

Financial adviser won't charge unless it succeeds

SALOMON Smith Barney will not impose any charges for its advice unless it has succeeded in helping the country obtain loans from the international market.

Prime Minister Datuk Seri Dr Mahathir Mohamad said the company would, however, claim any expenditure in its role as a financial adviser to the Government subject to the maximum limit that had been agreed upon.

"The role of Salomon Smith Barney is to advise the Government in the re-

structuring and recapitalisation of the banking industry, and to implement the financing programme for the Government.

"We believe it has excellent ability and objectivity in carrying out its duties," he said in a written reply to Lim Guan Eng (DAP - Kota Melaka) dated Oct 21, which was made available yesterday.

Lim had asked the minister to list the company's advantages over other financial institutions in its role in assisting the Government, its positive im-

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pact on the national economy and the cost of its appointment.

Dr Mahathir, who is also First Finance Minister, said Salomon Smith Barney had a good record to prove its capability in assisting the Government to get foreign currency loans, and in promoting the country's real economy to boost the perception of foreign investors.

"Salomon Smith Barney is a member of the Travelers Group which recently announced its merger to Citicorp Group in April next year. The new merg-

er group Citigroup Inc will be the biggest financial institution in the world," he said.

Dr Mahathir said the financial adviser had also played an important role as the main manager of the country's first issuance of American dollar fixed rate bonds in 1990 and for the issuance of American dollar bonds by Petronas worth around US\$1.9bil in 1996.

"As an investment bank, Salomon Smith Barney has a clear division of roles where the trading activities of bonds and

currency are not combined with its advisory activities.

"The trading of bonds and currency are usually done on behalf of its clients as proprietary trading and this could open institutions to risk in cases of market collapse," he said.

Finance Ministry parliamentary secretary Datuk Dr Shafie Mohd Salleh said the Government had decided to inject additional funds of up to RM1.7bil under the Export Credit Refinancing (ECR) scheme due to

overwhelming response from local exporters.

He told Abdul Rahin Mohd Said (BN - Kuala Nerus) that the financing scheme, which was only available for manufacturers and agricultural producers targetting the export market, now amounted to RM3bil.

"On July 16 this year, the maximum financing limit for each exporter had also been raised from RM25mil to RM50mil to allow exporters from small and medium industries to participate in the scheme," he said.