

Sugar taxation policy and sugar consumption in Malaysia

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Abstract

Malaysia has been taking initiatives to combat obesity as well as non-communicable diseases. A sugar-sweetened beverage (SSBs) tax was proposed in 2014 and implemented in 2019 with an excise duty of RM0.40 per litre for ready-to-drink sugar content. This article aimed to spark a discussion about Malaysia's current sugar tax policies to reduce excessive sugar consumption among Malaysians. However, the alarming rise in the number of obesity and diet-related noncommunicable diseases indicates that the sugar tax control measures are less effective in combating health issues. This study compares Malaysia's neighbours' sugar tax policies and other sugar consumption-related measures. To combat the emerging sugar-related health issues in Malaysia, the government should collaborate with food manufacturers to reduce the amount of sugar in their food production, abate sugar-containing products' promotion, educate the consequences of excess sugar consumption at all levels of education, apply sugar taxes with lower tax base rate and specific tax rate depends on sugar addition, and form a regional policy between neighbours.

1. Introduction

A survey conducted by the Malaysian Ministry of Health to identify overweight and obesity among Malaysian young adults revealed that the health problem has been on the rise for the past two decades (Kasirye *et al.*, 2020). According to the National Health and Morbidity Survey (2015), the prevalence of obesity was 21% in 1996 and increased to 43.5% in 2006. It has more than doubled in a decade, and subsequent year surveys confirm that the problems are not under control (Lim, 2016). According to the most recent survey conducted in 2015, half (47%) of Malaysia's young adult population is affected by obesity-related health issues (Chan *et al.*, 2017). Malaysia is preparing for an economic transition over the next decade, and a debilitating and unhealthy young society may not be able to support the vision that has already been established (Sritharan *et al.*, 2022a). The Malaysian economy is the 6th (sixth) largest dominant economy in Southeast Asia and the 39th (thirty-ninth) largest economy in the world (Sritharan and Salawati, 2019a). Though obesity-related health issues are hereditary, the authorities ensure that Malaysian food consumption patterns are one of the main causes of

noncommunicable diseases among Malaysian young adults (Lee and Wan Muda, 2019).

Fast food restaurants and ready-made food packs are widely available throughout the country, and the consumption of those food items is relatively inexpensive for young adults (Larson *et al.*, 2011). Carbonated drinks and sugar-sweetened beverages (SSBs) are popular consumer items across the country, ranking the country as the eighth highest sugar consumer in the world (Consumers' Association of Penang, 2022). According to the Khazanah Research Institute (2022), Malaysia is the fattest country in Southeast Asia (Figure 1). However, relevant national and international health organisations warn young adults that drinking carbonated and sugar-sweetened beverages (SSBs) on a regular basis is linked to obesity and other non-communicable diseases related to nutrition (Malik and Hu, 2022). This is a basic fact: carbonated and sugar-sweetened beverages (SSBs) digest quickly and convert to energy. Regardless of age, at least 55.9% of Malaysians consume sugar every day in the form of 4 teaspoons of added sugar. Meanwhile, the average Malaysian consumes at least 3 tablespoons of condensed milk per day, resulting

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in at least 26 tablespoons of sugar (Figure 2). Sugar consumption in their daily food pattern is not intentional, and they are unaware of this massive consumption rate. This consumption level is significantly higher than the average daily sugar intake. Furthermore, Malaysia has the highest number of diabetics in Asia, as well as the highest per capita sugar consumption (50 kg) when compared to Thailand (35 Kg) and Indonesia (20 Kg) (The Edge, 2020).

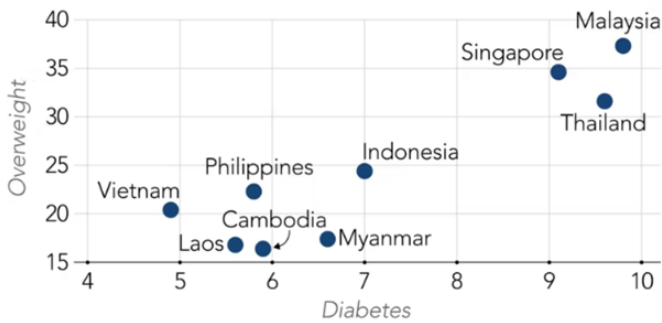


Figure 1. Share of population overweight and diabetes in Southeast Asia (World Health Organisation, 2016).

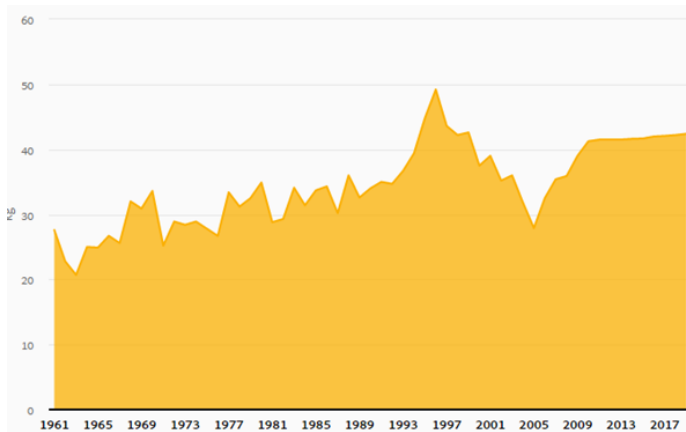


Figure 2. Sugar consumption per capita in Malaysia (Helgi Library, 2022).

