



PRESS RELEASE

LOCAL SUGAR REFINERS REAFFIRM THERE IS NO SUGAR MONOPOLY IN MALAYSIA

*Sugar price controlled by the government and amongst the
cheapest in the world.*

Kuala Lumpur, 12 July 2018 – Amidst claims by certain parties that have created the inaccurate perception that sugar is a monopoly in Malaysia, MSM Malaysia Holdings Berhad (MSM) and Central Sugars Refinery Sdn Bhd (CSR) would like to provide clarity on the matter and offer a clear understanding of the sugar industry in Malaysia.

Sugar Landscape in Malaysia

In Malaysia, there are two sugar refiners –MSM under FGV Holdings Berhad and CSR under Tradewinds (M) Berhad – operating five sugar refinery plants including a new plant in Tanjung Langsat, Pasir Gudang, Johor, which is scheduled for commissioning this month.

The current total capacity of the existing four refineries is 2.0 million metric tonnes per year. Domestic demand in Malaysia is approximately 1.5 million metric tonnes per year, leaving Malaysia with an excess capacity of 500,000 metric tonnes per year. With the upcoming new refinery in Johor, total capacity will be 3.0 million metric tonnes per year.

Apart from local brands, there are importers that bring in and market a variety of sugar brands in Malaysia including SIS, Taikoo, Waitrose, Billington, Tate & Lyle, which provides for a competitive landscape.

Meanwhile, industry players such as food and beverage manufacturers buy sugar through the NY#11 (which is the global commodity trading platform for raw sugar). Local refiners will then execute the buying on behalf of these companies, import the sugar that has been procured and refine it for them for a fee.

As part of the local refiners' duty to ensure sufficient sugar supply for Malaysia, a certain amount of sugar is stockpiled to ensure adequate supply even during high world raw sugar prices. Due to the relatively lower world raw sugar prices today, many opportunistic parties that operate without the overheads and responsibilities that local refiners have, are trying to import sugar and profit from the low prices. These companies may not have the necessary certifications such as the 'HALAL' certification and will cease operations once the world raw sugar prices go higher than the ceiling price. It will then be left to local sugar refiners to address the instability by the void left behind by these opportunistic players.

Malaysia Sugar Pricing

As sugar is gazetted under the Price Control and Anti-Profiteering Act 2011 (Determination of Maximum Price – No. 2, Order 2017), sugar in Malaysia is amongst the cheapest in the world (refer to Addendum 1). Currently, the ceiling price for coarse grain sugar (*Gula Pasir Kasar*) is set at RM2.95/kg and fine granulated sugar (*Gula Pasir Halus*) is set at RM3.05/kg.

Today, at RM2.95/kg, the price of refined sugar in Malaysia is amongst the cheapest. Sugar in Malaysia is even cheaper than countries with lower per capita income like Cambodia, Myanmar and Indonesia. Our sugar price is even cheaper than sugar producing countries like Thailand, Indonesia and the Philippines. (Refer to Addendum 1).

It is common for countries around the world to have mechanisms in place to ensure that the price and supply of sugar and sugar related products are stable when world raw sugar prices are high to avoid market instability, which will inevitably impact the consumer. The exceptions are Singapore, Australia, New Zealand and the United Arab Emirates (even in these countries, the sugar prices are higher than Malaysia).

Reducing Sugar Price Increases Risk

Sugar, must be used in moderation. As of 2013, the Malaysian government removed the sugar subsidy in an effort to reduce the rate of diabetes among Malaysians. Any further reduction to Malaysia's already cheap sugar might spur increased consumption.

Challenges for the Sugar Industry

Local refiners operate within a challenging business environment to ensure a steady sugar supply to Malaysian consumers while maintaining a decent sugar stockpile for the nation. The facts to date, while the costs of doing business has increased, such as minimum wage, gas and electricity tariff, the ceiling price of refined sugar has remained at RM2.95/kg. In addition, the industry is adversely affected with illegal activities such as sugar smuggling and infiltration of illicit sugar which are threats to matters concerning 'HALAL', quality control and other mandatory certification requirements. These are ongoing challenges that the sugar industry in Malaysia has to contend with.

Nevertheless, the local refiners are committed to provide a stable environment for the consumer whilst maintaining highest standards of sugar quality even at the current controlled price.

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RETAIL SUGAR PRICES: ASEAN REGION & WORLD
(ADDENDUM 1)
MALAYSIAN SUGAR/KG IN RM IS **CHEAPEST AMONGST OTHER COUNTRIES**

COUNTRY	GDP 2017 (Billion USD)	GDP Per Capita 2017 (USD)	CONSUMER PRICE	AVERAGE	RM/KG as at
			(Per KG)		09-Jul-18
United States of America	19,390.60	53,128.54	USD 1.924 -USD 2.124	USD 2.024	8.16
China	12,237.70	7,329.09	CNY 6.26 – CNY 6.86	CNY 6.56	4.00
Japan	4,872.14	48,556.93	JPY 183.7 - JPY 203.7	JPY 193.7	7.07
United Kingdom	2,622.43	42,514.49	GBP 1.28 - GBP 1.48	GBP 1.38	7.40
South Korea	1,530.75	26,152.03	KRW 2152.78 - KRW 2172.78	KRW 2162.78	7.85
Australia	1,323.42	55,925.93	AUD 1.98 - AUD 2.18	AUD 2.08	6.26
Indonesia	1,015.54	4,130.66	IDR 15,000 - IDR 17,000	IDR 16,000	4.50
Taiwan	529.58	24,337.00	TWD 30 - TWD 50	TWD 40	5.31
Thailand	455.22	6,125.66	THB 15.00 - THB 35.00	THB 25.00	3.04
South Africa	349.42	7,582.60	ZAR 16.28 - ZAR 16.48	ZAR 16.38	4.91
Singapore	323.91	55,235.51	SGD 1.60 – SGD 1.80	SGD1.70	5.06
Philippines	313.60	2,891.36	PHP 55.00 - PHP 57.00	PHP 56.00	4.23
Vietnam	223.86	1,834.65	VND23,000 - VND 25,000	VND 24,000	4.20
Myanmar	69.32	1,482.20	MMK 1,500 - MMK 1,700	MMK 1,600	4.59
Cambodia	22.16	1,135.15	KHR 3,540 - KHR 3,740	KHR 3,640	3.61
Brunei	12.13	31,439.92	BND 1.55 - BND 1.75	BND 1.65	4.93
Malaysia	314.50	11,521.40	RM2.95	-	2.95
*FX = RM4.03					