

21 MAR 1996

Mahathir-Perwaja

DEBT-RIDDEN PERWAJA CAN BE TURNED AROUND, SAYS MAHATHIR

KUALA LUMPUR, March 21 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today he was confident that the debt-ridden Perwaja Steel could be turned around.

He told reporters after opening a two-day Sony Global Material Business Forum here: "We think we can somehow turn around Perwaja. We can turn around businesses which fail, that is not something impossible."

He cited the case of Bank Bumiputra which had been in serious trouble at one time but was today making a lot of money.

Dr Mahathir was responding to a question whether the government would use Bank Bumiputra and other local banks to help finance Perwaja's loans.

"It's not the question of financing. We have to go into the problem of Perwaja. Once we get to the bottom of it, we will restructure Perwaja," he said.

Asked if Perwaja could be turned around through privatisation, Dr Mahathir said the government did not wish to be hamstrung in making a decision by giving an answer now.

"If I announce it now to the press, (later) you will say before you wanted to privatise, why don't you privatise. I don't want to commit myself and restrict myself to making decision which is due to some questions being asked," he said.

He said he had received a preliminary report on Perwaja's financial position and operations but he needed to see the full report.

"So on the basis of the preliminary report, I only asked them to continue with the study (on the company's position) and let me have the details. Then we will make the decision," he added.

Asked how Perwaja's loans would be repaid, more so, with the fluctuation in the Yen, Dr Mahathir said the problem did not affect Perwaja alone.

He added: "When we borrow yen, we are paying much more than what we borrowed because of the appreciation of the Yen.

"We have asked the Japanese government to renegotiate the yen loan but they have been unwilling because they say this involves not only Malaysia but all the other countries borrowing from Japan."

Dr Mahathir noted as strange that at the APEC Finance Ministers meeting recently, Japan suggested that Malaysia and Singapore should use their reserves to support the Yen.

"We lost a lot of money borrowing Yen, how can you ask us to support with our reserves. We have to keep our reserves for our own use," he said.

According to press reports, Perwaja, which reported a loss of RM376.54 million for the year ended March 31, 1995, was seeking a moratorium on payment of interest and principal on some of its RM5.7 billion in bank borrowings.

It was reported that several public-listed companies had been invited to form a consortium to help beef up Perwaja, and the government is engaged in talks with these companies.

The steel manufacturer is owned by the Federal government through the Minister of Finance Incorporated and Terengganu state government which holds a 19 percent stake.

Among the companies mentioned in press reports as interested in rescuing Perwaja are the Lion Group, Westmont Industries Bhd., Amalgamated Industrial Steel and Permodalan Nasional Berhad.

Deputy Prime Minister Datuk Seri Anwar Ibrahim said recently the government was not encouraging new loans for Perwaja until the completion of an independent audit on the state-owned company. -- BERNAMA

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