

15 OCT 1998

PM-RENONG

BOND ISSUE PROPOSAL STILL UNDER STUDY, SAYS MAHATHIR

KUALA LUMPUR, Oct 15 (Bernama) -- Datuk Seri Dr Mahathir Mohamad said the government is still studying Renong's proposed bond issue to restructure the group.

The prime minister said he had been given some information about it and thought that it was something worthwhile to study.

"We haven't decided on whether to approve it or not," he told reporters after chairing the Dewan Rakyat and Dewan Negara Pre-Council Meeting here today.

Dr Mahathir said he had been informed by Renong that an approval in principle was given by former Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim when Renong put up the proposal.

Renong recently announced a RM10.5 billion government-backed bond issue under a restructuring plan to repay the debts of the group.

Infrastructure Development Corporation Bhd, which will be wholly-owned by Minister of Finance Inc, will back the bonds issued by Renong.

The move is to various national and strategic infrastructure projects undertaken by the Renong group are not jeopardised and ensure that the debts owed to creditors will be paid.

The prime minister, in responding to a question whether the government would consider similar bond issues for other troubled Malaysian companies, said:

"But I must say this...if it is a good proposal, we don't care whether they call it a bail-out or not. If it is good for the country, we will do it."

He said the matter needed to be looked into properly to ascertain how it would benefit Renong and whether it would adversely affect the government.

Dr Mahathir said Malaysia could not be influenced by the no bail-out campaign championed by the West which had actually acted contrary to this stand.

Citing the case of the recent collapse of the Long-Term Capital Management (LTCM), he said public funds were used to bail it out with the American Federal Reserve asking other banks to put up billions of dollars for the purpose.

"This is worse than anything that we have ever done...those people are hypocrites as far as I am concerned. They say we shouldn't do it but they do it."

The prime minister also took a swipe at the foreign media for adverse reporting on the country which affected, among others, its tourism industry.

He said this was done by broadcasting footages of certain demonstrations in Malaysia to make it appear as if the country was experiencing political instability.

"We have a political problem but it is not political instability," Dr Mahathir said.

-- BERNAMA

MAM RAZ SHY