Sucro Ltd. plans new refinery in Hamilton to take on Canada's sugar duopoly

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Tug boats sit docked in the port of Hamilton on Sept. 30, 2013. Florida-based Sucro Ltd. will spend more than $135-million to build a new sugar refinery at the port.

J.P. MOCZULSKI/THE GLOBE AND MAIL

An upstart sugar producer is set to break ground on a new refinery in Hamilton, a plant it bills as Canada's largest.

Florida-based Sucro Ltd. SUG-X will spend more than $135-million building the refinery at the Port of Hamilton, going head-to-head with Canada's sugar duopoly amid growing demand for the sweetener in Canada and the United States.

Sucro began processing granulated and liquid sugar at the Hamilton site 10 years ago. The new refinery will be 10 times larger, and is expected to begin shipping sugar in 2026, Don Hill, chairman of Sucro, said by phone from London.

Sucro became a publicly traded company on the TSX Venture Exchange in October, raising about $15-milion. It has a sugar refinery in Lackawanna, N.Y., and offices in Brazil, Colombia and Mexico. Mr. Hill said the $135-million will be spent over several years of expansion, with a yearly capacity target of one million tonnes.

Ian Hamilton, president of the Hamilton-Oshawa Port Authority, called Sucro's new refinery a "huge win" for the port and the supply chains it feeds, creating jobs and giving the economy a lift. "The facility's new capacity and reliability will give Ontario food processors the confidence to invest in their own operations," Mr. Hamilton said.

Mr. Hill, a Toronto native and the largest shareholder at 14 per cent, said Sucro picked Hamilton to refine sugar because of its proximity to the domestic food industry, a port that accepts ocean-going ships, and access to the U.S. market through either of Canada's major railways.

Sucro's customers include large bakeries, and makers of ice cream, chocolate and drinks.

"Hamilton is a perfect location because it's right at the epicentre of the Canadian food industry," he said. "You go across to the border in Buffalo and you either turn left or turn right and you've got a pretty big population base."

The United States tightly restricts sugar imports and production, and applies tariffs that roughly double the domestic price. Even so, Mr. Hill said the U.S. is undersupplied and Sucro is able to sell profitably there, even after the tariffs are applied.

The Port of Hamilton, on the western tip of Lake Ontario, has added several agricultural and food companies over the past several years, as the steel makers there have faltered and shrunk. The land Sucro leases from the port was once a tractor factory operated by International Harvester.

The port lands are now home to such grain companies as G3 Ltd. and Richardson International, fertilizer makers Sylvite and Agrico, a well as a brewery, food packagers and warehouses. Agriculture products make up almost one-third of the port's cargo, or three million tonnes, up from 9 per cent in 2008, according to port data.

Hamilton itself has 120 food ingredients companies, and is a day's drive from 20 million consumers, the port said in a statement.

Sucro will make granulated and liquid sugar from raw cane material imported on bulk vessels from South and Central America. Its competitors are long-established producers, Lantic Sugar Inc. and Redpath Sugar, which have factories in Montreal, Toronto, Vancouver and Taber, Alta. Both companies recently announced refinery expansions to meet growing demand.

Mr. Hill said Sucro has been able to compete with the larger rivals on price, and has a lower cost base that lets it expand for less than what its rivals spend. Lantic's parent company, Rogers Sugar Inc., said in

August it will spend $200-million to boost Montreal production by 20 per cent.

Editor's note: A previous version of this article stated incorrectly that Hamilton is a 20-minute drive from 20 million consumers, according to a statement from the port. This version has been updated to clarify it is a day's drive away from 20 million consumers.

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