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Review - Mahathir (Equity) '''  
RETAIN WEALTH OR 30 PERCENT EQUITY UNACHIEVEABLE, SAYS PM

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KUALA LUMPUR, Dec 16 (Bernama) -- Malaysia's target of at least a 30 percent equity in the corporate sector for the Bumiputera community will never be achieved unless they retain their wealth or reinvest their earnings from the ownership of their wealth, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

While Bumiputera corporate equity ownership increased from RM20.9 billion in 1990 to RM23.7 billion in 1992, their share of total equity declined from 19.2 percent to 18.2 percent during the period, he said when tabling the Mid-Term Review of the Sixth Malaysia Plan in the Dewan Rakyat today.

He said Bumiputera corporate equity had largely been diluted through subsequent sales of their allocated shares.

This caused the net increase in overall Bumiputera equity share to be smaller than what it should be.

Bumiputera divestment in listed companies during the period amounted to RM1.8 billion at par value which had a present market value of some RM18.5 billion. --more

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Dr Mahathir said during the 1990-92 period, Bumiputera divested assets and shares in companies worth RM800 million, while there was also evidence of large divestment by them in the share equity of privatised companies.

"Had Bumiputera held on to these shares their equity holdings in the corporate sector would have been 19.5 percent instead of 18.2 percent in 1992," he added.

He said the objective of increasing Bumiputera corporate participation would be continued but they on their part must strive to ensure that benefits acquired must be retained for long term benefits.

This was particularly important given the large and premature divestment of Bumiputera equity holdings experienced during the period.

"Bumiputera must strive to sustain, expand and manage their wealth which they have acquired and not divest for the sake of realising quick capital gains in the short term," said Dr Mahathir. --more

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The Prime Minister also wants Bumiputera to reinvest the gains realised from such divestment in higher yielding investment opportunities.

"Indeed, the growing availability of resources transferred to them present an excellent opportunity for them to plough back into productive and constructive activities," he said, adding that they must take full advantage of this chance to create new wealth faster.

"The share market should not be for the disposal of their wealth, but for consolidating it. And this they can do through hanging on to their shares. The government will try to make available investment advisers so as to help Bumiputera maximise holdings," he added.

And with the continued strong economic growth, there would be enormous opportunities for Bumiputera to increase their corporate wealth.

On its part the government would ensure that Bumiputera Trust Agencies such as the PNB would intensify efforts to mobilise Bumiputera savings to acquire a bigger share of the corporate equity. --more

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He also said that in view of the large investment, the government was considering to set up the Amanah Pelaburan Bumiputera (APB) to provide another effective avenue to retain Bumiputera corporate holding.

Under this scheme, the 30 percent allocation reserved for Bumiputera under the public issue by companies seeking listing on the Kuala Lumpur Stock Exchange would be channeled to Bumiputera through the APB.

Dr Mahathir told Bumiputera that the government had strictly adhered to the policy of providing at least 30 percent equity to Bumiputera within the corporate sector.

"In many cases especially for privatised companies the government has given majority 100 percent ownership to Bumiputera. In fact if all the Bumiputera equity at the time of privatisation is taken into account, Bumiputera ownership of privatised entities, (excluding government holdings) would amount to 69 percent of total equity.

But by 1993 their share had declined to 38 percent because of divestment of Bumiputera interests.--Bernama