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FDIs like BT-Binariang deal always welcomed

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THE Government has and will continue to encourage foreign investments like the just-concluded deal between British Telecommunications Plc (BT) and Binariang Bhd, including in the financial sector, says Prime Minister Datuk Seri Dr Mahathir Mohamad.

Speaking to reporters at a function to mark the completion of a shareholders' agreement between BT and Binariang, Dr Mahathir said good partnerships between local and foreign parties which translate into transfers of new ideas and technology are always welcomed.

Asked whether this applies to the financial sector as well, the Prime Minister said: "We already have (foreign) investors in the banking sector, but there are certain conditions."

Malaysia places a 30-per cent cap on foreign ownership of local banks.

On whether the Government foreign participation will be relaxed further, he said: "At the moment, we don't see any need... if we are pressed for funds, we might."

Asked if any foreign banks are in talks with their local counterparts and if the Government has received applications for foreign banks to come in, Dr Mahathir, who is also First Finance Minister, said: "I think there were some (talks)... but I don't know whether they have materialised or not."

Meanwhile, managing director of BT Asia Pacific Richard Slogrove dismissed suggestion that the British telecommunications giant was having second thoughts about its investments in Malaysia following the introduction of exchange control measures.

"BT's commitment to Malaysia has not wavered... we are here to stay... BT is never a fairweather friend," he said. "The fact that we anticipate the transfer of funds to be done shortly speaks more eloquently than anything I can say."

Under the agreement which was announced on July 24, BT is taking up a 33.3-per cent stake in Binariang for RM1.8 billion cash.

Slogrove said in the past three months, BT has invested US\$1 billion (US\$1 = RM3.80) in Asia.

"Almost half of this came to Malaysia, our biggest single investment in the region."

He also said BT has started negotiations to buy a stake in another Asian telecommunications company. He declined to give details.

Binariang's shareholding structure is now Usaha Tegas Sdn Bhd and Bumiputra institutions, including Permodalan Nasional Bhd (54.1 per cent), BT (33.3 per cent) and MediaOne International (12.6 per cent).

The British company will have four directors on the board of Binariang.

On BT's role, Slogrove said while his company is a minority shareholder, it will nevertheless not be a passive investor.

Binariang chief executive Jamaludin Ibrahim said the RM1.8 billion in fresh capital will be invested in network expansion, primarily that of its cellular services.

Its Maxis cellular network, with a capacity to serve 550,000 users, has a subscriber base of 490,000, while the fixed-line network has 30,000 lines, with room to expand to 200,000 lines.

Jamaludin said Binariang intends to reactivate its plan to expand the company's fixed-line services, the timing of which depends on the economic environment.

Also present at the function were Minister of Energy, Telecommunications and Post, Datuk Leo Moggie and Binariang chairman Tun Hanif Omar.

Leo Moggie said the Government has no plan to defer the launch of equal access, scheduled for January 1 1999.

He was responding to questions on whether the launch might be delayed by objections from certain quarters.

"We recognise that there will always be two sides (to an argument). The incumbent operator would argue one way, the new operators another," he said.

The regulators had played mediator in this instance and made its decision.

"I hope all the players are now committed to its implementation in 1999," he added.

"Investments (in telecommunications) have been made not just by one company. We need to make sure that all companies are given a fair chance in the business."

On the merger talks between Technology Resources Industries (TRI) Bhd and Time Telecommunications Sdn Bhd, Leo Moggie said the ministry is not involved and he is therefore not able to comment on it.

"I really don't know (if the deal will go through)... the ministry will only be involved if the terms of the licence are affected, for example if there is a change in foreign equity... otherwise we leave it to the market players themselves."

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