

Ruling on majority Malaysian ownership in telcos stays: Moggie

By TAN KAH PENG in Berlin **STAR** 21 MAR 2007

THERE is no change in government policy requiring strategic industries such as telecommunications to be controlled by majority Malaysian-owned companies, Minister of Energy, Communications and Multimedia Minister Datuk Leo Moggie said on Tuesday.

However, exceptions could be considered on a case-by-case basis whereby the foreign-owned firm would have to relinquish control over a certain period, he said at a dialogue between Prime Minister Datuk Seri Dr Mahathir Mohamad and German businessmen.

A Deutsche Telecom representative had asked whether foreign-owned companies could take a majority stake in the telecommunications sector. He said the partnership between Deutsche Telecom and Celcom (M) Bhd was keen on bidding for one of the three third generation (3G) licences.

Meanwhile, **FT.com** reported that DiGi.com is expected to prepare an offer for a 14% stake in Technology Resources Industries Bhd (TRI) held by Deutsche Telekom. However, this could force Telekom Malaysia Bhd, which has expressed an interest in acquiring TRI, to make a counter-offer, it quoted analysts as saying.

The analysts also said DiGi was likely to make a formal bid for the Deutsche Telekom stake after TRI completes a RM2bil recapitalisation programme next month.

FT.com said the German operator had indi-

cated it wants to sell its stake to help reduce debts.

At the dialogue, International Trade and Industry Minister Datuk Rafidah Aziz said that there was more flexibility in the manufacturing sector where foreigners could own 100% equity if the company exported 80% or more of its products. However, from July 1997 to the end of next year, foreigners were allowed to hold 100% stake with no conditions attached, she said, urging German companies to take advantage of the concession.

In reply to a question, Dr Mahathir said China's membership in the World Trade Organisation (WTO) was both a challenge and an opportunity, and Malaysia would have to work out how it could fit into this new scenario.

What can we do that China could not? Paper and pulp is one sector that we have an advantage. Another is palm oil. Right now, we have the edge in the knowledge-based economy because we have a proficient English-speaking workforce," he said.

"China will catch up eventually, but it will take time because of language requirements. I understand (certain) costs are rising there. For example, executive pay is high and rising because there is a shortage of managers in the country."

As a WTO member, China would have to open up its markets and this would provide opportunities for Malaysia, which would be a good investment platform for German countries keen to tap the Chinese market.