

MSM in talks with govt to increase sugar price by further 29 sen

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MSM wants to increase local sugar prices by 29 sen per kg to ensure the company's profitability this year. File Photo

KUALA LUMPUR: MSM Malaysia Holdings Bhd is still in talks with the government to increase local sugar price by a further 29 sen per kilogramme (kg) to ensure the company's profitability this year.

Felda Global Ventures Holdings Bhd (FGV) Group President/Chief Executive Officer, Datuk Zakaria Arshad said the volatility in raw sugar prices, coupled with the ringgit performance had made this year a very challenging year.

"Given the volatility in raw sugar prices, the government should increase the selling price by 40 sen per kg," he told reporters after MSN Malaysia's annual general meeting here, today.

MSM, a 51-per cent owned unit of FGV, is Malaysia's leading refined sugar producer.

The government had increased the local sugar price by 11 sen per kg to RM2.95 per kg on Mac 1, 2017, although MSM had asked for a 40 sen increase earlier.

"We are still in talks with the government to have the 29 sen per kg that we are supposed to get, but we also know that the government has its difficulty on that.

"However, we are lucky that the raw sugar price has reduced to US\$0.155 per pound now, compared with the US\$0.22 per pound recorded in November and December last year.

"If the raw sugar price increases, it will be very difficult for us," he said.

He reiterated that sugar price in Malaysia was among the lowest in the ASEAN region.

“Even Thailand which is a raw sugar and sugar producer is selling the product at a higher rate than us,” he said.

On MSM's sugar refinery in Tanjung Langsat, Zakaria said the plant, which is 45 per cent complete, was expected to begin its operation in the first quarter of 2018.

“The production at the plant would enable us to expand our export destinations to Singapore and Indonesia,” he said, adding the company currently exports its products to the Middle East countries and North Africa.

He said thus far, the refinery had utilised RM400 million out of the total US\$259 million (US\$1= RM4.33) capital expenditure set aside last year.

“We will keep the construction within the budget,” he said.

The Tanjung Langsat sugar refinery is MSM's third processing facility in Malaysia with an annual capacity of one million tonnes.

The other two sugar refineries are in Prai, Penang, which is able to process 3,000 tonnes per day, and in Chuping, Perlis, which has a daily capacity of 600 tonnes. – Bernama

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