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PM: Lion may take up 30pc in Perwaja (HL)

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THE privatization of national steelmaker Perwaja Steel Sdn Bhd may see the participation of the Lion Group as one of the shareholders under an agreement which will be signed soon.

Prime Minister Datuk Seri Dr Mahathir Mohamad said the Lion Group may be taking up 30 per cent of Perwaja's equity.

"It has been decided that Maju Holdings will be the majority shareholder (51 per cent). We proposed to get Lion involved, for a 30 per cent stake, and the remaining interest will be held by the Federal and State Governments," said Dr Mahathir.

Of the 19 per cent government stake, the Federal Government is taking 14 per cent and the Terengganu Government 5 per cent, Dr Mahathir told reporters in Gurun, Kedah, yesterday after opening Perwaja Steel's beam and section plant.

Asked to comment on the Lion Group's participation, Dr Mahathir said the company had never withdrawn from the privatization proposal. "They never withdrew. They have expressed interest but they were negotiating the terms. I hope they will come in, but I am not sure."

Dr Mahathir also said it is up to Maju and Lion to discuss whether the latter will also have a role in the management of Perwaja.

The price the parties are paying for their stakes will be made known when the agreement is signed, which may take place soon, the Prime Minister added.

Perwaja executive committee chairman Abu Sahid Mohammed told reporters he expects the agreement to be signed this week.

Perwaja's future, Dr Mahathir said, looks promising as the company will start on a clean slate. "They will not have to carry the burden of debts incurred before. The debts are being taken over by the Government."

The actual amount of debts that the Government is assuming is less than RM3 billion, Dr Mahathir said. According to Abu Sahid, when the new shareholders pay for their respective stakes in Perwaja, the debts that the Government needs to write off would fall to less than RM2 billion.

On measures to prevent mismanagement at Perwaja, Dr Mahathir said: "Those days Eric Chia was running the plant for the Government. He was not a shareholder. Maju is the majority shareholder, if they want to lose money it is up to them."

In his address, Dr Mahathir said the Government is determined to ensure the success of the steel industry.

This is partly because the industry is often used as a yardstick to measure a country's economic progress. "Malaysia should realise this and ensure that our steel industry keep pace with the country's economic progress," he said.

Dr Mahathir expects the demand for steel products in the country to remain high in view of Malaysia's rapid development and the implementation of big projects like the Kuala Lumpur International Airport, and the Multimedia Super Corridor and Cyberjaya.

Medium and heavy steel sections produced at the Perwaja Steel complex in Gurun will provide an alternative to reinforced concrete currently widely used in structural construction work.

The plant is the first of its kind in Malaysia and was established as part of the steel company's efforts to emerge as an integrated steel producer.

Steel for construction purposes is about six times stronger than reinforced concrete, the Prime Minister pointed out, adding that the quality of Perwaja's products is high and meets international standards.

The use of steel in construction also saves time and costs while reducing dependence on manual labour. In addition, Dr Mahathir said, steel can be re-processed and is therefore friendly to the environment.

Increased use of steel can also ease problems related to the periodic shortage of cement, he added.

"As such, steel is a material that should be widely used in the domestic construction sector," he said, adding that construction consultants, including architects, engineers and contractors should explore new uses for the material.

"Our ability to come up with alternative uses for steel will determine the success of the industry and the country's industrialisation process," the Prime Minister said.

Although Perwaja had faced problems in the past, Dr Mahathir said he is confident the company will learn from its mistakes.

In reminding the workers at the plant not to give up easily or to leave things to fate, he said: "We must work and work with full commitment."

He however was pleased with the diligence shown by the workers at the Gurun complex, saying he had also noticed the high morale when he visited Perwaja's complex in Kemaman, Terengganu, last December.

Stressing that domestic demand for steel is expected to increase significantly, Dr Mahathir called on Perwaja, as a pioneer in the local steel industry, to be proactive and put in place comprehensive and practical plans to meet the anticipated high demand.

Later, the Prime Minister witnessed the signing of a memorandum of understanding between Perwaja and Universiti Teknologi Malaysia's Steel Technology Centre.

With the MOU, STC will assist Perwaja to disseminate knowledge on steel and enhance research and development.

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