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STICKY SITUATION

THE government should first consider a price float or revise the ceiling price before removing the subsidies for sugar refiners, says MSM Malaysia Holdings Bhd.

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POTENTIAL REMOVAL OF SUGAR SUBSIDIES

'GOVT SHOULD WEIGH OPTIONS FIRST'

Look at price float or revised price ceiling, says MSM group CEO

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THE government should establish a new mechanism if it plans to reduce or remove subsidies for sugar producers, said MSM Malaysia Holdings Bhd group chief executive officer Syed Feizal Syed Mohammad.

He told *Business Times* options such as a price float or revised price ceiling should be evaluated before the subsidies were removed.

Syed Feizal said the "war on sugar" campaign to manage sugar consumption among Malaysians was an interesting and "potentially impactful initiative".

"However, implementing it requires a multifaceted approach. This includes public education and promoting a healthier

lifestyle. Moderation in food intake is the key to a healthier life.

"With regards to the reduction or removal of incentives for sugar producers, it will require a new price mechanism such as a price float or new ceiling price.

"We are of the opinion that the best alternative is the price float," he said.

He said the sugar industry required price normalisation due to high costs such as raw sugar, freight, natural gas and foreign exchange.

Other input costs, such as packaging materials, wages and inland logistics, have also remained elevated.

"Capping sugar price without the present incentives creates a serious anomaly in economics, as explained in Parliament last year.

"The retail price of sugar at RM2.85 per kg is the lowest in Asia. Indonesia's refined sugar retails at RM5.80 per kg equivalent, while in the Philippines, it is around RM9 per kg," he added.

He explained that currently, the industry continued to receive a RM1 per kg incentive for coarse grain sugar and fine sugar, with MSM entitled to 24,000 tonnes per



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month.

Compared to the actual production cost, the incentive of RM1 per kg was just a break-even point to sustain the sugar industry's operation, he said.

"Meanwhile, the sugar industry actively ensures there is the necessary stockpile of

refined sugar as part of our food security, and requires a fair price mechanism, moving forward," added Syed Feizal.

The Health Ministry has said it was ready to discuss reducing subsidies for sugar producers to control nationwide consumption of sugar.

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