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Mahathir-Perwaja

STEPS STILL BEING TAKEN TO RESCUE PERWAJA

KUALA LUMPUR, April 9 (Bernama) -- Datuk Seri Dr Mahathir Mohamad today gave an assurance that the government is taking all the necessary steps to resolve Perwaja's problems, including acting against anyone, if it is proven that there were irregularities which contributed to the company's RM2.5 billion losses.

However, the prime minister reminded the people that Perwaja, whose establishment involved Yen loans, was already suffering losses from the start following the appreciation of the Yen which affected the company's financial status due to high loan repayments.

"So it suffered losses and the losses are aggravated by inefficient management, making it lose even more. After that we take in someone else as managing director. He succeeded to a certain extent in rectifying the situation but the losses still continue and there are allegations that he committed abuse," he told reporters at Parliament House, here.

Yesterday Deputy Prime Minister Datuk Seri Anwar Ibrahim told the Dewan Rakyat that the preliminary audit report on Perwaja showed that there was mismanagement which caused the company to suffer losses.

Asked to comment on the report, Dr Mahathir said the government was getting all the information on Perwaja's financial status before taking further action.

"But we cannot say there must have been abuse if there is no proof," he said.

He said it was not right for anyone to accuse Perwaja's former managing director Tan Sri Eric Chia of abuse which caused the company to suffer losses without concrete proof.

"We must investigate and if we find that there is a case we will act," he said.

He expressed disappointment that so early in the day there were already parties using the freedom in the Dewan Rakyat to accuse the government of wanting to cover up the problem and of so-called attempts to protect Cheah.

"We are also responsible. We want to resolve this Perwaja problem, its debts and all losses. All the irregularities will be investigated and we will take action against any individual if there is abuse," he said.

Commenting further on the company's performance since its establishment, Dr Mahathir said that besides the losses on the Yen loans, Perwaja, like any other steel company in the world, needed very a large investment but the returns were slow in coming.

He said Japan itself had admitted that it had to wait 15 years to enjoy profits from its investments in the steel industry.

Dr Mahathir said although the government realised the high risk in venturing into the industry, it could not avoid investing because of the country's high consumption of steel at about five million tonnes a year.

"If we don't produce we have to buy. If we buy, there will be a cash flow out of the country and this will draw criticisms from all quarters," he said.

Asked whether the government would sell perwaja if attempts to rescue it fail, he said the proposal must be studied because seldom would the private sector invest in the industry, especially in developing countries like Malaysia.

He said Japan, a developed country, also had to give ample initial assistance to the private companies venturing into the industry.

"The steel industry anywhere is run by the government at the start and nearly all suffer losses," he said, admitting that the government had erred in investing in the industry but adding that it had to do it to complement the other industries in Malaysia.

"We are studying what needs to be done. If we can turn it around, we will do so, if we can sell we will sell. This must be done carefully, we cannot be hasty," he added. -- Bernama

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