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`Positive news from Danamodal or Danaharta soon'

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DANAMODAL Nasional Bhd is in the final stages of negotiations to recapitalise the country's financial institutions while Danaharta Nasional Bhd has entered into serious discussions with banks and companies to acquire non-performing assets.

"I think... in a matter of days, one of the institutions will make some positive announcement," Deputy Prime Minister Datuk Seri Anwar Ibrahim said in Kuala Lumpur yesterday.

"Bank Negara has identified some banks... its officers have the figures for Danamodal, while Danaharta has begun negotiations on pricing and due diligence... this is not easy," he added.

Anwar, who is also Finance Minister, was speaking to reporters after receiving RM10 million in contributions to the Special National Fund from 17 organisations at his ministry.

He was asked for an update on the progress achieved by the various agencies set up as part of the Government's special efforts to bolster the economy.

The Government has in the past two months put in place Danaharta, to purge the banking system of non-performing loans; Danamodal, to recapitalise financial institutions; and the Corporate Debt Restructuring Committee, to provide debtors and creditors with a platform to work out mutually acceptable schemes.

It was reported that Danamodal has shortlisted a number of financial institutions for possible capital injection totalling between RM2.5 billion and RM3 billion.

Asked about the "shocking" measures which Prime Minister Datuk Seri Dr Mahathir Mohamad had said the Government would take to revive the economy, Anwar said they will be announced in due course.

Dr Mahathir had said the additional measures may be introduced in the 1999 Budget to be tabled in Parliament in October.

On the Government's plans to intervene on the stock market, Anwar said the matter is being studied in a comprehensive manner, which means viewing the exercise against the objectives of Danamodal and Danaharta, as well as the interests of the nation as a whole.

On how big a role government institutions like Lembaga Urusan dan Tabung Haji and the Employees' Provident Fund (EPF) would play in purchasing shares, Anwar said: "They have been doing it. It is important to get this right. They have investment panels to look into these things".

"In the case of Tabung Haji, there are certain guidelines which includes the types of counters they are allowed to buy into.

"EPF too has been investing for some time in substantial amounts. As such we should not preclude them from continuing to do so, given their confidence (in the market)... and not be dictated by the temporary pessimism," he added.

These funds base their investment decisions on the strength and potential of the target companies, Anwar stressed.

On the question of a possible moratorium on pledged shares, Anwar said while the issue has not been specifically "touched", the entire spirit of corporate debt restructuring exercise is to ensure that banks do not make hasty decisions like making margin calls or foreselling, while the companies on their part do not rush to the courts for protection.

Asked at what level he wished to see the Kuala Lumpur stock market, and

when he would go abroad to raise capital, his answers were: "Much higher... and soon".

Earlier, Anwar said in his speech that Malaysia can afford to continue borrowing from abroad as the external debt burden constitutes less than 6 per cent of its exports.

The Government, he said, is fortunate that it had settled much of its outstanding external debt before the currency crisis surfaced last year.

Malaysia is also comfortable with the net foreign reserves as of July of RM57.8 billion, which are sufficient to finance 3.5 months of retained imports, Anwar said.

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