

Economists: Expand sugar tax to more items

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PETALING JAYA: While raising the ceiling price of sugar may reduce its consumption and promote healthy living, the government must also ensure that inflation is controlled, say economists.

They suggested that the sugar tax be expanded to more items as a means to control consumption for health purposes and to grow tax revenue.

Referring to a government study on sugar prices, Sunway University Economics Professor Dr Yeah Kim Leng said the government needed to strike a balance between raising sugar prices to discourage excessive consumption for the sake of public health, and controlling inflation since sugar was an essential ingre-

dient in many beverages and food items.

“Rather than subsidising sugar prices to reduce inflationary pressures, allowing the price to adjust according to the prevailing world prices is an appropriate policy decision.

“It is akin to a sugar tax aimed at discouraging high consumption,” he said.

Nevertheless, to prevent disruptive price spikes that might destabilise the supply and prices of various food products, he said the government might consider mechanisms to allow gradual adjustments towards the world price level.

On sugar tax, Dr Yeah said it was desirable to discourage overuse and it should be maintained to achieve

the national health objective of reducing obesity and other sugar-related health problems.

Senior Research Fellow at the Malaysian Institute of Economic Research, Dr Shankaran Nambiar, said he would “not be too concerned” over measures that might end up restricting the consumption of sugar.

“It’s true that raising the ceiling price of sugar could burden the B40 group, but the consumption of sugar would be a very small part of household income and it would do well to reduce its consumption anyway.

“Those selling kuih, cakes and other items will be affected. Their profit margins may go down,” he said.

He said restaurants might also use the price hike as an excuse to raise the price of beverages like teh tarik and other food products.

“This will make eating out more expensive for many households, particularly the B40,” he said.

However, he noted that soda taxes was one of the less contentious taxes which would also help with raising tax revenue.

The sugar tax came into effect on July 1, 2019, whereby an excise tax of 40sen per litre was levied on sugar sweetened beverages with a total sugar content exceeding 5gm/100ml.

The tax also applies to juice or vegetable-based drinks with over 12g of sugar per 100ml.

It was also noted in the 12th Malaysia Plan that the sugar tax will be expanded to include premix drinks.

Public health expert Datuk Dr Zainal Ariffin Omar said sugar was a basic staple consumption item for people and raising the ceiling price would affect many in the B40 group, with a price increase leading to increased household spending.

“But it is healthy if people can reduce sugar consumption because sugar increases the risk of diabetes and obesity,” he said.

He said the sugar tax could also be expanded to include food with added sugar such as biscuits, breakfast cereals, bread and others.