

Higher cement prices needed to help producers stay afloat

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PETALING JAYA: The Cement and Concrete Association of Malaysia (C&CA) has defended the recent proposal by cement manufacturers in Malaysia to raise cement prices, pointing out that the move is necessary to keep the companies afloat operationally.

The association gave its word that the cement companies in Malaysia were willing to offer a special pricing scheme to assist the government's affordable housing efforts if there was an increase.

In a statement, C&CA clarified that the local cement price was not the cause of rising house prices.

It pointed out that house prices in Malaysia rose 13% between the first quarter of 2016 and the fourth quarter of 2018, although cement prices declined significantly in the same period.

"This means the fluctuation in cement prices is not correlated to many such building material prices," said C&CA.

On the recent proposal by cement companies to raise net cement prices, it said the

adjustment was "merely to restore prices to levels that allowed the companies to survive".

The association also pointed out that enforcement officers from the Domestic Trade and Consumer Affairs Ministry have visited all cement plants since June 17 and issued notices to collect information on the reasons behind the net price adjustments.

"The eventual findings would show that net cement prices have been on a decline and reaching levels that are lower than total operating costs and depreciation.

"The combination of lower cement prices and higher operating costs have resulted in our member companies suffering significant losses," it said.

Using the three listed cement companies as example - Lafarge Malaysia Bhd, Hume Industries Bhd and Tasek Corp Bhd - C&CA said the companies had incurred losses close to RM1bil over nine quarters.

"If this situation persists, we fear that there would be an adverse impact on the country's gross domestic product and thousands of jobs, direct and indirect, would be at risk," it said.



In the defence: C&CA says the local cement price is not the cause of rising house prices.