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KUALA LUMPUR: Finance Minister Lim Guan Eng will be meeting the ministry of domestic trade and consumer affairs' (KPDNHEP) Minister Datuk Seri Saifuddin Nasution Ismail next week to discuss the cement price increase, according to *Bernama*.

Guan Eng said he had received complaints from several developers on this and that they were worried that the drastic price increase would have adverse effects on the construction industry.

The government is also concerned that the cement price increase would cause a chain reaction and affect a broader segment of the construction sector including infrastructures, he said. "I'm gathering information from the industry players and will meet KPDNHEP next week," he told re-

porters in George Town, Penang, yesterday.

He was commenting on complaints by developers about the cement price hikes of between 40% and 50% as notified by letters from suppliers, which took effect from yesterday and some on July 1.

Earlier, the minister held a meeting with several representatives from the construction industry, including Penang Master Builders & Building Materials Dealers Association (PMBBMDA) advisor Datuk Lim Kai Seng and Real Estate and Housing Developers Association Malaysia (Rehda) chairman Datuk Toh Chin Leong.

Guan Eng also questioned whether the sharp price increase was due to having only one cement company which monop-

olises the market. "If this [price increase] is to allow this one and only company to make a huge profit and harm the industry and economy [in the process], then this is something the government will take seriously," he added.

In response, cement manufacturers issued a statement yesterday to say that cement prices in Peninsular Malaysia have been falling since 2016 and have reached a level that is not sustainable, amid various cost increases the industry is facing.

Among the cost increases it highlighted were electricity tariff, which it said had increased over the past few years following the withdrawal of the special industrial tariff or SIT, and the implementation of the imbalance cost pass-through or ICPT mechanism.

In addition, it said packing materials have become costlier following the increase in pulp prices, while imported fuel materials, engineering spares as well as equipment have further compounded the problem of rising costs.

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

"As a result of the significant margin erosion brought about by the declining cement prices and cost increases, the cement manufacturers have incurred significant losses and negative cash flows for the past many quarters.

"Collectively, the cement industry provides hundreds of thousands of jobs directly and indirect-

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

While it said it cannot comment on recent announcements of price adjustments, saying this is due to prices being independently set by each cement manufacturer, it stressed that the cement industry is highly capital-intensive and hence needs to have a reasonable return on its investments to be able to meet the expectations of its stakeholders.

The association's members include Aalborg Portland Malaysia Sdn Bhd, Cement Industries of Malaysia Bhd, Cement Industries (Sabah) Sdn Bhd, CMS Cement Industries Sdn Bhd, Hume Cement Sdn Bhd, Lafarge Malaysia Bhd, Tasek Corp Bhd, and YTL Cement Bhd.