to productivity problems in those two countries in pandemic. We think that the price will continue like this for the next few months," he said.

He added that such a situation encourages the expansion of palm in the Peruvian jungle. However, he considered territorial planning vital for the use of previously degraded lands.

For the next few years, he projected that Ocho Sur's growth in sales will be more moderate.

## **REGULATION**

Last March, the OEFA revoked the order to stop operations and the S/ 9 million fine imposed on Grupo Ocho Sur, resolving that it is in the process of its Environmental Adaptation and Management Program (PAMA).

In this regard, Morante acknowledged that the discussion on the matter - whether an EIA or a PAMA was appropriate - took several years and they are now working on said corrective instrument that is presented post-operation. For his part, Spoor assured that they have almost 40 valid permits.

## **FIGURES AND DATA**

Sector. Oil palm (95,000 ha) represents 6% of the total of all crops in the Peruvian Amazon and 0.1% of this area.

Producers. There are at least 12 associations with more than 10 palm oil extraction plants in Peru.

Capital. Since 2016, Ocho Sur has invested approximately US\$150 million in Ucayali.

Source: Diario Gestión