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Mahathir-Interest

INTEREST RATES TO BE LOWERED, SAYS MAHATHIR

KUALA LUMPUR, July 13 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today the government will directly or indirectly try to lower interest rates in Malaysia to enable companies continue their business.

" We (the government) will try to bring down the rates. Whether directly or indirectly, we will lower the rates so that companies can take loans to go on with their business," he said.

He said the government was taking various measures to save the companies in financial difficulties due to the sharp drop in the value of their shares as a result of the economic slowdown and currency crisis.

One of the measures is the setting up of the asset management company Pengurusan Danaharta Nasional (Danaharta) Bhd, which would take over problem-riddled companies and buy up their non-performing loans from banks, he told reporters after recording a television programme at Angkasapuri.

Asked whether conditions would be imposed on companies receiving help, Dr Mahathir said the companies would be subjected to certain conditions.

He, however, did not disclose what are the conditions.

He said companies taken-over by Danaharta would be managed in accordance with advice from accredited bodies to ensure prudent and efficient management.

" We will have many more companies facing problems but we cannot take over all of them. We will study how the companies are managed and will offer pointers to ensure their finances are managed prudently," he said.

Asked whether there would be tight control over such companies, Dr Mahathir said indirect controls would be imposed to ensure money borrowed from banks were spent only for the companies' interests and not for other unhealthy practices.

Asked why the government did not acquire the problematic companies through the existing government agencies, he said the government could not do so.

Dr Mahathir said setting up of Danaharta was a normal practice in developed countries including in the United States to save companies in financial quandary.

" When they find many companies collapsing or one big company on the brink of folding up, they will take over the company to ensure it does not go bust because if it becomes bankrupt, business cannot go on.

" (Similarly in Malaysia) By taking over the companies, they can still carry on with their business under the watchful eyes of Danaharta," he said.

On the sale of local firms' shares to foreign companies, Dr Mahathir said local companies in financial woes were dependent on foreign companies for additional capital as they could not obtain loans and were cash-strapped.

" If they want to sell their shares locally, many companies do not have cash and cannot borrow money. Hence, they are forced to depend on foreign firms. Nevertheless, we will limit their share ownership so as they do not gain control of the company," he said.

Asked to comment on the incessant negative reports by the Singapore media on Malaysia particularly on the KL International Airport (KLIA) in Sepang, Dr Mahathir said they had the right to report including adverse reports on Malaysia although some of them were found to be baseless.

"It is their right to do so although sometimes it is without basis. This make us unhappy but we do not do likewise," he said.

Dr Mahathir said the foreign media's inclination to portray a negative image of Malaysia has been prompted by the local mass media which sometimes washed dirty linen in public.

" Sometimes, we like to harp on our own weaknesses and foreigners will take the cue from such reports," he added.

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