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Malaysia: MSM CEO calls for price float or revised ceiling if sugar producer subsidies are removed

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The government should consider creating a new mechanism if it intends to reduce or remove subsidies for sugar producers as part of efforts to curb sugar consumption in Malaysia, according to Syed Feizal Syed Mohammad, the Group CEO of MSM Malaysia Holdings Bhd, reported Business Times.

He said that implementing options like a price float or a revised controlled price ceiling should be evaluated before eliminating the subsidies.

He described the "war on sugar" initiative as an interesting and potentially impactful campaign, but emphasized that its success would require a comprehensive approach.

On the issue of reducing or removing subsidies for sugar producers to tackle sugar consumption, Syed Feizal highlighted the need for a new pricing mechanism, such as a price float or an updated controlled price ceiling. He stated that a price float would likely be the best alternative to subsidies.

He explained that the sugar industry needs price normalization, as input costs—particularly for raw sugar, freight, natural gas, and foreign exchange—remain high. Additionally, costs for packaging, wages, and logistics are still elevated.

Currently, the sugar industry continues to receive a RM 1 per kilogram incentive for both coarse grain and fine sugar, which has been in place since November 2023. MSM entitled to 24,000 tonnes per month. Syed Feizal noted that compared to the actual production cost, the incentive of RM 1 per kilogram is just breakeven to sustain the sugar industry's operation

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