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MAHATHIR-RENONG
WEST PRACTISING DOUBLE STANDARDS

PETALING JAYA, Oct 10 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad says that the West will always get away with their bail out schemes, while Asians will continue to be criticised for taking similar measures.

Such double standards came to the fore again when the western media criticised Renong Bhd's proposal yesterday to transform the bulk of the group's debt into long-term government bonds worth RM10.5 billion.

Analysts said that the government stepped in to help the infrastructure conglomerate as the impact would have adverse effects particularly on banks if Renong collapsed.

In contrast, Dr Mahathir said that the bail out of Long Term Capital Management (LTCM), the US hedge fund which needs a staggering US\$3.5 billion to stay afloat due to losses from risky investments was "alright" to them.

"LTCM was being bailed out by the people who run the same bank using the bank money to bail out to help themselves, that's all right because they are not Asians," he added.

Dr Mahathir said that Asians would always be seen as crooks and always cheating everybody when the government lends a helping hand to help out strategic companies.

"I don't know how to comment," he said when asked about the Renong deal after opening the International Invention, Innovation, Industrial Design & Technology Exhibition (ITEX'98) here today.

"Asians cannot do anything straight, we must be cheating somebody. I have already decided that anything we do, we must be crooks," whereas the LTCM was being bailed out, he said.

Under the deal announced yesterday, Renong and its associate company, United Engineers (M) Bhd (UEM) would utilise the bonds to replace loan payments to their lenders which are mostly commercial banks.

The proposed bonds are to be repaid from the future cash flows and tax receipts out of UEM's wholly-owned subsidiary, Projek Lebuhraya Utara Selatan (PLUS), while PLUS shares would be pledged to the government as security.

The Renong group's debts were estimated at RM20 billion, which is more than five percent of all loans in the country's banking sector.

Reports said the proposal put together by investment banker Credit Suisse First Boston has received government approval in principle.

The bonds would be issued by a special government agency, Infrastructure Development Corp (IDC) that would be 100 percent owned by the Ministry of Finance. -- BERNAMA

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