

EMBARGO: FOR RELEASE AFTER 16.30 P.M. (2) JULY 18

PETALING JAYA, JULY 18 (BERNAMA)-- THE GOVERNMENT CANNOT AND SHOULD NOT CONTINUE TO INVEST IN WHAT IS THE DOMAIN OF THE PRIVATE SECTOR, PRIME MINISTER DATUK SERI DR. MAHATHIR MOHAMAD SAID TODAY.

HE SAID THE EXTENT OF THE GOVERNMENT'S INVOLVEMENT WAS ALREADY LARGE AND IT SHOULD LIMIT ITS ROLE TO AN APPROPRIATE LEVEL SO THAT THE PRIVATE SECTOR COULD PLAY ITS PART.

THE PRIME MINISTER ADDED THAT, THE GOVERNMENT, HAD ALREADY ESTABLISHED THE INSTITUTIONAL FRAMEWORK AND CREATED THE NECESSARY ENVIRONMENT FOR THE PRIVATE SECTOR TO SHOW ITS CREATIVITY; AND TO TAKE THE LEAD IN INDUSTRIAL INVESTMENTS.

THE PRIVATE SECTOR, HE SAID, HAD WITHIN, ITS RESOURCES, THE ABILITY TO BE CREATIVE AND INNOVATIVE, AND TO TAKE THE OPPORTUNITY TO WORK WITH THE GOVERNMENT WHILE AT THE SAME TIME ACHIEVE HIGH PROFITABILITY.

DATUK SERI DR. MAHATHIR WAS LAUNCHING MALAYSIAN VENTURES BERHAD, THE FIRST VENTURE CAPITAL COMPANY IN THE COUNTRY, WHICH WAS ESTABLISHED BY THE ARAB-MALAYSIAN MERCHANT BANK AND ITS PARTNERS. --- MORE

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MAHATHIR-BUSINESS 2 KUALALUMPUR

THE PRIME MINISTER ASSURED THE PRIVATE SECTOR THAT THE GOVERNMENT WOULD PROVIDE THE NECESSARY SUPPORT TO THE GENUINE ENTREPRENEURS COMMITTED TO THE COUNTRY'S INDUSTRIALISATION PROGRAMME.

*THE COUNTRY IS NOT SHORT OF ENTREPRENEURS BUT WHAT WE ARE SHORT OF IS THE DISCIPLINED ENTREPRENEURS, WITH INNOVATIVE IDEAS, + HE ADDED.

HE SAID MANY ENTREPRENEURS STARTING ANEW DID NOT HAVE THE TRACK RECORD TO ENABLE THEM TO RAISE THE FUNDS THEY REQUIRED AS THE TRADITIONAL BANKERS WOULD WANT TO SEE THEIR PAST PERFORMANCES, THEIR BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS AND MARKET STUDIES.

A PIONEER, THE PRIME MINISTER ADDED, WOULD HAVE NO TRACK RECORD TO TALK ABOUT AND IF ALL THE BANKERS WERE TO TAKE THIS ATTITUDE THERE WOULD NOT BE A *SILICON VALLEY+.

+THIS IS NOT TO IMPLY THAT BANKERS SHOULD NOT BE PRUDENT, AS INDEED THEY MUST BE AS CUSTODIAN OF DEPOSITORS FUNDS, BUT THEY SHOULD NOT BE AFRAID TO ALLOCATE A SMALL PORTION OF THEIR RESOURCES TO INVEST IN NEW BUSINESSES, + DATUK SERI DR. MAHATHIR SAID. --- MORE.

MAHATHIR-BUSINESS 3 KUALA LUMPUR

HE SAID IT WAS THE VENTURE CAPITALISTS WHO WERE WILLING TO TAKE CALCULATED RISKS AND HELP ENCOURAGE NEW PRODUCTS AND SERVICES AND DEVELOP THEM INTO GROWTH INDUSTRIES THAT ENABLED NEW TECHNOLOGIES TO DEVELOP.

THE PRIME MINISTER, HOWEVER, WARNED THAT AN IDEA OR KNOWHOW ON THE MAKING OF SOMETHING DID NOT ENSURE BUSINESS SUCCESS AS TO SUCCEED, THE KNOWHOW MUST BE COMBINED WITH MANAGEMENT AND MARKETING EXPERTISE.

HE SAID IT WAS IMPORTANT FOR THE PERSON WITH THE KNOWHOW WHO MAY NOT HAVE THE OTHER TWO ATTRIBUTES, TO BE PREPARED TO WORK WITH THOSE WHO, HAD THESE ATTRIBUTES TO IMPROVE THE CHANCES OF SUCCESS AND NOT BEAR THE WHOLE BURDEN OF FAILURE.

+IT IS TIME THAT MALAYSIANS CHANGE THEIR ATTITUDE AND IN-SHARING THEIR KNOWHOW, DISTRIBUTE AND LESSEN THEIR RISKS WHILE BUILDING SAFEGUARDS TO ENSURE THAT THE KNOWHOW IS NOT COMPLETELY LOST, + DATUK SERI DR. MAHATHIR SAID.

HE SAID THE VENTURE CAPITAL INDUSTRY HERE WAS ONLY IN ITS EMBRYONIC STAGE AND AN IMMEDIATE TAKE-OFF SHOULD NOT BE EXPECTED AND IT WAS EMPHASIS ON ENTREPRENEURSHIP AND THE APPLICATION OF EXISTING TECHNOLOGY RATHER THAN TECHNOLOGICAL BREAKTHROUGH THAT WOULD MAKE VENTURE CAPITAL ATTRACTIVE HERE. --- MORE

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MAHATHIR-BUSINESS 4 KUALA LUMPUR

THE PRIME MINISTER SAID THAT VENTURE CAPITAL NO DOUBT INVOLVED A CERTAIN DEGREE OF RISKS BUT THE SUCCESS OF A BUSINESS EXTENDS BEYOND BALANCE SHEET FIGURES AND THE IMMEDIATE ABILITY TO REPAY.

IN THE PAST, MANY VENTURE COMPANIES IN THE UNITED STATES HAVE FAILED BECAUSE THEY WERE GREEDY, IMPATIENT, LACKED THE NECESSARY COMMITMENT OR DID NOT POSSESS THE ENTREPRENEURIAL SPIRIT TO CARRY OUT PROJECTS SUCCESSFULLY? HE ADDED.

DATUK SERI DR. MAHATHIR WAS PLEASED TO NOTE THAT THE MERCHANT BANKING INDUSTRY WAS WELL ENOUGH ESTABLISHED OVER THE LAST 15 YEARS FOR IT TO BE THE VITAL VEHICLE TO ASSIST OTHER COMPANIES TO RESTRUCTURE AND COMPLY WITH THE NEW ECONOMIC POLICY (NEP).

HE SAID MERCHANTS BANKS IN MALAYSIA THEMSELVES HAD COMPLIED WITH THE NEP AND HAD SUBSTANTIAL BUMIPUTERA PARTICIPATION BOTH IN TERMS OF OWNERSHIP AND MANAGEMENT.

OF THE 12 MERCHANT BANKS, BUMIPUTERA EQUITY PARTICIPATION, INCLUSIVE OF GOVERNMENT CONTROLLED CORPORATIONS, AMOUNTED TO 68.2 PERCENT AND 13.5 PER CENT OF SENIOR MANAGEMENT STAFF ARE BUMIPUTERAS, HE ADDED. ---BERNAMA