

23/10/1998

PM: Salomon hired to advise Govt on banking revamp

Eirmalasare Bani

PRIME Minister Datuk Seri Dr Mahathir Mohamad told the Dewan Rakyat yesterday that Salomon Smith Barney (SSMB) was hired to advise the Government in its restructuring and recapitalising of the banking industry and implement the financing programme.

In a written reply to Lim Guan Eng (DAP - Kota Melaka), Dr Mahathir, who is also the First Finance Minister, said SSMB does not impose any consultancy fee unless it succeeds in helping the Government to obtain loans from the international market.

"However, SSMB will claim for the expenses that its people bear in carrying out its duty as financial advisor, depending on the agreeable maximum amount," he said, adding that the Government believes that SSMB has the skills and objectivity in handling such tasks.

"Record has shown that SSMB is capable to realise the Government's plan in raising foreign borrowings and promote the actual fact about the Malaysian economy in order to increase foreign investors' confidence," Dr Mahathir said.

SSMB, he said, is a member of Travelers Group which announced its merger with Citicorp Group in April this year.

The merger, known as Citigroup Inc makes it the biggest financial institution group in the world.

* DANAHARTA is currently negotiating with several banks to take over some RM989.89 million of non-performing loans (NPLs), said Deputy Finance Minister Datuk Wong See Wah.

To date, Danaharta has taken over RM16.2 million NPLs from Perwira Affin Bank, and is in the process of taking over RM6.5 billion NPLs from Sime Bank.

"This is the latest figure that we can give," he told the Dewan Rakyat yesterday.

* ISLAMIC banking performance was also affected by the economic slowdown when it recorded only a 6.2 per cent growth in total deposits for the first eight months this year against 36.2 per cent last year.

Finance Ministry's Parliamentary Secretary Datuk Dr Shafie Mohd Salleh said financing fell by 1.7 per cent in the said period against a 75 per cent growth posted last year.

"Bank Negara Malaysia is in the process of preparing a long-term plan for Islamic banking in order to boost the sector," he said in reply to a question by Dr Ramli Taib (BN - Kemaman).

"As of August 31 this year, total deposits mobilised by banks listed under the interest-free banking scheme and Bank Islam Malaysia Bhd came to RM10.51 billion while total financing was RM10.57 billion," he said.

To a question by Abdul Rahin Mohd Said (BN - Kuala Nerus), Shafie said the Government has increased the fund for exporters under the Export Credit Refinance (ECR) by RM1.7 billion, making the fund's total to RM3 billion.

He said from January 1 until September 30 this year, loans worth RM4.2 billion were approved.

* PROTON plans to sell some 1,000 units of its cars by 1998/1999, 2,200 by 1999/2000 and 4,300 by 2001/2002 to Russia, International Trade and Industry Ministry Parliamentary-Secretary Ahmad Kamaruzaman Mohd Baria said.

He told Wan Junaidi Tuanku Jaafar (BN - Batang Lupar) the company signed

an agreement with Ventus Ltd to become the sole distributor of Proton cars in Russia in July last year.

Ventus will also have the right to appoint Proton dealers in both Moscow and St Petersburg.

* THE construction works for the Beluran road project are still pending approval from the Prime Minister's Department, Works Minister Datuk Seri S Samy Vellu said.

"The allocation for the project, under the Seventh Malaysian Plan, is only for the road's work design and not for its construction," he said, adding that the ministry has submitted its start-work proposal to the Economic Planning Unit.

In a written answer to Mahbud Hashim (BN - Sabak Bernam) on when the second West Coast Highway project from Banting, Selangor to Sitiawan, Perak will begin, Samy Vellu said the concession agreement is at the final stage of discussions.

* THE Culture, Arts and Tourism Ministry does not determine the cost of tourism packages, Parliamentary Secretary Datuk Mohd Nor Rajab said.

"It is up to the tour operators to determine the cost of their packages so that they can be competitive in terms of cost, the products or services," he said in reply to a question by Yeong Chee Wah (BN - Batu Gajah).

* ALTHOUGH Malaysia is facing an economic slowdown, long-term investors still consider the country a good place to invest, Finance Ministry's Parliamentary Secretary Datuk Dr Shafie Mohd Salleh said.

From July 1997 until July this year, he said the ministry has received RM12.6 billion worth of applications to build foreign-owned manufacturing projects in the country, of which projects worth RM11.9 billion were approved.

"Most of the investments were from the US, Japan, Taiwan and Singapore," he said.

* SYARIKAT Sabah Electricity Sdn Bhd, which took over the operations of Lembaga Letrik Sabah, has agreed not to increase the tariff until 2000, said Deputy Energy, Telecommunications and Posts Minister Datuk Chan Kong Choy.

Replying to a question by Datuk Nurnikman Abdullah (BN - Beaufort), Chan said the agreement not to impose a higher tariff was included in the contract signed when SASB took over the job from LLS.

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