



| MSM to review position if impacted by sugar permits



MSM may review its position and take a commercial approach if the company's performance continues to be negatively impacted in light of the government granting sugar import permits to a few Sarawak-based food manufacturers. — Bernama photo

KUALA LUMPUR: MSM Malaysia Holdings Bhd may review its position and take a commercial approach if the company's performance continues to be negatively impacted in light of the government granting sugar import permits to a few Sarawak-based food manufacturers.

Chairman Datuk Wira Azhar Abdul Hamid said the sudden approval of approved permits (APs) had failed to consider MSM's domestic investment of RM1.1 billion for its new plant in Johor and thousands of employees on its payroll, which in turn has helped the country's employment scenario.

"Currently, we are exploring another revenue stream and the export market by diversifying into various sugar-based products such as sugar premix, liquid sugar as well as other value-added and healthy sweetener products.

"This is to meet growing demand from health-conscious customers in the retail and industry segments," he told reporters after MSM's annual general meeting here yesterday.

On its commercial approach, he said the company is moving away from being a traditional sugar producer by producing and refining white and brown sugar as well as serving industrial sector sugar requirements.

MSM also realised the need to manage costs more competitively and cater to the changes in consumer lifestyles towards healthier sugar products, and is now working with FGV's research and development arm towards achieving the goal.

MSM is a subsidiary of FGV Holdings Bhd.

Azhar said other than the weakening ringgit, MSM's performance in 2019 might be severely impacted by the issuance of more APs which benefit certain industrial groups.

"Another potential threat is the liberalisation of the local sugar market, which would directly impact the group's margin, and more of a concern is the fact that in a liberalised environment, Malaysian consumers would be subjected to volatile sugar supplies and prices," he said.

Azhar said sugar is one of the most subsidised commodities in the world as well as one of the most volatile in terms of price, therefore any government policy must take a more holistic and long-term view.

He noted that in the longer term, the company might have to resort to measures which are beneficial to MSM without taking into account the national and Malaysian consumers' interest.

"The local refiners are making an appeal to the government to make an equitable decision for the sugar industry.

"In many instances, the only certain thing in life is change, and MSM as a responsible sugar producer will embark on change because its utmost responsibility is to all its stakeholders. This will be managed with the highest focus to protect their interest," Azhar said.

For many years, he said, local refiners, MSM and Central Sugars Refinery Sdn Bhd (CSR) had served as a buffer for Malaysian consumers amid uncertainty in global markets where prices and supplies constantly fluctuate.

When raw sugar prices are high we absorb the shock of additional costs to keep prices stable for domestic consumers.

"In the current environment where there is an oversupply of sugar, the issuing of these APs will benefit the industrial consumers who are able to source sugar cheaply particularly from Thailand and other producing nations.

"However, when raw sugar prices increase, the same customers would turn to local refiners to find sugar," he explained.

He also refuted previous reports that the company had been selling sugar at RM2,700 a tonne to industrial customers, saying it had been selling sugar at RM2,200 a tonne or lower.

He also dismissed claims that MSM had been selling sugar at higher prices for the last five years, pointing out that the company had always maintained its selling price at the level set by the government or lower.

MSM and CSR would constantly engage with the government to express their concerns and to request the government to take into account the refiners' view as well as to seek government help to maximise their potential in the domestic market, he added. — Bernama

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