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Of fact and fallacy

A Kadir Jasin

A LONG, long time ago - long before Malaysia Incorporated, Vision 2020 and privatisation became fashionable - the Prime Minister, Datuk Seri Dr Mahathir Mohamad, urged Malay businessmen to enter into 'meaningful partnership' with the Chinese.

Those were the days when it was thought that Bumiputeras were mere sleeping partners of the Chinese in the Ali-Baba business. Although many successful Bumiputera businessmen have been born since then, really meaningful collaboration between them and non-Bumiputeras has been few and far apart.

While successful Bumiputera businessmen preferred to strike out on their own, building corporate empires and conglomerates with the help of official policies, the Chinese and Indians successfully harnessed the stock market to raise capital and make quick gains. In the process, they reengineered their family businesses into corporate giants and behemoths.

Whether they are Bumiputeras or not, Malaysian businessmen worked very closely with the Government in what was later to be called Malaysia Incorporated. The notion that only Bumiputeras received Government assistance by way of contracts and favourable treatment cannot be further from the truth.

Non-Bumiputera giants like Genting Bhd, YTL Corporation Bhd, Berjaya Group Bhd, the little-known-but-mighty Usaha Tegas Sdn Bhd (Utes) and Country Heights Holdings Bhd have been close to the Government for decades. They have become even closer to the Government after many Bumiputera businessmen and entities came to grief following the 1997 regional economic crisis.

Genting made it big as the monopolistic casino operator and owner of a swath of virgin equatorial jungle now known the world over as Genting Highlands. It received the franchise from the Government way back in 1969.

The YTL Group broke into big-time Government business by pioneering modular hospital construction in the eighties and later the IPP (Independent Power Producer).

By negotiating the best power purchase agreement among the country's IPPs for itself, YTL Power International, according to a recent Star newspaper report, 'has raked in more than RM1 billion in revenues and over RM400 million in pre-tax profits annually since 1998', a whopping 40 per cent margin.

It was so favourably placed that it was able to acquire (or rescue as some would put it) a Bumiputera-controlled company - Taiping Consolidated Bhd - at the height of the 1997 economic crisis with minimum fuss. In doing so, it added to its real estate bank one of the choicest commercial properties in Kuala Lumpur, namely, Lot 10 in Bukit Bintang.

In recent weeks, it has appeared to have kept its image - although not its share price - largely intact despite facing a barrage of negative reports in the international press over alleged illegal payment to the chairman of UK's Wessex Water, Peter Colin Skellett, which it acquired for RM6.9 billion in March.

Instead of the controversy, it was the annual pilgrimage of the Italian tenor Luciano Pavarotti to the group's seaside resort in Pangkor Island that became the staple of the local media.

The Berjaya Group, on the other hand, came into public focus when it was awarded the privatisation of Sports Toto in 1985 - one of the country's

earliest sales of Government assets.

Utes gained prominence when Brickfields-born Tatparanandan Ananda Krishnan, or AK as he is known in business circles, was awarded the privatisation of the Kuala Lumpur racecourse in 1989.

The petroleum dealer-turned-global entertainment promoter, who once served as board member of Bank Negara Malaysia and Petronas, successfully converted the city's priceless green lung into one of the priciest commercial properties in the country by partnering the national oil company.

He bought the racecourse for RM110 million and paid a conversion fee of some RM300 million in preparation to turn it into the now famous Kuala Lumpur City Centre (KLCC). Petronas bought a 51 per cent stake in the project for RM600 million. Recently, Ananda sold his stake in KLCC Holdings Bhd to Petronas for an undisclosed sum, reputed to be in excess of RM1 billion.

He also received favourable support from official investment agencies like Khazanah Nasional Bhd for his diversified business empire that today includes geo-stationary satellites, paid TV, radio, mobile telephone, cinemas, racecourses, lotteries (Pan Malaysia Pools and Pan Malaysia Sweeps) and electricity generation.

In just over a decade, he built an empire more diversified than any Malaysian businessman had ever been able to do, and, in the process, turned himself into the third richest man in Malaysia (Malaysian Business, Feb 16, 2002) after 'Sugar King' Robert Kuok and casino magnet Tan Sri Lim Goh Tong. He carries the price tag of RM4.2 billion.

The Hong Kong-based Kuok, whose wealth is estimated at RM8.8 billion, made it big via sugar, rice and flour trade which his father, Kuok Keng Kang, built with the help of the Sultan of Johor way back in the twenties. The Kuoks were so close to the Malay power structure that, according to a Star report (June 4, 2001), the elder Kuok 'kicked his opium addiction with the help of his Malay friends'.

Even distressed entities like KLIH Bhd (Tan Sri Teong Teck Leng), once celebrated as the pioneer of Malaysia's global branding efforts (Malaysian Electric Corporation or MEC) and Ekran Bhd (Tan Sri Ting Pek Khiing) were largely the creation of the Government.

Teong received unflinching support from the Government when he promoted the idea of MEC as a global Malaysian brand while Ting made his pile from huge timber concessions in Sarawak and burst onto the national scene by building hotels in record time in Langkawi in the early nineties.

The same can be said of banker-turned-media tycoon Tong Kooi Ong (The Edge and The Sun) and timber baron Tan Sri Tiong Hiew King of Rimbunan Hijau and Sin Chew Jit Poh fame. Tiong got his big break when he secured a contract to log timber in Baram, Sarawak. With his timber wealth, he is now positioning himself as a global Chinese newspaper publisher with the expressed view of spreading the Chinese culture globally (Malaysian Business, Feb 16, 2002). His media interest is estimated to be worth RM900 million.

