

DAP's Tony Pua Accuses Government Of Making Huge Profits From Sugar Price Hike, What Is The Real Story

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DAP's national publicity secretary Tony Pua had yesterday claimed that the Barisan Nasional government has allowed Malaysia's sugar 'duopoly' to make super profits over the past two years.

The DAP national publicity secretary said this in response to Domestic Trade Minister Datuk Seri Hamzah Zainuddin's announcement that it was the government's efforts that contained the price hike to just 11 sen per kg even after five years.

"The millers had been asking us to increase the price to RM3.20, which is a jump of 40 sen. But we took the average and set it at the minimum of 11 sen," Hamzah told reporters at the Dewan Rakyat yesterday.

In parliament earlier, Hamzah had brought up his ministry's announcement that the new price of coarse granulated white sugar from March 1 was RM2.95 per kg, up from the previous RM2.84.

The controversial DAP MP took aim at Hamzah's statement and alleged that he had facts that proved the federal government had profited handsomely from the deal.

"I dug up the historical prices of global raw sugar prices, Malaysia government's 'Long-Term Contracts' (LTC) for raw sugar supply, our historical subsidies for processed white sugar and the manufacturer's white sugar

price (before subsidy).

"The facts prove that the Barisan Nasional government has allowed Malaysia's sugar duopoly to make super-profits over the past two years," Pua said, FMT reports.

He proceeded to outline in a [media statement](#) illustrated with charts to show the government's huge profits.

In a fifteen point argument, the [reply](#) by the Barisan Nasional Strategic Communication Team sought to show how Pua had deliberately distorted facts to fit his allegation and incite hatred in the public towards the government.

1. It is disappointing to see that DAP YB Tony Pua had held a press conference to denounce the 11 sen per kg or a 3.4% increase in sugar prices after 3 years and call for the government to reduce sugar prices.
2. The price increase is minimal. Even if YB Tony's family uses one tonne of sugar per year, he would be paying RM110 extra - which pales in comparison to the RM5,000 per table for dinner that he is charging for an upcoming event that he is hosting.
3. The world's largest producer and exporter of sugar, Brazil, has retail prices of RM4.50 per kg for sugar. While Thailand, the world's second largest exporter has retail prices of RM3.20 per kg - both higher than Malaysia's current price of RM2.95 despite our country having to import almost all our sugar. Thailand also imposes GST on retail sugar plus a 5 baht (64sen) per kg special sugar tax, which Malaysia does not.
4. In any other country in the world, YB Tony Pua's call to reduce sugar prices would likely be met with laughter and ridicule as it is going against worldwide trends.
5. Due to public health concerns, 19 countries in the world have implemented sugar taxes including another big sugar producer, Mexico while Britain is following
6. These measures are implemented due to the ill-effects of sugar and the escalating obesity and diabetes risk. Malaysia is already known as Asia's fattest country. We are the top country in ASEAN for having the highest number of diabetics and sixth in the Western Pacific region. Too much sugar is bad for the teeth too.
7. Over the years, consumer associations in Malaysia have repeatedly called for the Govt to no longer sell sugar cheaply. Last year, the Consumer Association of Penang had also called for a sugar tax to be implemented last year - saying that Malaysians need to cut down on sugar intake - which they call a poison - by 80% to meet World Health Organisation (WHO) recommendations.
8. YB Tony had also misled the public by saying sugar prices were lower in the years prior to 2013 without stating that prices then were heavily subsidized by the government. In 2013, the government had then removed sugar subsidies partly due to health concerns and to heed the calls of the consumer associations.
9. Tony also maliciously alleged that the Barisan Nasional government has allowed Malaysia's sugar duopoly to make super-profits over the past two years,
10. However, an examination of Malaysia's largest sugar company, the FELDA-controlled MSM Malaysia Holdings Berhad's accounts shows that it made net profits of RM275mil on revenues of RM2.3b in 2015 and net profit of RM118 mil on revenue of RM2.65 bil in 2016 - or net margins of just 12% and 4.4% respectively - hardly super-profits.
11. As a comparison, the Penang state monopoly water company PBA Holdings Bhd (PBAHB), which is owned by the DAP Penang State Govt with the Y.A.B Chief Minister as the chairman, had reported that it earned RM62 million in net profits out of revenues of RM327 million - a net profit margin of 19%. In fact, both the gross and net profit margins of PBAHB far outpaces MSM.
12. PBAHB was able to announce a big 63% jump in net profits after the Penang Govt had raised water rates by a 16.7% in 2015. on top of two other water rates increases in 2010 and 2013 with the reason given that it will help consumers use less water.
13. Last year the Penang State Govt had also doubled the raw water extraction charges which resulted in PBAHB paying the Penang Govt RM20.42 million. Without this charge, the net profit margin for PBAH would have been even higher at 25% - much higher than MSM's 4.4%.
14. Perhaps YB Tony Pua is looking at the wrong party to blame for "super-profits" and taking advantage of the rakyat?
15. We regret that YB Tony's press conference on Sugar was misleading and misguided. As a responsible member of politician, he should be advising the people to follow the recommendations of WHO and the consumer associations to protect their health - not to do more harm to the people and not attempt to incite hatred.

Barisan Nasional Strategic Communications Team

Putrajaya

17th March 2017

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