

Increment In Sugar Price May Cause Hike In Cost Of Food



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The wholesale price of refine sugar has increased to RM2,500 from RM1,900 a tonne, and this may have a spill-over effect on cost of sugar-based products.

Due to the hike in the world raw sugar price, the Government has approved the wholesale price increment of refine sugar, effective August 2016, said a report in Nanyang Siang Pau.

However, this will not affect the retail price of refine sugar.

Food manufacturers will be negatively impacted by the steep price hike in sugar for commercial users, said domestic food industry players.

Prices of sugar-based food and beverage products will also increase in tandem.

All sugar import permits were withdrew in March this year, and sugar manufacturers were required to sell refine sugar to wholesalers at the set price of RM1,900 per tonne, said Mohamad Amri Sahari, president-cum-group chief executive officer of MSM Malaysia Holdings Bhd.

"But following the sharp rise in the prices of raw sugar in the world market, we appealed to the government to allow the wholesale price to be increased.

"So, with effect from August 1, the price has gone up from RM1,900 to RM2,500 per tonne. This is good news for us."

The Government was also urged by the company to increase the retail price of sugar, which is maintained at RM2.84 a kg currently, he added.

Michael Kang, president of SME Association of Malaysia was concerned that the huge raise of wholesale price of sugar will have a significant impact on the domestic food manufacturing industry, and price increments for food products are inevitable.

Products that will likely be affected are bread, biscuits, soy sauce, he pointed out, as these products use a lot of sugar.

Food manufacturers will be hit the hardest, he added.

"With the increase in production cost, the prices of manufactured food products will definitely go up."

Image from The Smart Local

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