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KUB defers RM2 billion petrochemical project

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KUB Malaysia Bhd has decided to shelve its RM2 billion petrochemical complex project in Kelantan in view of the present economic problems.

Chairman and chief executive officer Datuk Hassan Harun said the decision was taken because the project's import content was quite large.

"However, the project will be carried out once the economy has recovered because we believe it is a viable investment," he said.

Hassan was speaking to reporters after the opening of a one-day seminar on "Ways to Generate Successful Entrepreneurs" on Monday by Youth and Sports Minister Tan Sri Muhyiddin Yassin in Marang, Terengganu.

It was reported that KUB signed a memorandum of understanding in May last year with Kelantan-owned Keloil Sdn Bhd to develop the petrochemical complex on a 2,000ha-site at Senok.

On April 4 this year, another agreement was signed in Kota Baru, between KUB and Keloil on a 50/50 joint venture, witnessed by Prime Minister Datuk Seri Dr Mahathir Mohamad and Kelantan Menteri Besar Datuk Nik Abdul Aziz Nik Mat.

It stated that the venture would develop the State's petrochemical industry by drawing offshore gas, serving as the catalyst for the State's growth.

Apart from the petrochemicals project, Hassan said, several others under KUB would be suspended.

"One of them is the RM300 million project to build our headquarters at Kampung Baru, Kuala Lumpur.

"Fortunately our investment in the property sector is still at the discussion level. The plan to venture further in this sector will be put on hold too," he said.

However, Hassan added, KUB was considering a venture into medium and low-cost houses on its land bank in Perak, Langkawi, Sungai Petani in Kedah, Malacca and Johor.

"And we will continue to invest in the plantation sector. To date, we have developed about 4,000ha in Sarawak and 800ha in Johor," he added.

Asked what KUB could do to improve the economy, Hassan said the company would establish a marketing link for Malaysian products with countries that KUB had visited.

To a question whether the suspension of these projects resulted from the Government's advice, Hassan replied "No."

KUB decided to put these projects on hold because the company understood the need to address the country's current account deficit so that "it will not increase."

Asked how the economic downturn would affect the company and its subsidiaries, Hassan said: "We will only know after the company's audit report is ready."

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