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KUALA LUMPUR: The wholesale price of refined sugar is set to rise by up to 30% amid continued increases in global raw sugar prices, according to the country's leading refined sugar producer.

MSM Malaysia Holdings Bhd president and group chief executive officer Mohamad Amri Sahari is reported as saying that the government has given the greenlight for the wholesale price to rise by up to RM600 a tonne.

Mohamad Amri, in the report in Nanyang Siang Pau yesterday, said the wholesale price will increase from the RM1,900 per tonne currently to between RM2,400 and RM2,500 effective Aug 1.

He was also reported as saying that MSM has proposed to the government that the retail price of refined sugar be raised from the current price of RM2.84 per kg.

A spokesman for MSM confirmed that the wholesale sugar price will be raised effective Aug 1.

The price of raw sugar has been rising since August last year.

Year-on-year, Sugar No 11 contract, the world benchmark contract for raw sugar trading, has risen about 70%. It was trading at 19.09 US cents (77 sen) per pound at the time of writing.

The government abolished sugar subsidies by 34 sen per kg effective Oct 26, 2013, as part of the subsidy rationalisation programme that also included removing the subsidy for fuel and gas.

However, in April last year, the government was urged by some quarters to review the retail price of sugar, following a 45% drop in the international price at that time. The retail price, however, was not revised despite the drastic drop in global prices then.

The price of raw sugar recovered in August and thereafter continued to strengthen.

Cocoaland Holdings Bhd executive director Lau Kee Von told *The Edge Financial Daily* that an increase in sugar price will have an impact on sugar-related food manufacturers, but it may not be significant for Cocoaland as the company's pricing is based on international sugar prices.

Lau said major food exporters like Cocoaland have been trading sugar based on international prices instead of the government-controlled price.

He said companies that buy sugar based on the government-controlled price are mostly for local consumption, and they normally comprise small and medium enterprises. (SMEs).

Lau also noted that unlike most commodities, which saw their prices trending down, the raw sugar price has gone up this year. However, he said it is difficult to say whether the move by the government to raise the price now is justified.

Earlier in the interview with The Edge weekly, Fraser & Neave Holdings Bhd's chief executive officer Lim Yew Hoe said he does not expect any significant impact from changes in sugar prices as the group has lowered the sugar content of its beverages and offers healthier products.

The group's best-selling product, 100PLUS, has the lowest sugar content compared with other carbonated drinks. Meanwhile, its aseptic cold-filling polyethylene terephthalate bottle line in Shah Alam, which is expected to commence operations in the third quarter of the year, can produce more innovative drinks with less sugar.

Soft drinks accounted for RM1.51 billion or 37% of the group's total revenue of RM4.06 billion in the last financial year. Lim said this segment covers all beverages, including water, and non-carbonated and energy drinks.

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