

AGRICULTURE

TSMC sweats over drop in sugar price

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The Thai Sugar Millers Corporation (TSMC) forecasts sugar global prices to decline to 11-12 cents per pound (3.52-3.84 baht) during 2018-19 as worldwide cane output exceeds 203-205 million tonnes.

Prices peaked at 17-18 cents per pound 4-5 years ago, but prices have dropped since then, pressuring Thailand's sugar prices because the factory price has also dropped to 17-18 baht per kilogramme.

Vibul Panitvong, TSMC's executive chairman, said the rainy season has come earlier than expected and many monsoons in Asia have affected the country's 2017-18 and 2018-19 sugar-crushing season, causing a glut.

India, Thailand and Pakistan will all have higher output than projected.

India is projected to increase its sugar volume for export to 2 million tonnes from overall production of 31.5 million tonnes, while Thailand is likely to allot 5 million tonnes for export from total output of 15 million tonnes.

Pakistan increased the sugar volume for export to 2.3 million tonnes from overall production of 7.5 million tonnes.

"The company is concerned the prices will soon drop below 11-12 cents per pound because India, Pakistan and the EU will subsidise their local sugar millers with measures from taxes and state funds," he said. "As a result, it will impact to the global sugar prices as well as distort the overall sugar market, which is against the World Trade Organisation regulations."

Thailand has teamed up with the Global Alliance for Sugar Trade Reform and Liberalization (GSA) to call for India, Pakistan and the EU to stop subsidising export volumes as they are dampening global prices significantly.

The GSA, an international coalition of raw and refined sugar producers, comprises 85% of the world's sugar cane exporters, including Australia, Brazil, Canada, Chile, Colombia, India, Guatemala, South Africa and Thailand, who are advocates for fair trade in the global sugar market.

Mr Vibul said Thailand was ranked the second-largest sugar exporter in the world with 12 million tonnes, while the world's largest was Brazil, with 20 million tonnes in 2017.

"India and Pakistan will be invited to join a meeting of the Thai Sugar Dinner 2018, which will be held June 12-14 in Pattaya, and we aim to talk with them about sugar subsidies for exports," he said.

TSMC expects the 2018-19 sugar-crushing season will harvest over 134.9 million tonnes of sugar cane and produce 14-15 million tonnes of sugar.