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Budget could see revival of infrastructure projects

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BUDGET 2001 may see the revival of big infrastructure projects shelved or delayed during the economic downturn in 1997-98.

Prime Minister Datuk Seri Dr Mahathir Mohamad has hinted at a surplus budget and said that one of the projects that will be revived is the Bakun hydro-electric dam in Sarawak.

Major construction companies can expect some spin-off here.

And on Wednesday, Ekran, Granite, Wembley Industries and PWE Industries responded to a Kuala Lumpur Stock Exchange (KSLE) query by clarifying that they were not involved in the Bakun project as of now.

All of these companies, which were formerly linked to the project, added that they were keen on renewed participation if the opportunity arises.

As for other infrastructure projects, leading construction companies like United Engineers, Gamuda and Road Builder Holdings stand to benefit more directly than others.

A securities analyst said many companies pulled out from big projects in 1998 but things are now turning around for the better.

"The Government is allocating RM30 billion for the Eighth Malaysian Plan and the sale of another RM5 billion worth of bonds has been announced, so the projects that were put on hold are likely to resume."

Other big-ticket projects expected include highways and inter-state water supply schemes.

Stocks of construction companies have been doing well in past days, but analysts expect trading to moderate following the budget's announcement, before running up again towards the year-end.

"The market will be good if there are no tax increases," a dealer said.

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