Global demand and supply, monopoly reasons why prices yet to drop post GST, says Guan Eng

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Finance Minister Lim Guan Eng said that his ministry will conduct a comprehensive study to find out the other reasons for prices remaining the same after the GST repeal and introduction of the Sales and Services Tax from September 1. — Picture by Yusof Mat Isa

KUALA LUMPUR, Aug 20 —The stagnant prices of certain goods, like rice and sugar, even after the repeal of the goods and services tax (GST) are due to a combination of local companies monopolising their distribution, as well as their worldwide demand and supply, the Finance Ministry said today.

Its minister Lim Guan Eng that those two factors were among those identified so far as the reasons prices of goods have yet to fall after the government removed the GST in June.

"International demand and supply means prices remain the same. Another factor is monopoly power on certain goods including sugar and rice," he told the Dewan Negara.

He added that his ministry will conduct a comprehensive study to find out the other reasons for prices remaining the same after the GST repeal and introduction of the Sales and Services Tax from September 1.

Lim was responding to a supplementary question from Senator Datuk Seri Khairudin Samad who asked the Finance Ministry's plans against traders who do not reduce the price of goods despite the repeal of the GST and the implementation of the Sales and Services Tax.

Although sugar and rice were previously exempted from the 6 per cent GST rate, Lim said the nature of monopolies is such that profits are sought based on the prices they set.

"For example, globally the price of sugar is RM1.40, but the retail price in Malaysia is at RM2.90. This, and the other factors will be the focus of the ministry's study, which will be announced once it's completed," he said.

Lim also said the Domestic Trade and Consumer Affairs Ministry will make an announcement on sugar prices, before the Finance Ministry's announcement on its study.

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