

04/08/1998

Telekom has option to expand in Africa (HL)

Ahirudin Attan

TELEKOM Malaysia Bhd, already among the largest investors in Africa with projects in four countries, has been talking to parties from other countries asking it to spread its wings in the continent.

Chief executive officer Datuk Mohamed Said Mohamed Ali told Business Times in Swakopmund, Namibia, he has held discussions with representatives from four or five other African nations.

Telekom, however, is in no hurry to go into new ventures in view of the economic problems at home.

"There is a lot of interest (in Telekom) and there are lots of opportunities. We'll consider the options," he said.

Telekom leads other Malaysian companies which are doing fairly well in Africa, despite the economic downturn in Malaysia which has forced some Malaysians to downsize their projects in the continent or divest completely.

Mechmar Corp Bhd, Serting Group, Country Heights Group and Southern Bank Bhd, which were represented in the business delegation accompanying Prime Minister Datuk Seri Dr Mahathir Mohamad on his latest southern African trip, have all made significant inroads in the continent.

In the case of Telekom, it has just re-emphasised its presence in Johannesburg with the launch of the Kampung Siti Hasmah (named after the Prime Minister's wife), where over 20 of its staff and their families live.

The telecommunications giant is the single largest foreign investor in South Africa, by virtue of its acquisition of a 12-per cent stake in SA Telecom valued at more than US\$500 million (US\$1 = RM4.18).

Mohamed Said said to date Telekom has pumped over US\$600 million into its projects in South Africa, Malawi, Ghana and Republic of Guinea.

He declined, however, to name the other countries with which Telekom has started discussions. "These are very serious discussions, but preliminary. We will study the opportunities."

Telekom's existing projects are progressing well although some had been held back by bureaucratic hitches. In Ghana, where it has 30-per cent equity in Ghana Telecoms, Telekom has a contract to provide 228,000 fixed lines and 15,000 payphones by the end of this year.

In a meeting with Dr Mahathir in Swakopmund, Ghana vice-president Prof. John E. Atta-Mills singled out the Telekom investment for mention, saying the venture has also transferred more professional and productive work ethics to the locals.

In Malawi, Telekom has a 60-per cent equity in Telecom Network Ltd Malawi.

Mechmar, which is the single largest foreign investor in Tanzania, is expected to complete this month its US\$150 million, 100-megawatt power plant to supplement the country's hydro power project.

Its managing director Datuk Baharuden Majid said in an interview in Johannesburg that he expects commercial operations to begin next month.

Baharuden, however, is not looking at other options as yet. "We want to make sure this one gets going."

Mechmar, which is represented in Tanzania by its 70-per cent owned subsidiary Independent Power Tanzania Ltd, was involved in a controversy in April when Baharuden was reportedly deported after negotiations on tariffs broke down.

The Malaysian investor said ties with the Tanzanian Government and officials are now amicable.

Mechmar has no other interests in Africa as yet but operates the third largest boiler manufacturing plant in the UK which serves the African as well as the West Asian markets.

Country Heights has hit gold in the form of its Pecanwood Estate project just outside Johannesburg, two years after its group managing director Tan Sri Lee Kim Yew signed the papers with a local party aboard a helicopter that was flying him and other executives over the area.

"We are re-investing here, there is a lot of interest in what we are doing now," he told Malaysian journalists at the project site, before it was launched by Dr Mahathir.

Country Heights has acquired another piece of land near Pecanwood in the hope of repeating the success.

Serting has already completed the infrastructure and building for a Malaysian Trading House in Cape Town. The trading house will display Malaysian products from furniture to electrical goods to penetrate markets in Africa.

Its chief executive officer Yaakob Arshad said he has already received bulk orders from South African distributors.

There are also possible synergies among the Malaysian companies in Africa. Country Heights and Serting, for instance, may enter into an agreement for the Malaysian Trading House to supply furniture and other household products for Pecanwood homes.

Malaysians are also making a name in banking. Southern Bank launched its bank in Johannesburg and a new name and logo in Maputo, Mozambique. The International Commercial Bank also opened operations in Maputo recently, while Denko Industrial Corp has a 40-per cent stake in Ghana Commercial Bank, which has 125 branches in Ghana and one in London. A Malaysian runs another bank in South Africa.

(END)