

MSM mulls sugar cane cultivation amid Thailand, India export ban

By Syafiqah Salim / theedgemalaysia.com

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MSM group COO Hasni Ahmad (right) with Johor head of operations Mohd Amir Redzuan during a media tour of MSM Sugar Refinery (Johor) Sdn Bhd on Jan 16, 2024. (Photo by Suhaimi Yusuf/The Edge)

PASIR GUDANG (Jan 16): MSM Malaysia Holdings Bhd, in which FGV Holdings Bhd holds a 51% stake, is considering venturing into upstream sugar cane cultivation to safeguard raw sugar security in the country.

"Countries like Thailand and India have banned their [raw sugar] exports. Let us say Brazil also bans its exports. Where are we going to get [raw sugar]? So we have to look from a food security perspective," said MSM group chief operating officer Hasni Ahmad.

"MSM has to take the lead as it is the biggest producer of sugar in the country," Hasni told reporters during a media visit to MSM Sugar Refinery (Johor) Sdn Bhd on Tuesday.

"MSM is considered as *kilang gula negara* (national sugar factory)," he said. "It is not about our industry, but it is about food security. We will collaborate closely with the government on this venture."

In March last year, Economy Minister Rafizi Ramli said Malaysia's sugar cane industry will be developed to help meet the nation's demand for sugar. This is because the country is entirely dependent on importing raw sugar from Brazil, following the closure of the local sugar cane plantation in Chuping, Perlis, in 2011.

MSM had operated the sugar cane plantation business in Chuping under its former wholly-owned unit MSM Perlis Sdn Bhd. However, the business was discontinued in 2011 due to low yield and lack of competitiveness.

Following the cessation of the sugar cane plantation, MSM Perlis transitioned to managing the agricultural land, focusing on rubber, oil palm and mango plantation. However, due to unsustainable performance associated with high operating costs of maintaining plantation activities, MSM Perlis ceased its plantation sector in June 2019.

Then in 2021, MSM divested its entire equity interest in MSM Perlis to FGV's subsidiary, FGV Integrated Farming Holdings Bhd, for RM181 million.

When questioned about the potential impact of the sugar cane plantation on MSM's financial challenges, given the group's eight consecutive quarters of losses, Hasni said, "For us, this year (financial year ending Dec 31, 2024) is going to be a turnaround; we will be profitable. You can't look into short-term plans. This is the long-term plan, I would say."

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