

# Careful assessment of impact of chicken and egg subsidy review necessary

By [Ahmad Mukhsein Mukhtar](#) - October 8, 2023 @ 6:12pm



(FILE PHOTO) The government must carefully assess the short, medium, and long-term impact on consumers and producers when reviewing the allocation of subsidies for chicken and eggs. -BERNAMA FILE

ALOR STAR: The government must carefully assess the short, medium, and long-term impact on consumers and producers when reviewing the allocation of subsidies for chicken and eggs.

Universiti Utara Malaysia agriculture economics expert Professor Dr Shri Dewi Applanaidu highlighted that government funds could be redirected to other priorities by discontinuing the subsidies.

However, she noted that the impact of phasing out subsidies on essential food items would affect various consumer and producer groups differently.

"The actual impact will depend on various factors such as the elasticity of supply and demand for eggs and chicken, the availability of other alternative protein sources and magnitude of the subsidy.

"Hence, this requires careful consideration of short-term and medium-term effects on consumers and producers. As well as long-term impact for resource allocation and sustainability," she said when contacted.

Regarding consumers, Shri Dewi, who is also an associate researcher at the Institute of Tropical Agriculture and Food Security (ITAFoS), noted that the discontinuation of subsidies would have varying effects across different income groups.

"While government funds could be directed to high-priority sectors such as education and healthcare, those in the B40 income group still allocate a significant portion of their income to food.

"They may face financial strain as the prices of essential items get higher, particularly since eggs and chicken constitute a significant portion of their diet," she added.

Meanwhile, Shri Dewi pointed out that producers could potentially benefit from subsidy discontinuation, as it might result in higher market prices and increased revenue.

"The higher prices may even encourage these producers to invest in technologies to reduce cost of production and increase quality and quantity of produce," she said.

However, she cautioned that chicken breeders and egg producers heavily reliant on subsidies might encounter challenges as their production costs rise.

"This could lead to a reduction in the quantity supplied and some producers may exit the market which may lead to a potential decrease in the overall supply," she added.

On Wednesday, it was reported that the government would announce the outcome of its review on chicken and egg subsidies, as well as its price control soon.

Agriculture and Food Security Minister Datuk Seri Mohammad Sabu was reported as saying that the review was based on the fact that the supplies have stabilised and the prices have been lower than the set ceiling prices.

The government had initially planned to float prices of chicken and egg from July 1, but decided it would continue giving subsidies and imposing ceiling prices on them.

The retail ceiling price for standard processed chicken remains at RM9.40 per kg, while grade A eggs are 45 sen each, grade B (43 sen) and grade C (41 sen).