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## A tale of true grit

THE story of Perwaja Steel, when narrated to future generations, will be about a country's determination to succeed where it had failed before. Where it was expected to fail even before it started. Many had felt that Malaysia was out of its depth when it embarked on the massive drive to produce its own steel in the 1980s. After all, industries in the US, South Korea and Japan had tripped and fallen over failures in steel. Malaysia, however, was determined from the start to prove the skeptics wrong. That it failed after a promising start - not due to an inherent inability but because of the dark factors inherent in human beings - was heart-wrenching.

It takes grit as much as it takes helping hands to be able to get up after a fall. Under the new Perwaja management, the Malaysian steel industry has displayed a mettle that is not untypical of the Malaysian way of doing things, but rare enough, nonetheless. It takes nerve and a great sense of confidence to rebuild a steel industry. Not only does the steel business require massive input in terms of capital and other resources, it also promises no quick returns. With an ailing venture like Perwaja, commitment at all levels, a lot of investment and a lot of investor confidence is required. The new management must not only be equipped with the necessary expertise and experience to turn around the ailing company, but must have the ability to learn from history and not repeat the fiasco. There is public confidence to deal with as well as the spirit of the workers who are vital in ensuring that operations are efficient and profitable. There is also the question of supply and demand by industries that support steel.

The support of Government, of course, is a major factor in determining how far the rebuilding of Perwaja will go. Perwaja under Maju Holdings is not guaranteed any more success than Perwaja under previous managements. In fact, it faces an even greater challenge in proving that it is, indeed, viable. The Government is certainly aware of this and has been as supportive as it can be to the new management. Prime Minister Datuk Seri Dr Mahathir Mohamad, who visited the Perwaja plant in Kemaman, Terengganu, last December, this week made his presence at the company's Gurun plant. His deputy, and Finance Minister, Datuk Seri Anwar Ibrahim, has also personally inspected the operations. But as Dr Mahathir said, success will not be assured by support from the Government alone. A great portion of Perwaja's future - and the future of the country's steel industry - rests on the shoulders of the management and the employees of Perwaja.

The story so far in Perwaja after it buckled under accumulated debts and losses amounting to about RM6.0 billion sounds almost like a fairy tale. Since Maju Holdings' involvement in the steelmaker about nine months ago, Perwaja's billet production has almost doubled to 100,000 tonnes a month. On a month-to-month operational basis, Maju Holdings has managed to maintain a nominal operational deficit of RM10 million compared with RM40 million previously. Small achievements, no doubt, but the progress shown by the new outfit in Perwaja cannot but restore some confidence in Malaysia actually achieving that elusive success. Despite the uphill task it faces, Perwaja has proved that turning around the operations is not beyond it. In an interview with this newspaper last week, Maju Holdings even spelt out in detail how it will be done. Yesterday, Dr Mahathir opened Perwaja's "Beam Section" complex, the country's first.

Now, another company will come on board to join hands with Maju in ensuring that Perwaja is turned completely around. There are talks about reducing the import of steel and being a net exporter instead. The future looks promising, what with steel capable of being a better alternative to reinforced cement in construction; and there are a lot of construction projects underway and in the pipeline, including the KL International Airport in Sepang, the Multimedia Super Corridor, and Cyberjaya. The story so far is but a few chapters old; a lot more is to come before Perwaja's success story is told.

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