

# CDRC to be given more powers

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THE Corporate Debt Restructuring Committee (CDRC) will be given extensive powers to fast-track the restructure of corporate debts which have been outstanding for a long time, according to sources.

"Previously, the CDRC had no legal standing to enforce solutions. They could only bring the parties together. However, all parties must agree to the proposals before they could be executed," a source said. "In future, the CDRC will have more clout to push for restructuring. It will have to negotiate with debtors and lenders to resolve the issues. But as long as 75% consensus is obtained, a restructuring can take place."

He said these measures were among some of the guidelines presented by the CDRC to a group of about 50 senior representatives of commercial and merchant banks and finance companies yesterday.

CDRC chairman Datuk Azman Yahya is scheduled to brief the press today on his meeting with the bankers.

"Foreign investors have been pointing the finger at the slow pace of our restructuring exercises and by giving more powers to the CDRC, the restructuring exercises will be sped up for completion within the next two to three years," a source said.

The new guidelines will also allow the lenders to take action or restructure companies if the borrowings are above RM100mil.

"In the process, banks may have to write off more loans and shareholders may lose their companies. But in the long run, it will expedite the whole restructuring process of ailing companies," the source said.

This new set of guidelines will result in a large number of companies seeking help from the CDRC as the message is very clear that the corporate sector is to be cleaned up.

Prime Minister Datuk Seri Dr Mahathir Mohamad, who is also the Finance Minister, has expressed frustration at the snail's pace in the restructuring of some big corporate groups as it is casting a pall on investors' perception of Malaysia.

Among the recently announced restructuring exercises was the

proposed takeover of United Engineers (M) Bhd (UEM) by Khazanah Nasional Bhd.

After the restructuring of the UEM/Renong Bhd group, the major areas requiring restructuring in which the CDRC will be involved are the public transport system in Kuala Lumpur, the steel industry and the telecommunications sector.

"In the long term, it will force banks to reorganise their debts. Three months is a reasonable time for them to restructure the debts and then the banks can go back to the business of lending," Arab-Malaysian Securities research head Gan Kim Khoo said.

As at end-June, there was an outstanding amount of RM9.2bil to be restructured by the CDRC.'