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Perwaja deal may be announced in two weeks

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THE details of the agreement to privatize Perwaja Steel Sdn Bhd may be made known in mid-May, says the national steelmaker's management executive committee chairman Abu Sahid Mohamed.

The announcement will probably be made in conjunction with the visit of Prime Minister Datuk Seri Dr Mahathir Mohamad to Perwaja's Gurun mill on May 12, Abu Sahid said.

When asked if the Prime Minister will be making the announcement, he said: "Maybe, if he is willing to do so".

Abu Sahid, who was speaking to reporters after the signing of a marketing agreement between Perwaja and Ipmuda Bhd yesterday, however said the agreement was still being finalised.

Deputy Prime Minister Datuk Seri Anwar Ibrahim had said in March that negotiations between Maju Holdings and the Government had entered the final stage. It was reported then that the negotiations were expected to be concluded in April.

Under the privatization exercise, Maju would hold 51 per cent of Perwaja, the Government 30 per cent and the Terengganu Government the remaining 19 per cent.

As to whether the Lion Group is still keen on taking up a stake, Perwaja chief executive officer Abu Talib Mohamed said: "As far as I am concerned, based on the letter of offer (from the Economic Planning Unit), they (the Lion Group) are still in as they have not said otherwise."

However, Abu Talib said he did not know whether the Lion Group was taking up the shares. "They do not negotiate with me ... it is the Government's stake (that is in question)," he said.

"To me, the Government has the wisdom of inviting the Lion Group. I respect that ... I can work with anybody as long as the management of the company can be run smoothly."

Meanwhile, Abu Talib said the interim management team under Equal Concept Sdn Bhd had succeeded in reducing Perwaja's losses by RM350 million, nine months after taking over the running of the company.

Monthly operational deficit is now only nominal, having gone down to less than RM10 million, from RM40 million before the company was restructured.

Average production has increased to 100,000 tonnes a month, from 16,000 tonnes a month previously.

"I reckon by 1998, we should be able to show an operational profit," said Abu Talib.

On the agreement with Ipmuda, Abu Talib said the partnership will remove the marketing risk for Perwaja. "Bad debts, slow collection and delivery are all passed over to Ipmuda now."

Under the sole distributorship agreement, Ipmuda will be responsible for the marketing of Perwaja's products such as steel bars, wire rods and sections. Ipmuda is an integrated trading house involved in the marketing and distribution of building materials and services.

Abu Talib said the deal will eventually lead to the formation of a series of steel centres throughout the country.

The first of such one-stop steel products and building materials outlets will be developed in Sungai Besi, Kuala Lumpur.

A proposal has been submitted to the Government, and work on the Sungei Besi centre should start within a year.

"It will be built on an 8.1ha site involving an investment of more than RM100 million," he added.

This particular centre is envisaged to be a steel district. Steelmakers need not shift their factories there, but they maintain on-site trading and engineering operations, explained Abu Talib, adding that other steelmakers are welcomed to participate in the project.

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