

09/09/1998

Guthrie unaffected by fixed US dollar

Shahriman Johari

THE recently announced fixed exchange rate of RM3.80 to the US dollar has not substantially affected the plantation business, namely oil palm, of Kumpulan Guthrie Bhd.

Group chief executive and deputy chairman Tan Sri Khalid Ibrahim said currently the majority of Guthrie's palm oil trading earnings have been translated into ringgit.

With Bank Negara Malaysia introducing exchange control moves last week, Khalid said the group has translated its earnings immediately.

In addition, Khalid mentioned that international trading arrangements are not major to the group.

He was speaking to reporters after a graduation and launching ceremony for Guthrie's "Rakan Jayadiri" programme. The graduation was held for the programme's sixth batch of students while this year the group will be embarking on its seventh.

According to Khalid, the movement of crude palm oil (CPO) prices has also held at the RM2,400 per tonne level despite seeing a RM100 fall on the first day after the ringgit was fixed.

This, he added, is indicative of the prevailing demand for palm oil.

As part of its expansion in the oil palm sector, Guthrie will also be building 10 additional palm oil mills located nationwide over the next 10-years.

Each mill will cost some RM15 million to RM20 million, Khalid said, adding that building of the mills have already started in Negri Sembilan and Sabah.

In Indonesia, Guthrie will be building another two palm oil mills situated in Palembang as the group's oil palm trees are maturing, he mentioned.

On the Guthrie-Koll fund, the chief executive said there has been no decision in investing in Malaysia yet until some issues on the exchange controls are cleared.

"We have been asked to hold any decisions until we get a picture of the authority's control on the free flow of funds in Malaysia," Khalid added.

The group has set up an alliance with the Koll Real Estate Group of the US to create a property investment fund for investment in Guthrie's properties.

A sum of US\$500 million (US\$1 = RM3.80) has been successfully raised for the Guthrie-Koll fund, which is expected to be launched at the end of this year.

Asked to comment on the raising of the lending cap for commercial banks to residential properties, Khalid said it is too early to say if house buyers will get excited over it.

On Monday, Bank Negara announced that banks can now lend more than 20 per cent of their total loans to buy houses which cost less than RM250,000 each.

"However, we will find that burden on interest payments should be drastically less and buyers will continue to sustain their buying," he said.

On a possible windfall tax - mentioned in passing by the Prime Minister Datuk Seri Dr Mahathir Mohamad on a television interview - for plantation companies, Khalid said that it can only be done with regards to Government transactions.

He cited the example of privatization where the Government will guarantee the downside risks of the process.

The "Rakan Jayadiri" programme meanwhile, has been successful and is still in great demand from the youth who hail from rural areas, Khalid said. After its inception three-years ago, Guthrie has to interview at least 400 possible candidates to get 20 participants.

The programme is focused on providing multi-skilled training to selected youths from low income families in rural areas.

(END)