

23 MAY 2002
INVESTORS-MALAYSIA
MALAYSIA BACK ON INVESTORS' RADAR MAP

KUALA LUMPUR, May 23 (Bernama) -- Apart from South Korea, Malaysia could be the best-regulated and most transparent market in Asia at present, so much so that international investors who stayed away before are returning to the country, the Far Eastern Economic Review (FEER), reported today.

The regional business weekly magazine attributes this to the newly found political confidence that has spilled over to a market-driven decision-making process -- largely, though not completely -- within a framework of transparency and good governance.

The renewed focus on Malaysia is further evidenced by Malaysia's sovereign ratings having been upgraded by every international agency, making the country's debt largely saleable.

In its May 23rd edition available on newstands today, the FEER in a report on Malaysia's restructuring process, commended Prime Minister Datuk Seri Dr Mahathir Mohamad for his 21-year stewardship as well as setting a new economic agenda as finance minister.

"It has restoked foreign-investor interest in Malaysian credit and equity markets and marks an amazing turnaround (in remarkably short time) for a country" regarded until quite recently as an international financial outcast, FEER said.

The magazine also quoted market analysts and researchers as saying that Malaysia was no longer the same marketplace compared with three years ago.

Among the plus points for Malaysia compared with other regional economies was that Malaysia's banks were now among the best in the region, having been recapitalised, consolidated to 10 from 58 banks and financial institutions and bad debts reduced to internationally acceptable levels.

It said that Pengurusan Danaharta Nasional Bhd, the asset management company established in 1989 to reduce bad-debts, could become the first such global agency to post a profit when it ceases operations in 2005.

As evident of its good showing, the report said that the agency "took out RM48 billion (RM12.6 billion) worth of bad loans at 45 cents on the dollar in 1999-2000 and expects to recover almost 60 cents on the dollar."

The banks have received almost RM9 billion from Danaharta.

Others followed what Malaysia did to put the financial troubles of its corporates in order.

China and Turkey recently sent teams to study the Malaysian debt-recovery model.

Besides this, "Malaysia has driven corporate-debt workouts by taking over indebted private companies it considers strategic and replacing their owners with professional management -- spending over 11 billion ringgit in the process.

Another RM28 billion in bad debt owed by 12 companies will be amicably resolved by August through bank-creditor meetings mediated by the Corporate Debt Restructuring Committee.

The CDRC's role came in for kudos when it reflected the government's mediation in restructuring debts rather than forcing companies into bankruptcy which would have far greater consequences such as creditors losing all their money and lay-offs.

"All these efforts have been well rewarded. Foreigners have ploughed US\$2 billion into the stock exchange, sending it 36 percent higher since May last year. Growth could hit six percent this year, from 0.4 percent in

2001 while tax revenues reached 24 percent of Gross Domestic Product in 2001, among the highest figures in Asia," the FEER said. -- BERNAMA
MR KTC