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Businesses raise concern over 40% hike in cement prices

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GEORGE TOWN: The business community in Penang have raised concerns to the Finance Ministry over the 40% price hike in cement.

Real Estate and Housing Developers' Association Penang chapter chairman Datuk Toh Chin Leong said the increase would affect property prices.

He said they were worried that the price hike could be due to a monopoly by certain companies controlling supply to increase profits.

"This was among our concerns as we do not know why this happened so fast.

"All the while cement prices increased gradually but never up to

40%," he said at a press conference yesterday.

According to reports, Hanson Building Materials Malaysia Sdn Bhd announced a price increase of ready-mix concrete effective Saturday.

Citing the recent 40% price increase in cement and other significant rises in input costs, the company said customers in Kuala Lumpur and Selangor would have to pay about RM40 per cubic metre more than the current price, depending on the mix design.

Federation of Malaysian Manufacturers Penang chairman Datuk Dr Ooi Eng Hock said the sudden increase would affect the price of affordable housing projects.

"We foresee that it will affect 15% to 20% of the housing costs, as well

as the cost to build factories," he said.

Penang Master Builders and Building Materials Dealers Association adviser Datuk Lim Kai Seng described the sudden increase as "unfair".

He said the price per 50kg for cement could have gone up to RM16, as compared to between RM9 and RM12 previously.

"The materials for cement are locally sourced. Such an increase is really unfair as it will affect construction works, especially contracts which have been signed.

"We cannot increase the prices now," he said.

Lim said he would bring up the matter to Domestic Trade, Consumerism and Cooperatives Affairs

Minister Datuk Seri Saifuddin Nasution Ismail in a meeting this week.

"After listening to the business communities here, we are told that the price hike will create a chain effect, resulting in changes in prices for development projects involving roads, houses and factories.

"About 85% of the cement supply comes under one company and this can negatively impact the industries. There is no reason for such a hike," he said.

In a statement, the Cement and Concrete Association of Malaysia said over the past few years, the cement industry has been suffering from an increase in electricity tariff, following the withdrawal of the Special Industrial Tariff and the implementation of Imbalance Cost

Pass Through, increase in packing materials and rising cost from imported fuel, materials, engineering spares and equipment.

"While the industry has been absorbing these cost increases, cement prices in Peninsular Malaysia have been on a downward trend since 2016 and has reached a level that is not sustainable.

"Collectively, the cement industry provides hundreds of thousands of jobs directly and indirectly.

"These jobs will be put at risk if the industry continues to operate at a loss," it said.

The association added that the cement industry was "highly capital intensive" and needed a reasonable return on its investments to meet the expectations of all stakeholders.