

# MSM: Conduct proper study on price of sugar

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Sugar refiner says impact on the consumer should be considered

PETALING JAYA: [MSM Malaysia Holdings Bhd](#) , which maintains that there is no monopoly on the supply of sugar in the country, says that a proper study should be done before a decision is made on the new price of sugar.

The leading sugar refiner said a study should be conducted on the impact the changes in price would have on consumers.

On Monday, Finance Minister Lim Guan Eng said an announcement on the new price of sugar would be made following a comprehensive study, which is currently being carried out.

The Domestic Trade and Consumer Affairs Ministry is due to make the announcement, Lim said.

Responding to *StarBiz*'s queries, MSM said importers market a variety brands including SIS, Taikoo, Waitrose, Billington and Tate & Lyle.

## Retail price of sugar in the region as at May 2018 (RM/kg)

Brunei	Myanmar	Singapore	Philippines	Vietnam	Laos	Indonesia	Cambodia	Thailand	Malaysia
									
5.00	4.90	4.70	4.60	4.50	4.40	4.30	4.30	3.20	2.95

Furthermore, industries that require sugar in their production process would buy raw sugar through the global commodity trading platform called NY#11.

"Local refiners would execute the buying on behalf of the companies, importing the sugar and refining it for a certain fee.

"It is common for countries to have mechanisms in place to ensure that the price and supply of sugar and sugar-related products are stable when the world raw sugar prices are high to avoid market instability, which could impact the consumer," said MSM.

However, there are exceptions as Singapore, Australia, New Zealand and the United Arab Emirates do not have such mechanisms.

"But in these countries, the sugar prices are higher compared with Malaysia," MSM noted.

In Malaysia, there are two leading sugar refiners, namely, MSM and Central Sugars Refinery Sdn Bhd, a unit of Tradewinds (M) Bhd.

MSM, which is a subsidiary of FGV Holdings Bhd, commands a 58% market share in the local sugar-refining business.

According to MSM, the current retail price of sugar at RM2.95 per kg is among the cheapest in the region (*see table*).

"The local sugar price is cheaper than sugar-producing countries such as Thailand, Indonesia and the Philippines. It is also cheaper than countries with a lower per capita income such as Cambodia, Myanmar and Indonesia," it pointed out.

Hence, before deciding on the new sugar price, a proper study must be conducted to ensure its effectiveness, it added.

A recent news report said the proposed reduction in sugar prices was expected to put RM4 per annum back into the pockets of consumers based on the average yearly consumption level.

In 2013, the government removed the subsidy for sugar in an effort to reduce the diabetes rate among Malaysians and during that time, the retail sugar price had been increased to RM2.84 per kg from RM2.50 per kg.

MSM said while the cost of doing business have increased, the retail ceiling price of refined sugar has remained at RM2.95 per kg.

It said the industry was adversely affected by illegal activities such as sugar smuggling and infiltration of illicit sugar.

MSM said it remained cautious, given the volatile factors surrounding raw sugar prices, foreign exchange rates, global sugar surplus and the US-China trade war.

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