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MOUs issue can harm ties, says PM

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LOCAL businessmen who do not honour memorandums of understanding they sign with foreign companies not only give the Malaysian private sector a bad name but also risk harming bilateral ties.

Prime Minister Datuk Seri Dr Mahathir Mohamad made this point during talks with visiting Mozambique President Joaquim Alberto Chissano in Kuala Lumpur yesterday.

Briefing reporters after the two-hour, closed-door meeting, Foreign Minister Datuk Abdullah Badawi said it was the first time Dr Mahathir had expressed his displeasure on the matter.

In addition to failing to pursue the MOUs, some Malaysian businessmen even abuse the spirit of the pacts by offering the proposed projects to others in Malaysia for a fee.

"This unhealthy development can tarnish the image of the country's private sector, and the bilateral ties that Malaysia has established with the projects' host nations," Abdullah said.

Dr Mahathir also took the opportunity to inform Chissano that Malaysia's diplomatic office in Harare, Zimbabwe, can help verify the financial strength and capabilities of Malaysian companies planning to sign MOUs with Mozambique, he added.

Abdullah said it is only proper for the Malaysian private sector to act accordingly to honour the spirit of the MOUs.

"We were asked for assistance and cooperation. We intend to offer them our sincere support. The private sector, while making profits from their investments, must do it in an ethical manner," he added.

On Wednesday, the Cabinet decided to make it tougher for local companies to sign MOUs with foreign parties in view of the high number of such pacts not being followed through.

Out of the 363 MOUs signed with some 20 countries in the past five years, 174 have yet to be implemented.

Malaysian companies interested in signing an MOU with foreign interests must now register with the Malaysian embassy or trade office, the Malaysian Industrial Development Authority or the Malaysian External Trade Development Corporation in the host country.

Abdullah said the ministry will direct all its diplomatic offices abroad to help the host countries check up on the capability and financial strength of Malaysian companies that have approached them.

"Whenever they (the diplomatic offices) are informed about major projects, we can find out more about these Malaysian companies for the host countries' governments. We only want bona fide companies to offer their services to the countries," he added.

In places without Malaysian diplomatic offices, Abdullah said, enquiries can be directed to Wisma Putra or the nearest Malaysian diplomatic office.

This new arrangement will help prevent insincere promises being made to foreign parties by Malaysian companies that do not have the capability to see their proposed projects through.

"If Malaysia wants to be a partner in a friendly nation's development, it must offer the host country capable companies to implement the projects so that they can be finished on time, and meet the objectives set.

"We do not want our friends to feel disappointed with our private sector just because some entrepreneurs are only good at making sweet promises," he added.

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