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GOVT WARNING ON NON-FULFILMENT OF MOUS TIMELY, SAYS ANALYST

KUALA LUMPUR, March 21 (Bernama) -- The government's warning and measures on non-fulfilment of memoranda of understanding (MOUs) by many Malaysian companies is timely, an analysts said today.

Viewing the matter with serious concern, the government tightened rules governing MOUs and advised would-be foreign investors to be more wary.

Foreign investors were also advised to check the credentials of Malaysian firms, and the local firms now have to register their companies or intentions with Malaysian embassies abroad, the Malaysian Industrial Development Authority or the Malaysian External Trade Development Corporation (Matrade).

The local stockbroking firm analyst, who specialises in international trade, said the move was an effort by authorities to force local firms to take MOUs more seriously rather than treating them as "just pieces of paper."

To-date, out of 363 MOUs signed with foreign parties, only 186 had been implemented.

This was viewed with serious concern by the authorities and Prime Minister Datuk Seri Dr Mahathir Mohamad said it had tarnished Malaysia's image abroad.

Malaysian companies which had not fulfilled their MOUs were said to have harboured other motives to make quick gains.

Of late, a number of Malaysian firms rescinded or did not act on their MOUs.

Some of them had announced their proposed ventures with a lot of fanfare but the proposals subsequently fizzled out.

Shares of the companies, listed on the Kuala Lumpur Stock Exchange, made handsome gains when investors reacted positively to the grandiose announcements.

International Trade and Industry Minister Datuk Seri Rafidah Aziz hit the nail on the head earlier this week when she said: "To me, when you want to sign up with other parties, be serious and have the commitment to the projects involved... not just signing a paper and forget all about it."

Rafidah warned that the government would blacklist repeat offenders and bar them from functions promoted by the government. She was apparently referring to official trade missions often led by the prime minister.

Over the past few months, one local group had been announcing deal after deal, only to terminate them later.

Interestingly, the announcement of the termination is always tagged on to the announcement of a new deal.

For example, last October, the group said it wanted to team up with a shipbuilding firm in Australia. It also spoke of its intention to set up a naval architecture firm to design light patrol boats for the Malaysian Customs and Police departments.

In January, it announced that it had rescinded the MOU with the vendors because of non-compliance of some of the composite terms and conditions pertaining to its proposed acquisition. The brief announcement was secondary to the main announcement of other proposed acquisitions.

The same group had in the third quarter last year also announced its intention to acquire a 69 percent stake in a theme park and property development company in highland resort area.

About three months later, it said it was negotiating to mutually

terminate the proposal along with some other proposals to acquire hotels in Melaka and Pulau Pinang, and landed properties in Selangor and Negeri Sembilan.

Another local firm said in March last year it was going to sign an MOU with an European firm to produce scooters. To-date, it had yet to materialise.

Yet another local firm, which announced a massive plan for property and resort development in Cambodia two years ago, has yet to attract partners and get the project off the ground.

Some years back, a local firm said it was interested in a massive port project in Iran. That also did not take off.

Some Analysts said, at a time when the government was encouraging Malaysian companies to be more adventurous in venturing abroad and promoting South-South cooperation, such non-compliance gave the country a bad name.

One of them said local firms should be more careful and judicious with their corporate disclosure announcements. -- BERNAMA

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