



Globalisation vs Confidence

While globalisation shrinks borders and renders that Malaysian businessmen go abroad to broaden their business base, it can also be construed to mean that perhaps these businessmen are seeking their fortunes elsewhere because profits are dwindling in their own country. Giving truthful answers might help for a start.

THE TIMING OF THE ANNOUNCEMENT BY THE VENERABLE KUOK Brothers' business empire on the restructuring of its plantation and milling operations in Malaysia could not have been more ominous.

It came hot on the heels of the mega merger of Permodalan Nasional Bhd (PNB)'s plantation companies — Sime Darby Bhd, Golden Hope Plantations Bhd and Kumpulan Guthrie Bhd — and only weeks after the *keris*-wielding Umno General Assembly spooked many Malaysians with its communal rhetoric.

Although the group denied any connection between its restructuring exercise and the PNB-driven merger, the across-the-Causeway bid coincided with the award of a casino licence by the Singapore Government to the Genting group.

The Kuok-family plan, if accepted by shareholders and approved by the regulatory authorities, will turn a little-known Singapore-based company, Wilmar International Ltd, into Asia's leading agrobusiness group and one of the largest listed companies in the republic, with an estimated market capitalisation of US\$ 7 billion.

More importantly, it will see the transfer of ownership and control of Kuok's plantation and palm oil milling assets in Malaysia to Singapore and the de-listing from Bursa Malaysia of PPB Oil Palms Bhd.

Under the scheme announced in Singapore on Dec 14, Wilmar, which began trading on the Stock Exchange of Singapore last August, is making a US\$ 1.1-billion voluntary general offer for PPBOil.

At the helm of Wilmar is Robert Kuok Hock Nien's nephew, Kuok Khoon Hong. The younger Kuok said Wilmar had also proposed to acquire a 65.8% stake in PGEO Group Sdn Bhd from FFM Bhd for US\$ 329 million.

PGEO Group is the holding company of the edible oil refining operations of FFM and PPBOil, both of which are subsidiaries of the PPB Group and members of the Kuok group of companies in Malaysia.

While the restructuring will have a significant effect on the longstanding relationship between the Kuok family and Malaysia, the point to remember is that the group is very international in its operations. The Wilmar-led merger and acquisition (M&A) will affect assets and operations in Malaysia, Indonesia, Singapore, China, Vietnam, New Zealand, the Netherlands and Germany.

The Kuok empire, according to a report in *The Star* newspaper (Jan 4, 2001) has its origins in pre-Second World War Johor when Robert Kuok's father, Kuok Keng Kang, was awarded sugar, rice and wheat monopoly in the state with the help of the Sultan in the 1920s.

For Malaysia, the move by the Kuok family can have widespread economic, political and emotional significance. PPBOil is among Robert Kuok's major assets in Malaysia. Others are sugar and wheat flour monopolies, hotels, insurance, shipping and air cargo.

The original name of PPBOil was Perlis Plantations Bhd, a company established in 1968 in response to the government's encouragement to create a local sugar industry.

Since then, PPBOil has grown into one of the largest plantation companies in the country, with nearly 80,000 hectares of land in Sabah and Sarawak. But it has a much larger acreage in Indonesia — in excess of 280,000 hectares.

Khoon Hong argued that the transactions, which in total were estimated at US\$ 4.3 billion, were aimed at merging the group's plantation interests in Malaysia and Indonesia into one of the largest processors and marketers of palm oil in the world.

If the proposal is accepted by PPBOil's shareholders and approved by the Malaysian authorities, Malaysia will, in effect, lose control of the company. PPBOil and its group will be controlled from Singapore.

Although its physical assets like plantations, mills and operating offices will remain in Malaysia, its ownership, domicile and management control will move to the republic.

In other words, if Wilmar had valued the transaction at RM15.5

billion, as reported by the Press, then the control of assets valuing that much will be migrating from Malaysia to Singapore.

Whither Malaysian branding?

COMING as it did at the time when foreign direct investment (FDI) flows into the country are unimpressive, and a rising number of Malaysian businessmen are investing abroad, the move by the Kuok empire could have a significant impact on investors' confidence.

Thus, it is important for our political leaders, economic planners and the country as a whole to find out if there were reasons other than good business sense that motivated Robert Kuok to transfer the ownership and control of his plantation operations to Singapore.

Robert Kuok is not only the richest Malaysian, which according to this magazine's 2006 listing was worth RM21.33 billion, but is also seen as the grand doyen of the country's Chinese corporate community.

Globalisation and free flow of capital aside, any move by a giant like Kuok would, inevitably, attract attention and raise all sorts of questions, not least the confidence in the future of the country.

