

16/10/1998

PM: Renong's plan approved by Anwar

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THE RM10.5 billion debt restructuring plan proposed by Renong Bhd last Friday was agreed to in principle by former Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim.

Explaining that the Government has yet to approve the proposal, Prime Minister Datuk Seri Dr Mahathir Mohamad said Renong executive chairman Tan Sri Halim Saad had informed him recently of Anwar's decision.

"We have not decided whether to approve it or not, but the approval in principle was given by Anwar. This is what was related to me by Tan Sri Halim," he told newsmen after chairing a two-hour Dewan Rakyat and Dewan Negara pre-council meeting in Kuala Lumpur yesterday.

Dr Mahathir was asked whether the Government would sponsor bond issues for other companies such as DRB-HICOM and Malaysia Airlines following Renong's announcement.

Among other things, Renong had proposed paying off the group's debts by issuing Government-backed bonds based on the future cash flow and tax receipts of Projek Lebuhraya Utara Selatan (PLUS), a wholly-owned subsidiary of stablemate United Engineers (Malaysia) Bhd.

"This Renong thing has not really been settled. It is something that was put before Anwar by Renong and he (Anwar) gave his verbal approval.

"That is what I learnt from Renong. When I was first asked this question, I really did not know what proposal Renong had made...

"Now that I have been given some information ... I think it is something worthwhile studying. I have to study this carefully to see how it would benefit Renong and whether it will have any adverse effects on the Government," he said.

The Government's approval will depend on whether it is good for the country, Dr Mahathir said.

"We are still studying it ... it has not been approved yet. But if it is a good proposal, we don't care whether they (Western media) call it a bailout or not ... we will do it," he said, without indicating when a final decision can be expected.

The Government will not be influenced by the West's "no bailout" campaign when making its decision.

"If a proposal is good, we have to study," he said, when asked again whether the Government will consider similar proposals by other companies.

Slamming the Western critics as hypocrites, Dr Mahathir said the West would insist "we should not do something but they themselves would go ahead and do it".

"For example, in the case of Long-Term Capital Management (LTCM), a US-based hedge fund, they used public funds, and get the banks to bail it out. They have investment in LTCM and they bail it out with public funds, which is worse than anything we have ever done," he added.

LTCM had suffered billions of US dollars in losses, Dr Mahathir said, and the US Federal Reserve had to ask banks to put up some US\$3.5 billion (US\$1 = RM3.80) to rescue the fund, in which certain bank directors had investments.

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