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PM: We'll find ways to lower cost of funds

KUALA LUMPUR, Mon. - Prime Minister Datuk Seri Dr Mahathir Mohamad said today the Government would directly or indirectly find ways to lower the cost of funds to enable companies to continue in business.

Dr Mahathir said the Government would try to bring down interest rates so that companies can take loans to go on with their business.

High interest rates have resulted in many companies facing difficulties to conduct their business.

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

One of the measures is the setting up of the asset management company Pengurusan Danaharta Nasional Bhd, which will take over problem-riddled companies and buy up their non-performing loans from banks, he said 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, but did not reveal them.

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

Asked whether there would be tight control over such companies, Dr Mahathir said indirect controls would be imposed to ensure money borrowed from banks was spent only in the companies' interests.

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

"(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:

"If they want to sell their shares locally, many companies do not have cash and cannot borrow money.

"So they are forced to depend on foreign firms. Nevertheless, we will limit their share ownership so they do not gain control of the company."

On the incessant negative reports by the Singapore media on Malaysia particularly on the Kuala Lumpur International Airport, Dr Mahathir said:

"It is their right to report although sometimes it is without basis."

Dr Mahathir said the foreign media's inclination to portray a negative image of Malaysia has been prompted by the local media.

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

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