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PM: Equity move a temporary measure (HL)

THE Government's proposal to allow non-Bumiputeras to acquire stakes in Bumiputera companies is a temporary measure aimed at assisting companies which are currently facing problems, Prime Minister Datuk Seri Dr Mahathir Mohamad says.

It is also in line with the National Development Policy which places emphasis on the quality, rather than quantity, of Bumiputera participation in the economic sector, he said.

"It is better to save something than let things be destroyed completely," Dr Mahathir told reporters in Kuala Lumpur yesterday after attending a Chinese New Year luncheon with members of the Cabinet.

The decision will not affect the actual level of Bumiputera equity very much as it is applicable only for certain cases, he said, adding that in any case many companies previously owned by non-Bumiputeras, including banks and big construction companies, are now Bumiputera-owned.

On Tuesday, Economic Adviser to the Government and National Economic Action Council (NEAC) executive director, Tun Daim Zainuddin, told the foreign media at a briefing that non-Bumiputeras may be allowed to buy Bumiputera stakes in companies.

Asked how many companies will be affected by the decision, the Prime Minister said: "In most cases, the Bumiputera majority is maintained... but we will allow them in certain cases."

Dr Mahathir also said it is still a general decision, the guidelines for which are being worked out.

On whether foreign companies would also be allowed to acquire stakes in Bumiputera companies, Dr Mahathir said: "That we have not decided."

As for previous proposals that Permodalan Nasional Bhd (PNB) be allowed to acquire shares in Bumiputera companies facing problems, the Prime Minister said the resources of the investment agency are limited.

The Government is aware that the decision would face objections, especially from Umno members, he said.

"There will be complaints... but we can show that many Bumiputeras have now bought over non-Bumiputera properties, non-Bumiputera companies, non-Bumiputera banks... they now belong to Bumiputeras," he said.

Meanwhile, MCA president Datuk Seri Dr Ling Liong Sik said the move is enable Malaysian companies to remain in Malaysian hands.

"It is a sound idea and I feel the whole essence of the thinking is that Malaysian treasures should remain in Malaysian hands," he said.

Umno Youth head Datuk Ahmad Zahid Hamidi said priority should be given to Bumiputera firms that are strong and competitive to take over ailing Bumiputera companies.

"If there are no able Bumiputera companies then the offer should be extended to the local market, but not to foreigners," he said in a statement.

Ahmad Zahid suggested that the NEAC make a detailed study on an appropriate method of takeover, and submit the report to the Cabinet to ensure that the Bumiputera agenda is protected.

He expressed Umno Youth's confidence in the Government to help Malaysia overcome the economic challenge.

"Umno Youth is also confident that the Government will not discard the long term objectives of the New Economic Policy and I will meet the Economic Adviser to the Government Tun Daim Zainuddin since we are

concerned that what was reported in the media, especially the foreign ones, was not what he meant," he said.

Gerakan central committee member Dr S. Vijayaratnam said the Government should identify genuine rescuers based on capability and knowhow.

"If there are capable Bumiputeras, they should also be given the chance," he said in a statement.

The National Chamber of Commerce and Industry of Malaysia welcomed the proposal, describing it as a "business proposition."

"I think the issue here is not whether there will be a dilution of Bumiputera stakes," its executive director Adnan Ariffin said.

It is a business decision that is aimed at helping companies which are facing problems arising from the market turbulence and is one way to improve the economy and restore investor confidence," he said.

Deputy secretary-general of Associated Chinese Chambers of Commerce and Industry of Malaysia, Mr David Chua, described the move as "a step towards greater multi-racial cooperation and participation."

Analysts saw the decision as a bold move which should boost investor confidence in the Government's efforts to strengthen the economy.

It shows that the Government is serious in addressing the current economic problems, the said.

Kumpulan Guthrie group chief executive Datuk Khalid Ibrahim said the measure will create opportunities to revive buying support for shares on the Kuala Lumpur Stock Exchange, adding that the corporate sector should take the initiative positively.

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