

The **Star**


MSM Malaysia to continue managing sugar price hedging, looks forward to new mechanism

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KUALA LUMPUR: [MSM Malaysia Holdings Bhd](#)  will continue managing the hedging of sugar prices according to the market average as it looks forward to possible new mechanisms by the government to replace the temporary incentive for sugar producers.

Group chief executive officer Syed Feizal Syed Mohammad said that currently, the government provides an incentive of RM1 per kilogramme (kg) to local manufacturers to address the continuity of supply and price of sugar for consumers.

"At RM2.85 per kg on the retail shelves, this is certainly an anomaly in the sense that it might be the cheapest retail price in the region and possibly even across the world, and the local industry players may have been the one subsidising the people indirectly or directly," he said.

He noted that from January 2022 until October last year, the joint industry (players) has been subsidising almost RM500 million, and this certainly cannot continue.

"Thank you to the government which has been responsive. We are happy that we have gotten traction with the current government to address the issue," Syed Feizal told reporters after the group's annual general meeting here today.

He said MSM Malaysia currently has to manage the price according to the New York #11, a futures contract for the physical delivery of raw cane sugar and a world benchmark for world sugar trading, of which the group has to frequently buy forward the commodity, whether it is for the wholesale or industry segment.

"And we do market average hedging at best. Of course, for the non-consumer side, it is all back-to-back. So, this is a kind of cost pass-through to the industry.

"However, for the consumer side, we have to be able to manage (the increase in cost). Similarly for exports, we do about 20 per cent to 25 per cent of exports. So, for exports, it is a kind of a cost pass-through to the customers," he said.

Meanwhile, Syed Feizal said MSM aims to explore upstream integration moving forward, with plans to secure raw sugar sustainably to meet long-term operational demands.

He stated that this initiative highlights the company's dedication to ensuring a stable supply chain and driving sustainable business practices.

The company is also focused on downstream value-added products such as liquid sugar and premix, aiming to capitalise on market demand and enhance revenue streams, he said.

In 2023, he said MSM Malaysia successfully exported to the top five markets, namely the Philippines, China, Singapore, Indonesia, and Vietnam.

Beyond these key destinations, the group also maintained export relationships with countries such as South Korea, Hong Kong, New Zealand, Taiwan and Pakistan, among others.

"MSM aims to expand its market reach extending beyond Asia Pacific and South Asia into Africa, aligning with its vision of greater global market penetration and diversification," he added. - Bernama

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