

The Star : Looming flour shortage

Written by Administrator

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KUALA LUMPUR: Consumers have to brace themselves for a shortage of wheat flour next month because millers cannot afford higher wheat prices.

Flour Millers Association of Malaysia chairman Teh Wee Chye said the industry was reaching a critical stage as it needed to replenish stocks.

He said that without an immediate price adjustment, millers would not be able to convince the banks to finance their wheat procurement.

Flour millers are losing money on every bag of general purpose flour sold because of government-imposed price controls, he said.

Teh said millers nationwide had signed an urgent letter to Prime Minister Datuk Seri Abdullah Ahmad Badawi informing him of the precarious flour situation and urged the Government to take immediate action to avert a looming crisis.

He said millers also held numerous discussions with the Domestic Trade and Consumer Affairs Ministry over the past few months and were awaiting a decision.

He said wheat futures had almost doubled in the past five months as production of winter wheat suffered in the northern hemisphere followed by another drought in Australia.

This has led to demand exceeding supply in four successive years while world wheat inventory had reached a historic low, he added.

Malaysia, which does not grow wheat, imports about 1.2 million tonnes of the grain a year and that produces about 860,000 tonnes of flour.

Plain wheat flour is fixed at RM1.35 per kilo, after the Government raised the price by 15 sen a kilo in May, the first increase in a decade.