

'Banking system remained sound in February'

GROWTH in private sector financing was sustained in February, with banking system loans and private debt securities outstanding increasing at a combined annual rate of 9.5 per cent, Bank Negara Malaysia said.

In a statement, the central bank said banking system loans outstanding grew by 9.2 per cent on an annual basis. Growth in loans outstanding to the small and medium enterprises remained firm at 8.3 per cent.

"The banking system remained sound with strong capitalisation and stable loan quality," Bank Negara said.

The risk-weighted capital ratio remained unchanged at 13.4 per cent at end-February, while the net non-performing loans ratio stabilised at 4.6 per cent since end-December 2005.

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Kefi to build RM40m kenaf factory with local partner

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ITALIAN company Kenaf Eco Fiber Italy SpA (Kefi) and its Malaysian partner are investing RM40 million to set up a factory in Terengganu to make ecologically-friendly building insulators and particleboards.

Kefi owns 30 per cent shareholding in Kenaf Eco Fibre (M) Sdn Bhd (Kefima), which is enjoying 10 year pioneer status beginning this year.

"We met up with Kefima through Malaysian Timber Industry Board (MTIB) at an exhibition held in Kuala Lumpur in June 2005. After a series of discussions, we found it reasonably competitive to invest here," Kefi president Giacomo Gallusi said.

"In Italy, we can only plant kenaf in the summer. Therefore we can only harvest 15 tonnes of kenaf stems per hectare. Here in tropical Malaysia, we don't have to worry about winter.

"With two harvests per year, we should be able to reap 30 tonnes, double the productivity in our home country," he said.

Since 2005, government agency MTIB had been tasked to promote the commercialisation of kenaf and generate demand for a plant that resembles the "bunga raya" plant.

"We'll be investing RM40 million to build a kenaf processing factory in Setiu, Terengganu. The machinery designed by Kefi

From left:
Chin,
Cucchi,
Naru Aini
and
Gallusi
checking
the joint-
venture
documents



costs €6 million (RM26.7 million)," Kefima director Datin Naru Aini Ab Rahman said.

Currently, about 1,000ha of land in Setiu is planted with kenaf. Kefima estimates that there is potential to increase planted area to 5,000ha with displaced tobacco farmers in Kelantan and northern Terengganu switching to plant kenaf.

Employing around 70 workers, Naru Aini said, Kefima can churn out 20,000 cu metres of building insulators and 10,000 cu meters of particleboards per

year. Gallusi and Naru Aini were speaking to reporters after signing a joint venture agreement in Putrajaya yesterday.

Also present were Plantation Industries and Commodities Minister Datuk Peter Chin Fah Kui, Italian ambassador to Malaysia Dr Anacleto Felicani, Italian Trade Commissioner to Malaysia Paola Roncolini and director of Kefi Dr Paolo Cucchi.

"For the years 2007 and 2008, all the building insulators and

particleboards will be shipped back to Italy for Kefi to sell them in Europe. In the meantime, Kefima will develop the Malaysian market and then export within the Asia-Pacific region," Naru Aini said.

"There is increasing demand for eco-friendly roofing insulators in Europe," Gallusi said, adding that beginning October 1 2006, Italy will make it mandatory for housebuilders to replace fibreglass and asbestos with eco-friendly materials like kenaf insulators.