

Ex-Servicemen's Body Wants Esso Malaysia To Be In Local Hands, Urges ExxonMobil To Reconsider Sale
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KUALA LUMPUR, Aug 24 (Bernama) -- The Malaysian Ex-Servicemen Association says it hopes Esso Malaysia Bhd will be sold to local parties as it is a strategic and valuable asset contributing to domestic economic growth.

In making the call, association president Datuk Muhammad Abdul Ghani said ExxonMobil International Holdings, should reconsider the move by selling its 65 per cent stake in Esso Malaysia to a local party.

He also asked the government to stop the sale to foreign interests.

The Armed Forces Fund Board (LTAT) is keen to buy the equity in Esso Malaysia.

LTAT owns subsidiary, Boustead Holdings Bhd, involved in the downstream petroleum business.

The association's call comes amid plans by ExxonMobil to sell its 65 per cent stake in public-listed petroleum trading company, Esso Malaysia, and its wholly-owned ExxonMobil Malaysia Sdn Bhd (EMMSB) and ExxonMobil Borneo Sdn Bhd (EMBSB) to the San Miguel Corp of the Philippines for RM614.25 million or RM3.50 a share.

Muhammad told Bernama today ExxonMobil should take into account the widespread benefits that accrue to the nation and the people of Malaysia and not merely focus on monetary gains from the equity sale to a foreign party.

By selling its shares to a foreign company, it would only lead to an outflow of funds, he said.

However, a local company owning Esso Malaysia would be able to generate spillover effects to the economy by supporting local entrepreneurs, creating job opportunities for locals and support expansion of the country's downstream petroleum industry, he said.

He said ExxonMobil needs to examine these aspects which were part of its corporate social responsibility, especially in view that Esso Malaysia has been operating in Malaysia for decades since 1893.

ExxonMobil International reportedly wants to sell its equity in Esso Malaysia as its margins were relatively low and therefore preferred to focus on the upstream areas of oil exploration and production.

Muhammad pointed out that if Esso Malaysia was sold to LTAT which has offered to buy the equity, the gains would not only accrue to LTAT, but also to 150,000 members of the Ex-Servicemen Association by way of yearly dividends from profits gained by LTAT.

Members of the Malaysian Ex-Servicemen Association have shares in LTAT.

He said ExxonMobil International should reconsider the sale as its physical assets, including

the Port Dickson refinery (88kbd capacity), equity interest in 10 fuel distribution terminals (7 active), approximately 560 branded retail fuel sites (420 company-owned), and ExxonMobil's Industrial and Wholesale and Aviation fuels businesses, were creating tremendous job and business opportunities for locals and especially to ex-servicemen.

Muhammad said association members also wanted the government to step in to stop the sale.

He cited how small and medium entrepreneurs could also use the 560 branded retail fuel sites as a base to sell their products.

Besides this, LTAT's Boustead is also not "a new kid on the block" as far as petroleum retailing business is concerned as it has been operating BHP petrol stations too, he said.

Domestic Trade, Cooperatives and Consumerism Minister Datuk Seri Ismail Sabri Yaakob said this week he had already telephoned ExxonMobil officials in the United States to reconsider the sale of Esso Malaysia to LTAT rather than to foreign parties as local companies also have the capabilities to run downstream petroleum companies.

LTAT is reportedly still keen to acquire ExxonMobil Holdings' equity in Esso Malaysia although the American petroleum company has reached an agreement to sell the stakes to renowned Filipino brewer, San Miguel Corp, which is also a highly-diversified conglomerate.

ExxonMobil's sale of its 65 per cent stake in Esso Malaysia is conditional subject to approvals from the International Trade and Industry Ministry; Domestic Trade, Cooperatives and Consumerism Ministry and Securities Commission.

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