

Merge to compete, PM tells Malay contractors

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PUTRAJAYA: Prime Minister Datuk Seri Abdullah Ahmad Badawi wants to see improvements in the construction industry and hopes that Malay contractors will consider merging to be better equipped to compete locally and internationally.

He said that to compete in certain big projects, huge investments were required, and mergers could strengthen their competitiveness.

"Recently, several giant plantation companies like Sime Darby and Guthrie have decided to merge," he said at the opening of the 27th Malay Contractors Association's annual meeting at the Prime Minister's Department here yesterday.

"I think whether it is a small or big Malay contractor company, they should also think of the same idea.

"We need the strength and financial capabilities to compete, especially for big projects, maybe with countries like China, Korea or India."

On Friday, Deputy Prime Minister Datuk Seri Najib Abdul Razak said the government welcomed the initiative taken

by three leading plantation companies - Sime Darby Bhd, Guthrie Group and Golden Hope Bhd - to merge.

He said the merger was a timely move and would consolidate the management of plantation activities under one roof.

"Through this, they will form a formidable group that will continue to provide robust synergy and economies of scale. Obviously, unit trust holders will be looking for better dividends resulting from higher productivity," he said.

Yesterday, Abdullah also said the government welcomed private finance initiatives (PFI) from the private sector.

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- Datuk Seri Abdullah Ahmad Badawi

He said the government will study the proposal but "we will not bail out the company if it runs into trouble running the train service".

"The government will only be the facilitator for the necessary approvals," he said.

Abdullah said the government did not

need to be directly involved in the rail service.

"Once we allow the PFI to build and operate a project ... the government will not take it back after 30 years or so," he said.

"Whichever company that builds the train system will have to bear the losses or the profit it makes."

Abdullah said the money the government has belonged to the people and must be spent wisely, so that it would not burden the financial status of the country.

He urged Malay contractors who were awarded projects to complete them and turn in good quality work.

"I feel sad when I see that many projects given are sometimes abandoned or constructed without proper quality," he said.

"Not only does the government have to pay for the project, payment will also need to be made when it is abandoned. This is a total waste of money.

"Even if there are five, six or 10 projects that are abandoned, it will affect the image of the Malay contractors. This is done by a small group who, at the same time, have given problems to the bigger group."

At the end of the function, Abdullah was presented with a cake to mark his 67th birthday, which fell on Sunday.