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Malaysia: Manufacturer-backed sugar hike rejected by government

By RJ Whitehead, 25-May-2017

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Malaysia will not increase the market price of sugar, despite a request to do so from one of the country's most prominent companies and pressure from consumers' associations to introduce a *de facto* sugar tax.

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Last week, Malaysia's biggest sugar producer, MSM Malaysia Holdings, called on the trade, cooperatives and consumerism minister, Hamzah Zainuddin, to raise the price of sugar by MYR0.29 (US\$0.07) per kilo.

Consumer groups in Selangor and Penang also weighed into the debate, in support of a sugar price hike.

It appears that the price will not rise for the time being, though. Hamzah announced this week that it would stay put, especially as the global commodity price of sugar had fallen since Malaysia last increased the domestic price by MYR0.11 in March.

"So, why should we increase the price of sugar when the world market price has dropped?" he said, in response to MSM's request.

"I told [MSM] firmly that the price of sugar could not be increased unless the company has made a big loss."

Though closed now, the issue has reignited debate over how a



sugar price hike could be used as a sugar tax.

Consumer groups see the move as a means to promote safer consumption of sugary foods while having a marginal effect on manufacturers.

One has suggested that any increase would be small enough to be absorbed by manufacturers, as long as it were policed properly by government inspectors.

Speaking to Free Malaysia Today, Jacob George, president of a consumers' association in Subang and Shah Alam, voiced his hope that the domestic trade, cooperatives and consumerism ministry would play its part in ensuring no profiteering and no undue increase in prices of related items.

Meanwhile, Dr Jacob's counterpart in Penang, SM Mohd Idris, said its own group's research had shown that most consumers will choose healthier options.

"Even our data survey found six out of 10 people opt for a less sugary option when they go to restaurants and coffee shops," Idris said.

"For the past 20 years, the association has been talking about sugar-related diseases. So, we've always wanted the sugar price to go up."

MSM, for its part, has been hit by raw sugar price volatility and a poorly performing ringgit. To ensure profitability this year, its chief executive recommended an increase in the government-mandated selling price of MYR2.95 per kilo to MYR3.24.

Zakaria Arshad said the current price was manageable while the world price was relatively low, though *"it will be very difficult for us"* if the price increases.

"Even Thailand, which is a raw sugar and sugar producer, is selling the product at a higher rate than us," he added.

<http://www.foodnavigator-asia.com/Policy/Malaysia-Manufacturer-backed-sugar-hike-rejected-by-government>