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## Self-belief pays off for Malaysia

IN THE wake of Prime Minister Datuk Seri Dr Mahathir Mohamad's successful visit to the US, which serves to confirm of Malaysia's standing in world affairs, Petroliam Nasional Bhd (Petronas) has made it a double-triumph by winning overwhelming endorsement on the business front through its bond issue. The state-owned oil corporation has just made the largest ever bond sale by an Asian company, worth US\$2.68 billion (US\$1 = RM3.80). And according to foreign news reports, the response from investors was nothing short of stunning, with orders totalling a massive US\$7 billion. Whether the huge over-subscription has anything to do with the "shift in dynamics in (Malaysia's) relationship with the US", as suggested by an analyst, is anyone's guess, but it is definitely a strong indication that international investors have awoken to the "Malaysia story". Even the Hong Kong-based Far Eastern Economic Review, a constant critic of the country and its leadership, quoted a regional research head of an investment bank in Singapore as saying that Malaysia "isn't the same marketplace we fled three years ago".

And JP Morgan Chase, Merrill Lynch and Credit Suisse First Boston are but some of the research houses expressing confidence that this is only the beginning, suggesting that Malaysia's vindication for its controversial handling of the problems caused by the 1997-98 Asian economic crisis is finally complete. About time too, considering that without the drastic measures - which for a period drew widespread ridicule - economic stability would not have been so quickly restored, and then maintained to allow revitalisation of business activities. More importantly, the policies also paved the way for the Government to effect reforms in the banking as well as corporate sectors - including restructuring of debt-ridden companies - and to pump-prime the economy's fundamentals. Likewise, the capital market regulators have gone on to close loopholes and strengthen infrastructure while demanding greater discipline of the players.

All this showed that the monetary regime introduced was not a simple case of a fire-fighting exercise, but also the establishment of a platform upon which weaknesses could be comprehensively addressed and the way forward meticulously charted. The vote of confidence for this approach, now a model, has been hard-earned indeed, as Malaysia had virtually no one to turn to during its darkest hour. This has made the victory now all the sweeter though, with Petronas having initially put out only US\$1.5 billion worth of debts but raised the amount to US\$2.7 billion upon realising the strong new-found global appetite for Malaysian paper. And the foreign funds that left the country following the introduction of capital controls - long since rolled back - are returning, as the Kuala Lumpur stock market shows signs of preparing for a sustained run-up. Credit rating agencies have also earmarked Malaysia for an upgrade. If nothing else, this is certainly timely for two major upcoming initial public offerings - that of Maxis Communications Bhd and Projek Lebohraya Utara Selatan Bhd or PLUS.

Some analysts have pointed to a shortage of quality paper out of Asia to explain the Petronas bonds' success, but that does not detract from the strong creditworthiness and brandname of the national oil company, and of the country, surely. "If previously Malaysia was regarded as insignificant, now it looks like we are being given greater attention and at the same time they are placing high hopes on Malaysia," Dr Mahathir was

quoted as saying in Washington on Tuesday following his meeting with President George W. Bush. The country's foreign reserves are at a comfortable level and trade surplus remains healthy, although exports can do with a boost - hopefully from a rebound in the US economy in the second half as forecast. Consumer spending may not be as strong as hoped but that should change in the months ahead, while the ringgit peg is as good as forgotten by everybody. Yes, when global economic recovery gets truly under way, Malaysia will be one of the frontrunners, all because of resolve and self-belief.

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