

E

ECONEWS

MSIA WELCOMES FOREIGN INVESTMENT IN PRIVATISED BODIES, SAYS PM

93 P
KUALA LUMPUR, Oct 8 (Bernama) -- Malaysia is open to allowing foreign investors take up equity in some privatised utility projects especially those which require technical expertise not available locally.

Prime Minister Datuk Seri Dr. Mahathir Mohamad, said that the privatisation of the national sewerage project would be an example which would require some specialised expertise.

"Its healthy to keep ourselves open to foreign expertise," he said here today during a panel discussion on "Privatisation - The Next Generation, the challenges ahead," organised jointly by PNB Corporate Development Sdn Bhd and the Association of Merchant Banks in Malaysia.

Dr. Mahathir, who spoke at length on the privatisation experience in Malaysia and the challenges the government had to face, added that the exercise had indeed brought a lot of gains to the people.

Employees of privatised bodies now realised better wages than when they were a public entity, enjoyed bonuses, while the consumers benefitted in terms of prompt and additional services.

Asked whether the shifting of a public monopoly to a private monopoly would lead to giant firms such as Telekom Malaysia or Tenaga Nasional Berhad becoming lethargic, he said it had in fact led to greater efficiency.

However, Dr. Mahathir urged privatised bodies not to raise charges unnecessarily just to increase their income for such acts would only fuel inflation at a time when Malaysia was trying to achieve low inflation.

He said that despite what the critics said, it was not impossible for Malaysia to achieve zero inflation and thus maintain itself as a low cost country, with its people able to lead an affordable life.

Here, he said there was a lot of talk of using a country's purchasing power parity (PPP) as a yardstick for disbursing funds by international financial institutions, which was not effective if a country's cost of living was too high.

For example, in Malaysia, "you can buy a lot more with less money.... What is so great about earning so much when you only buy so little.... Here, a (water) melon costs RM2 while in Japan, it costs RM240," he said to the laughter of the audience.

Unlike in some other countries where privatisation of government agencies met some resistance, in Malaysia it was the opposite with numerous government agencies asking to be privatised," he said, adding in jest that "if we can, we would like to privatise the army and navy as well."

Dr. Mahathir said that a major factor for Malaysia's success in privatisation was its right timing, in the early 80's, when there were already a few Bumiputera entrepreneurs capable of taking over some of the privatised assets and also had the money to buy them over.

"Had we privatised too early, there would have been disparity of wealth among the different races," he said, adding that Malaysia even then only started to privatise one or two agencies at a time as the concept was still new to people.

Another factor to consider in privatisation was that the government could not transfer the valuable government assets to the private sector at market value and expect to make profits.

Therefore, the government "worked backwards" by undervaluing these assets and sold them bit by bit and when their overall value and prices rose, the government made profits from the sale of these assets.

From the initial success, the government then continued to identify more government agencies to privatise and made "quite a lot of money" from the sale of these assets, Dr. Mahathir added. -- Bernama