With the wisdom of hindsight, we can argue that even the 'Sugar King', who is today Malaysia's most admired businessman, might not have tasted the sweet taste of global success had it not been for the Government's sugar monopoly.

Either directly or indirectly, Bumiecauseputeras and non-Bumiputeras have been collaborating in the economy and business for a very long time.

To begin with, the Bumiputera-dominated Government of the present and past has not neglected the interest of the non-Bumiputeras. And what can be more meaningful than a Bumiputera businessman employing the services of a non-Bumiputera to recover half a billion ringgit in unpaid bills.

This is a very interesting, if not uncommon, situation among Bumiputera businessmen. They receive contracts from the Government but mysteriously fail to implement them, or in the case where they do successfully carry out the projects, they are not paid.

Since it is politically incorrect for a Bumiputera businessman to make public such a predicament, and the price of non-compliance can be very high, a non-Bumiputera is often recruited to sort things out.

This appears to be the case with Puncak Niaga Bhd, which is seeking to recover almost RM600 million in debt from the Selangor Government. The Star recently quoted Loong Chun Nee, the financial advisor to Puncak Niaga's Executive Chairman Tan Sri Rozali Ismail, as saying that the company's trade receivables stood at RM578.8 million as of June 30.

It seems that the Selangor Government has either not been paying or is not paying for the cost of water supplied by Puncak Niaga to the state-owned water distribution company Urus Air Selangor Bhd or PUAS, which, incidentally, means 'satisfied' in Bahasa Malaysia.

The Puncak Niaga story clearly suggests that some aspects of privatisation need reworking. In this case, while Puncak Niaga has been given the concession to treat water, it has not been given the distribution rights.

It appears that Loong is supposed to do a miracle by getting the state to pay up. She made public the plan at the recent 'Kuala Lumpur Stock Exchange Investors Week' in Kuala Lumpur.

And since we have for almost a decade been promoting smart partnerships and discouraging sleeping and Ali-Baba partnerships, why shouldn't a Malay company seek the help of a Chinese if success is more assured?

As a Chinese businessman once told this writer, the colour of money is the same. And half a billion ringgit is a lot of money whether you are a Malay or a Chinese.

At the end of the day, what is important is that the wheel of commerce keeps on turning. And for it to turn smoothly, its bearings, joints, valves and handles must be nicely greased and oiled.

No One is Above the Law

POLITICIANS, whether they are on the side of the Government or the Opposition, should be mindful of not making a mockery of the law.

They should avoid the tendency to politicise the law as appears to be the case with the alleged breach of the Official Secrets Act (OSA) by Pas Deputy President and Leader of the Opposition Datuk Seri Abdul Hadi Awang.

If there are reasons to believe that the Terengganu Menteri Besar had received classified Government information, then the legitimate thing to do would be for the Police to initiate an investigation.

There is no need for warnings and threats. The provisions of the OSA should be clear to all, especially Members of Parliament who were involved in making them.

The law had been used against others before. A New Straits Times journalist was charged and found guilty under the act for publishing classified information.

By continuing to make treats and empty statements, the politicians are undermining the effectiveness of the law.

I recall that when newspaper editors protested against the amendments to the act in the late eighties personally to the Prime Minister, they were told that the law was not aimed specifically at journalists.

It was then argued that too many classified materials, in particular those pertaining to Government tenders and contracts, were falling into unauthorised hands. But it appears that in recent years, the application of the law has been relaxed. For instance, nothing was done when the American-owned Far Eastern Economic Review magazine, in its last June 27

issue, freely quoted a seven-page letter purportedly sent to the Prime Minister by former Bank Negara Governor Tan Sri Ali Abul Hassan, complaining about former Finance Minister Tun Daim Zainuddin.

Perhaps in the era of the Internet, nothing is a secret. After all, truth is what one chooses to believe.

One Up for the Police

KUDOS to the Police for putting an end to the menace of Mat Komando by shooting him dead in Pendang, Kedah. Those who lived by the gun deserve to die by the gun.

But killing Mat Komando alone is not enough. Understanding the case is equally important if the Police is to do a better job at fighting crime. It is important to understand why people like him resort to crime and how they manage to elude the law for so long.

Hopefully, by the time this column is printed, the M16 Gang, which on Sept 29 walked unnoticed into Mid Valley Mega Mall, robbed a jewellery outlet of RM2.5 million and walked away coolly, would have been eliminated.

That such a crime happened in bright daylight in one of the busiest places in the nation's capital is worrisome, to say the least. Either the robbers are extremely good or security at shopping complexes is extremely lax.

So, the next time you take your loved ones to Mid Valley or any other shopping complex, avoid the jewellery shops, banks and pajak gadai (pawn shops).

Work in Progress

FINALLY, thank you to the contractors involved in upgrading Jalan Klang Lama for temporarily resurfacing the road and patching the killer potholes.

But do please supervise your mostly foreign workers to properly place the temporary road dividers. Please tell them that the law of the country does not give them the power to play traffic policemen.

As for the cutting down of trees to make way for road and other projects, we can only hope that the present Kuala Lumpur Mayor is as vigorous in replacing them as the former Mayor, Tan Sri Elias Omar, was in planting them in the eighties.

And thank you to 'I the Joker the Extremely Great Teadrinker' for his letter although he had addressed it to my former work place, the New Straits Times. This time, he disagreed with Malaysia's policy on Myanmar, which he likened to South Africa under apartheid.