

**DAP asks if sugar subsidy hike fattens politically-linked firms**  
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**By Shannon Teoh**

KUALA LUMPUR, Jan 29 — The DAP questioned today if the government is handing over RM198 million this year to politically-connected companies after nearly tripling sugar subsidies despite global prices diving over the past five months.

Domestic Trade, Cooperatives and Consumerism Minister Datuk Seri Ismail Sabri Yaakob was reported as saying on Friday that Putrajaya has increased subsidies from 20 sen to 54 sen per kilogramme of sugar to maintain the price at RM2.30 because the "global price of sugar is skyrocketing."

But DAP publicity chief Tony Pua said in a statement that after hitting a peak of US\$29.47 (RM89.66) per hundred pounds in July 2011, the price of sugar has fallen every month to US\$23.42 in December, a 20.5 per cent drop.

"The question then is whether the 170 per cent increase in sugar subsidy or approximately RM198 million a year payable to MSM Holdings and Tradewinds, is in fact a thinly disguised attempt to fatten the profits of these two politically-connected companies.

"The Minister must hence clarify why there was a need to increase subsidies when the global sugar price is falling while at the same time explain who are the real beneficiaries from the extra RM198 million of supposed 'subsidy'," the Petaling Jaya Utara MP said.

Ismail had said that 99 per cent of Malaysia's raw sugar is imported but Pua added today the market is monopolised by two refineries.

Malayan Sugar Manufacturing Holdings is a 71 per cent subsidiary of Felda-related entities while Tradewinds Corporation is 43 per cent controlled by logistics tycoon Tan Sri Syed Mokhtar Al-Bukhary with another 20 per cent held by Felda Global Ventures Holdings.

Pua noted that even after taking into account the depreciation of the ringgit against the US Dollar by 7 per cent between July 2011 and December 2011, the global price of sugar would still have declined by 13.5 per cent in ringgit terms.

"Therefore by maintaining sugar prices at RM2.30, the government should in actual fact have to subsidise less," he said.

But Ismail had said the Government would pay RM567mil for sugar subsidy this year compared to RM262.4mil last year.

Sugar futures fell by 27 per cent last year, the most in a decade after a glut emerged following three consecutive annual shortages.

But traders are expecting this year's harvest to shrink, with prices rising as much as 12 per cent to US\$27 per hundred pounds by the end of the year according to a poll of analyst and

trader estimates by Bloomberg.

The government last increased the price of sugar by 20 sen in May 2011 in a series of price hikes to basic necessities it said were necessary to keep a subsidy bill from ballooning.

Since the Najib administration began cutting subsidies in January 2010, the price of sugar has increased by 58.6 per cent from RM1.45 per kg.

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