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Bumiputeras must stop selling back shares: Dr M

Kamarul Yunus

THE 30 per cent equity target for the Bumiputeras can be achieved under the 10-year Third Outline Perspective Plan (OPP3), provided the Bumiputeras stopped the practice of disposing of the shares allotted to them, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

"That is the target (30 per cent equity for Bumiputera), provided everybody cooperates, including the Bumiputeras themselves.

"If the Bumiputeras continue to sell back the shares given to them, we will never reach the target. We need to cooperate and the non-Bumiputeras must prepare to share," he said after presenting the OPP3 and the National Vision Policy which contain policies and programmes to be implemented in the first decade of the century at the Dewan Rakyat yesterday.

As such, he reminded the Bumiputeras to stop the practice of selling back the shares.

Asked whether the Government would review the share allocation in view of the common practice of Bumiputeras selling back their shares, Dr Mahathir said this had been done quite some time ago.

"We have reviewed it. Previously, we gave the shares to individuals and many of them sold back. So we set up Permodalan Nasional Bhd (PNB), with the bulk of the shares going to it (PNB) and this has somehow reduced the individuals from disposing of their shares," he said. However, he said the Government still awarded the shares to individuals who were company staff and those having business synergy.

On the trend of late where major Bumiputera companies were selling their shares, Dr Mahathir said these was done to help them pull out from trouble during the economic crisis which hit the country in 1997 and 1998.

"It is not because they wanted to sell the shares. But due to the financial crisis they had to sell it. It is not their fault," he said.

Earlier in his speech, Dr Mahathir said the share of Bumiputera ownership of corporate capital, initially increased from 19.3 per cent in 1990 to 20.6 per cent in 1995.

However, he said as a result of the economic crisis, their share fell to 19.1 per cent.

"The share of non-Bumiputera ownership of corporate capital also declined, while the foreign ownership rose following the liberalisation of foreign investment to accelerate the recovery process.

"However, both the Bumiputeras and non-Bumiputeras registered absolute increases in their equity ownership," he said.

He said the privatization programme served as an important vehicle to enhance Bumiputera participation in the corporate sector.

"Companies undertaking privatized projects were required to provide at least 30 per cent equity to Bumiputera as well as allocate at least 30 per cent of contract works of major privatized projects to Bumiputera contractors," he said.

He said the Bumiputera portion in the professional and technical as well as administrative and managerial categories increased during the period.

"The implementation of programmes for Bumiputera commercial and industrial community also helped to increase the number of Bumiputera enterprises in both the corporate and non-corporate sectors," he said.

Dr Mahathir also said the Government is looking carefully at the equity restructuring and integration among the multiracial community in the country.

"Yes, we are looking more carefully at the differences among the Bumiputeras in Peninsula and Sabah and Sarawak, the indigenous people, the Indian and the Chinese," he said.

For instance, he said, the Indians complained that by lumping them together with the Chinese in the same category, they have been suffering badly.

"When they were categorised under the single non-Bumiputera category, most of the wealth went to the Chinese. So now, we are looking at it carefully," he said.

The OPP3 proposes that the Indian equity ownership be increased to 3 per cent from the current 1.5 per cent.

Works Minister Datuk Seri S. Samy Vellu, who is also MIC president, lauded the proposal as this will enable the Government to look into the situation seriously.

"In the past, it was difficult for the Indians to get help from the Government officers as the Indian problem was not in the (OPP) policy. Now that it is in the policy, we can ask the officials ... and have more ground to fight for the Indian community," he said.

On the call from the Chinese business community for a crawling peg to replace the existing fixed exchanged rate, Dr Mahathir said the Government deemed it not necessary, currently, to make changes as the existing system was well received by businessmen and investors, including foreigners.

"They (Chinese businessmen) have the right to make the call. The Government will decide (whether to make the changes), but at the moment we don't see the reason why we should change the system because many investors, people doing business, including foreigners said they were comfortable with the system," he said.

On the proposed setting up of a national unit trust fund, Dr Mahathir said this may probably be an extension to the PNB.

He also said the "Skim Pembangunan Kesejahteraan Rakyat" was proposed to ensure the effectiveness of the programmes to eradicate poverty and increase the livelihood of the people.

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