According to the Food and Agriculture Organization (2022), 120 countries produce 166 million tonnes of sugar each year. The majority of sugar is extracted from sugarcane and is primarily from Asia (Figure 3). As previously stated, Malaysia has the highest sugar consumption rate in Southeast Asia (Figure 2). Malaysia increased its sugar consumption per capita to 42.4 kg, a 0.45% increase over the previous year (Auto, 2022).

Sugar taxes have been in effect in other parts of the world for a long time (Figure 4) (Sritharan et al., 2022b). Table 1 shows the countries and tax rates that apply to SSBs, with the currencies converted to Malaysian Ringgit for standardisation. According to Singaporean health sector expenditure, healthcare costs account for at least 15% of total national expenditure (Iwamoto, 2019). In 2016, the country declared tough measures against diabetics. According to the World Health Organization, at least 9% of Singaporeans are diabetics, and at least 35% are overweight (Ow Yong and Koe, 2021).

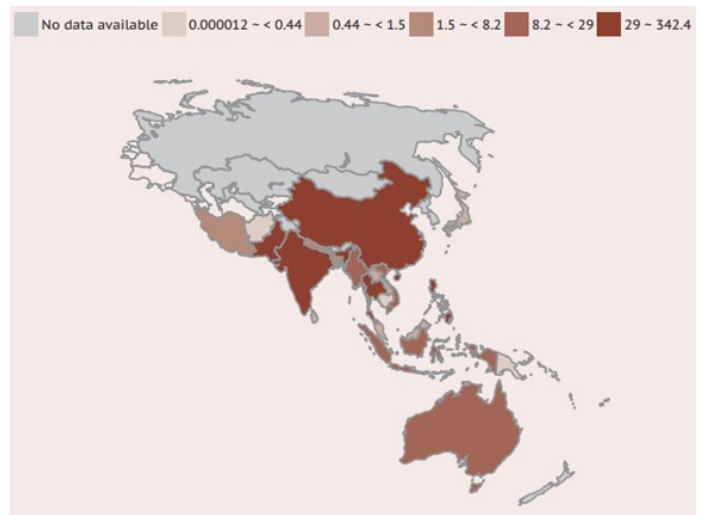


Figure 3. Sugar-cane producing countries (Food and Agriculture Organization, 2022).

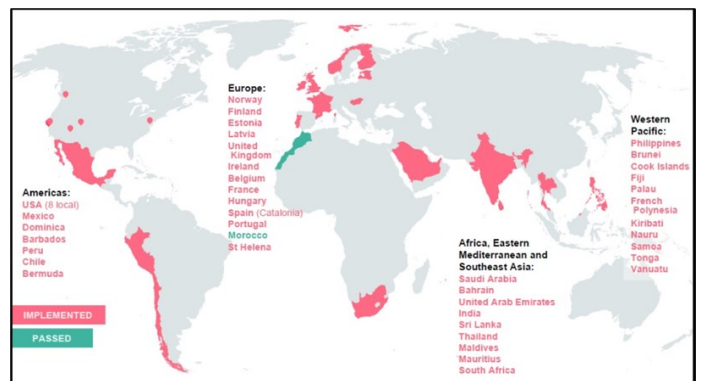


Figure 4. Sugar drink taxes around the World (Taylor, 2019).

Table 1. Current tax rates by countries.

Country	Introduced Year	Tax Rate*
Samoa	1984	0.70 MYR (0.40T)/L
Fiji	2006	10.08 MYR (5D)/L
Nauru	2007	30% pre-tax sale price
Hungary	2011	2.79 MYR (250 HUF)/L
France	2012	0.34 MYR (€0.0745)/L
Mexico	2013	0.23 MYR (1 MXN)/L
Barbados	2015	10% pre-tax sale price
United Arab Emirates	2017	50% of price
Norway	2018	2.11 MYR (Kr4.75)/L
South Africa	2018	0.0054 MYR (R0.021)/L
Ireland	2018	9.54 MYR (£1.8)/L
UK	2018	9.54 MYR (£1.8)/L
Philippines	2018	0.48 MYR (6.00P)/L

*Currencies converted on 20th October 2022.

Thailand has a similar feature in that 10% of its population is diabetic, and 32% is overweight. Malaysia shares the same characteristics as its neighbours, with 10% of the population being diabetic and 37% being overweight. In comparison to other Southeast Asian countries, the aforementioned countries are dealing with an increase in noncommunicable diseases among their young adult citizens. Countries' governments are making