

20/04/1998

Mahathir urges stockbroking companies to merge

Lokman Mansor

BROKERAGE firms should merge so that they can be financially stronger in the face of the current economic situation, Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday.

"Mergers of banks is one thing, but we have too many brokerage firms and finance companies. They should all come together and become big companies so that they have greater power of resistance," he said.

Dr Mahathir was speaking at a press conference at the Sultan Ismail Airport at the end of his two-day official visit to Johor. He was asked whether mergers among companies other than banks should be advocated to strengthen their positions.

Securities Commission (SC) executive chairman Datuk Dr Munir Majid had last December called on local stockbroking firms to merge into bigger entities to be stronger in terms of management capabilities and financial strength.

Munir had said the SC was not just interested in encouraging mergers among stockbroking companies, but also acquisitions by stronger entities.

Dr Mahathir also said the Government is prepared to takeover infrastructure development on its own or together with the private sector if the latter cannot afford to do so.

"We feel that a lot of the infrastructure development should be done by the private sector, but if they cannot afford to do it, then the Government can do it or participate in the development," he said.

Dr Mahathir said one important condition is that the Government's involvement does not compete with the private sector.

The Prime Minister was asked to comment on the Johor State Government's establishment of an infrastructure arm to undertake infrastructure projects in the State.

Earlier in his speech, Dr Mahathir said although critics may claim that it is wasteful or foolish to invest in expanding infrastructure such as airports, such expenditure was necessary as the Government is planning for the future.

"If development only takes into account present conditions, then soon we will need to upgrade again when the capacity is no longer adequate," he added.

The Prime Minister recalled how the Government was criticised by the foreign media when it first built the airport in Johor, as well as when the Kuala Lumpur International Airport was moved from Sungai Besi to Subang.

"Now we see that we actually need to expand these airports to meet increasing demand. Malaysian airports need constant expansion, sometimes once every two years. This means we know to plan for the future," he said.

Dr Mahathir said Malaysians must be confident that the country will see robust growth again, despite the minor problems faced today, and will therefore need improved infrastructure.

About RM85 million was invested in the new terminal building, increasing its capacity to 1.2 million passengers this year and 3 million passengers by 2005. The airport apron is big enough to handle five Boeing 737s at any one time compared with only two previously.

There are now two arrival and two departure halls, a MAS Golden Lounge and three VIP rooms. Another new feature of the airport is the installation of four aero-bridges for passenger comfort and convenience

during boarding and disembarkation.

Earlier, when launching an integrated farming project in Kulai, the Prime Minister said Malaysia is blessed with fertile land, sufficient rain and warmth to facilitate farming activities.

"But saying we are thankful is not enough. We must make full use of what God has given to us. The way to do this is to ensure that we derive maximum benefit from the land," Dr Mahathir said.

He said the integrated farming project, where cattle is bred in oil palm plantations, is one example of maximizing existing resources.

"Although palm oil is already seeing increased profits because it is sold in US dollars, we still need to work to get the most out of the land and produce food to replace imports which have also increased. Therefore the use of fertile land today is more important than before," Dr Mahathir said.

Only 20,300 tonnes or 20 per cent of the demand for meat is met by local producers. In 1997 67,400 tonnes of meat worth RM300 million were imported.

Johor Menteri Besar Datuk Abdul Ghani Othman said there are 1.6 million hectares of oil palm plantation in the country that are suitable for this type of integrated farming project, including over 1 million acres in Johor.

He said the project is commercially viable and provides added value to the plantation of about RM200 per ha per year.

"By breeding cattle in the plantations, their owners can save between 30 per cent and 50 per cent in fertiliser costs. This is also environmentally-friendly," Abdul Ghani said.

(END)