

Sugar price pledge after WTO move

Trade due to be freed up around December

PHUSADEE ARUNMAS
APORN RATH PHOONPHONGPHIPHAT

84
Sugar prices will be closely monitored despite the government's commitment to the World Trade Organization to free up the production and trading system of the commodity by December, says the Ministry of Commerce.

Permanent secretary Wiboonlasana Ruamraksa said sugar is on the ministry's control list — goods whose retail prices are not allowed to be increased — and is expected to remain so after Dec 1 when the government is due to liberalise the sugar system.

"Although the sugar trading system is due to be freed-up, we [the Commerce Ministry] will continue our duty of taking care of Thai consumers so they won't be affected by growing retail sugar prices, which should not rise above the current price," said Ms Wiboonlasana.

While it remains on the control list, the retail price of sugar cannot exceed 23.50 baht per kilogramme.

But the real retail price is 19-20 baht, in line with global sugar prices, which have recovered from previous lows, although they have yet to completely rebound.

Global sugar prices have dropped substantially over the past several years from a record high of 36 US cents per pound (lb) in 2012 to as low as 11 cents late last year, as a glut and weak global economy cut demand.

The benchmark New York raw sugar price for October delivery closed down 0.01 cent, or 0.07 percent, at 14.40 cents per lb.

Ms Wiboonlasana said the floated retail

sugar price was expected to be managed by the Commerce Ministry, which is legally allowed to control retail prices and hence does not allow producers to raise prices as often as they want.

Producers, therefore, are periodically compelled to hold talks with the ministry to provide evidence that their costs have risen so they can raise prices.

"Initially, the Commerce Ministry

would manage the floating price by issuing the benchmark price, or reference price, every month in order to inform consumers that retail prices should not be higher than the benchmark price," said Ms Wiboonlasana.

Thailand, the world's second biggest sugar exporter after Brazil, was compelled by the WTO to liberalise its sugar trading system after Brazil challenged the

country over its subsidies to sugar producers, demanding Thailand free up its sugar system.

According to the Office of Cane and Sugar Board (OCSB), which oversees the country's sugar industry, the amendment to the Sugarcane and Sugar Act is now being considered at the cabinet level. But the cabinet has sent the draft of the amendment back to the OCSB, demanding

it conduct a public hearing before resubmitting the draft.

The amendment is due to be returned to the cabinet soon, after which it will be forwarded to the National Legislative Assembly (NLA) for approval.

The law, which is expected to pass, will allow Thailand to announce the liberalisation of its sugar trade by Dec 1, 2017, in line with its commitments to the WTO.



A visitor buys low-priced sugar at a fair held by the Commerce Ministry. SOMCHAI POOMLARD