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MAHATHIR-BRITISH TELECOM

BT'S BINARIANG INVESTMENT A SIGN OF CONFIDENCE IN M'SIA, SAYS PM

KUALA LUMPUR, Oct 7 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today hinted that foreign investors were already engaged in discussions to acquire equity in local banks.

"I think there is some talk at the moment but I do not know whether they have materialised," he said when asked whether foreign parties had submitted applications to invest in local banks.

The Prime Minister said he was not aware if there were any applications to this end but added that Malaysia welcomed foreign investments in the banking sector.

He said this during a press conference held to mark the completion of a shareholders' agreement between local telecommunications company Binariang Bhd and British Telecommunications Plc.

BT completed its subscription for a 33 percent stake in Binariang for RM1.8 billion.

The function was also attended by Energy, Telecommunications and Posts Minister Datuk Leo Moggie, Binariang chairman Tun Hanif Omar and BT's Asia Pacific Region managing director Richard Slogrove.

Asked further on foreign investments in the banking sector, Dr Mahathir said: "Well, we have investments (by foreign investors) but we have certain limitations on the percentage held by foreigners."

Currently, foreigners are limited to a 30 percent stake in Malaysian banks but they can hold a controlling 51 percent stake in insurance companies.

To a question whether the government would relax the limit on foreign shareholding in the banking sector, he said "that at the moment, we don't see the need yet."

"But sometimes banks have some problems and need fresh injection of funds," he said.

This, he said, was being taken care of by Danamodal Nasional Bhd and Pengurusan Danaharta Bhd, which would recapitalise weak banks and buy over the banking sector's non-performing loans.

Nevertheless, he said "we welcome foreign investors in the local financial sector."

Commenting on the completion of the shareholders' agreement between Binariang and BT, he said he welcomed the investment made by BT in Binariang which has sent two satellites into space, saying it was an expression of investor confidence in Malaysia.

"We will always welcome foreign investors, (be it) on their own or (through) setting up joint ventures with Malaysian counterparts, said Dr Mahathir.

He said "that all in all, the Binariang and BT deal is a very good partnership which the government encourages."--BERNAMA

RIZ MR/SHY