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Association against Tenaga's bid to buy into Uniphone

THE Malaysian Electric Cable & Wire Association yesterday claimed that the proposed acquisition of Uniphone Cables Sdn Bhd by Tenaga Nasional Bhd would create a monopolistic manufacturing environment and reduce competitiveness in the cable industry.

Chief executive officer Datuk Tuffile Nawab Din said, in a statement, at present the production capacity of the manufacturers exceeded demand in the domestic market.

In addition, manufacturers depended on Tenaga Nasional for at least 50 per cent of their orders.

"Manufacturers supply to Tenaga power cables such as low and medium voltage power cables as well as conductors," he said.

Tuffile was responding to Tenaga's announcement that it was proposing to acquire a 60 per cent stake in Uniphone Cables, a telephone wires and power cables manufacturer.

Despite the association's numerous protests and appeals to the relevant authorities, the Ministry of Finance has approved in principle Tenaga Nasional's proposal to purchase 60 per cent of Uniphone Cables.

The association had submitted a written protest to Prime Minister Datuk Seri Dr Mahathir Mohamad, his deputy Datuk Seri Anwar Ibrahim and several ministries including the Finance Ministry, International Trade and Industry Ministry and the Securities Commission.

Tuffile said public interest was also at stake if the acquisition of Uniphone Cables took place.

The major shareholders of some local cable companies are Permodalan Nasional Berhad, Lembaga Tabung Angkatan Tentera and the Employees' Provident Fund, he said.

He added that due to the economic situation, most cable manufacturers were utilising less than 50 per cent of their production capacity.

Tenaga Nasional, which had been one of the largest purchasers of cables, has also announced that it was reducing its capital expenditure budget to RM4 million this year, from RM9 million last year.

Tuffile said the association hoped the authorities would review the proposal as the survival of the local cable industry depend on it.

"We are protesting against the approval given and we are appealing to the relevant authorities to exercise prudence and fairness through their good offices to review the said decision," he said.

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