Dominican Republic ripe for sugar-cane ethanol financing

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With many of its sugar-cane fields lying fallow, the Dominican Republic is ideal for ethanol investment, and a non-governmental organisation (NGO) has launched a major initiative to make sure that happens.

The New York-based Public-Private Alliance Foundation (PPAF) is seeking ways to finance ethanol deals. It aims to “reach business deals in ethanol and related biofuels”, says David Stillman, PPAF executive director. PPAF says it has received calls from groups in places as diverse as Hong Kong and New Jersey that are interested in participating.

Sugar is currently grown in the Dominican Republic, but ethanol is not produced because Stillman says it considered that “the market was not right”. However, steps have been taken to improve market prospects, including a law that promotes renewable energy with favourable taxation and import-structure regulations.

PPAF held a major meeting last month, bringing together government, business, NGO and academic representatives.

Grupo Vicini, which has been growing and milling sugar cane in the Dominican Republic since the 19th Century, is participating in the PPAF discussions, and is analysing the potential of producing ethanol and regenerating electricity.

“We are still going over the numbers,” explains Marino Inciñáustegeui, industry and energy director at Vicini. The analysis should be done within the next four months.

He adds that while ethanol investments will be judged by the bottom line, “if the bottom line is there, we will be there”.

The export potential for the Dominican Republic is also promising, as it is not limited by trade barriers like those in Brazil, where the US imposes a $0.54 per gallon tax. Brazil is being consulted, due to its years of ethanol-production experience, and it is hoped Brazilian development bank BNDES will be interested in financing local production.

However, one possible problem specific to the Dominican Republic is that most of the cane cutters are Haitian immigrants. There are long-standing issues regarding both illegal immigration in the country and their working conditions, which must be tackled if plans go ahead.

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