

Consumer Report 003/06

Sugar Crisis

Issued on: May 07, 2006

Is the sugar crisis over?



The continued sugar crisis has entered into sixth month and the media is still accommodating the public hue and cry over the price hike of this basic commodity, which has become an essential part of consumers' life in Pakistan.

The much awaited crushing season has ended, producing around 2.9 million tones of sugar against the annual requirement of 3.6 million tones but the sugar is as dearer as it was at the time of advent of the current year. It is pertinent to note here that it is the beginning of 'sugar year' when abundant stocks of the commodity are available with producing units and Trading Corporation of Pakistan.

There are plenty of claims and promises on the part of the government pertaining to provision of sugar to consumers on relatively cheaper prices at Utility Stores, but a fact is deliberately not mentioned in this connection that only five to ten per cent of the total population can access these stores. The rest of the population is dependent on the sugar supply by factories and needless to mention here that factories provide sugar to market only on their own conditions and rate.



Although the capacity of government to regulate some giant industrial sector is usually questioned, but in the case of sugar industry, it seems that government has totally succumbed to the pressure of mighty sugar players. The much-trumpeted investigation by National Accountability Bureau ended before they started as well as the Monopoly Control Authority's half hearted bid to influence industry to release adequate stock to consumer market also went in vain. The government's latest and seemingly last ditch effort to convince production units to sell 10 per cent of their total stocks to TCP on subsidized rates is also likely to be failed. The millers are well-aware of the political mileage, the government is achieving in the cover of Utility Stores rhetoric and are trying to achieve this benefit by selling this prescribed stock at the mill gate. After all, the majority of the millers are consisted on seasoned politicians. The millers, in this way, would also show the farmers that another queue of their dependents is added along with them at their gate.



The government imported sugar from India and lifted the restrictions over the import for private sector. But the international sugar prices are higher this year due to multiple reasons and this is the comfort zone of our privileged national sugar industry as neither private sector can create any impact by importing sugar and releasing it into open market and nor government is intended to do so. Our sugar industry at present faces neither competition fear nor regulatory steps. That's why the sugar prices remain as higher as they were at the

beginning of this artificial crisis and consumers are paying to increase manifold the profits of producers, government and other stock holders.

The question arises here whether or not the crisis would end in near future. No. Unless and until some miracle gets the international sugar prices down and imports option gains new life or government takes some concrete regulatory steps aiming at forcing powerful sugar players to decrease their profits, the sugar crisis would continue haunting commoners.

For further information, please contact:
Project Coordinator, Media
Email: contact@thenetwork.org.pk
Ph: 051-2261085, Fax: 051-2262495