Is he suggesting that carrying the label Malaysian businessman is no longer an asset? Or does he think that being linked more closely to Singapore would be better for this group's future?

Kuok, whose family came from the Fujian Province in China, made it big in Malaysia, thanks to the sugar, rice and wheat monopolies. Today, he is estimated to control in excess of 80% of the domestic sugar market.

He pioneered the 'return' of ethnic Southeast Asian Chinese businessmen to China hot on the heels of the groundbreaking visit by the late Prime Minister, Tun Abdul Razak Hussein, to China in May 1974.

While Kuok's success speaks well of Malaysia as the stepping-stone for global expansion, his decision to move the ownership and control of his plantation assets out of Malaysia may encourage others to do so.

That's fine if they are going abroad to seek new opportunities and to employ their capital and expertise more productively. In the second half of his 22-year rule, Tun Dr Mahathir Mohamad had deliberately encouraged Malaysian businessmen to invest abroad.

Today, even Bumiputeras are actively investing and executing contracts abroad.

Mega projects like the Petronas Twin Towers, KL International

Airport and Putrajaya have provided Malaysian businessmen with global branding acceptable around the globe.

State-sanctioned franchises like wheat and sugar, casino, telecommunications, power generation and water treatment are helping Malaysian businessmen to build up exportable expertise.

The recent award of a S\$5.2-billion casino and resort licence by Singapore to Genting International, a member of the Genting group, is a case in point.

Ironically, while Singapore has clinched the services of our investors in its quest to further enhance its world-class tourism infrastructure, we are yet to hear of such investments in the recently launched Iskandar Development Region.

Instead of blaming or crediting capital movement on globalisation, it would be useful if our government could tell us frankly why local capital is flowing abroad and FDI is falling.

Most importantly, we have to find out if our investors are being pushed to go abroad because the situation at home is not as favourable as before.

We have to know if Malaysian branding is no longer favoured by our businessmen. Maybe, it is better for them to be seen to be associated with Singapore, China or India.

And there may be a slim chance that they – including a growing band of Bumiputeras – are leaving the country because they are put off by the *keris*-wielding, rear-kissing politicians and their communal rhetoric at party assemblies.

A VIETNAMESE WIFE, ANYONE?

AT the time when Malaysian companies and businessmen are moving abroad and, in the process, causing retrenchment and displacement of workers, an assortment of people around the world are making our country a haven for all kinds of dreams and schemes.

Some come to work, set up homes or merely to visit because they genuinely like our country. But most are driven by dire circumstances in their homelands.

So, it did not come as a surprise when the newspapers recently sensationalised reports that Vietnamese women were being paraded in front of potential 'husbands' in small towns in Pahang.

According to *The Star*, young and attractive Vietnamese women were being paraded at coffee shops and agents' homes to be chosen by prospective grooms.

The de facto Welfare-cum-Public Complaints 'Minister', aka Datuk Michael Chong of the MCA Public Services and Complaints Bureau, described the practice as 'sickening and immoral'.

'The agents have always charged a huge amount (of money) to

WHEN THE PROJECTS ARE COMPLETED, WE HAVE TO PAY TO USE THEM BECAUSE THE GOVERNMENT THAT WE ELECTED DOES NOT WANT TO FACE A FINANCIAL BURDEN. THE GLCs SEEK THE GOVERNMENT'S PERMISSION TO CHARGE US MORE AND MAKE HANDSOME PROFITS. THEY PAY TAXES AND DIVIDENDS TO THE GOVERNMENT. NO WONDER WE HAVE TO PAY MORE NOW FOR THE SAME AMOUNT OF GOODS AND SERVICES IN RECENT YEARS.

provide local men with girls of their choice, using runners, distributing leaflets and operating from offices filled with Vietnamese girls' photos and profiles,' he told *The Star*. 'Of late, these agents have simplified the process by going straight to the buyer. The practice of parading the girls and selling them off to local singles or divorced men mostly take place in rural areas that are highly populated with Vietnamese such as Triang and Jerantut in Pahang,' Chong said.

So what if they are parading Vietnamese women? If Kuok and Genting's Tan Sri Lim Goh Tong can conquer the world with their business acumen and state-awarded franchises, why can't the marriage brokers and matchmakers? Who knows, three to five years down the road, they may even earn enough money to go public! With the economy in not such a hot state and initial public offering (IPO)s few and far between, we can make do with more creative and innovative emerging companies.

There's only so much that our M&A experts can do by way of acquiring and merging the existing companies and businesses. So, why don't we encourage the marriage brokers and matchmakers to dream of a multi-million-ringgit Triang International Matchmaking Incorporated Bhd?

As long as they are legal and done with some dignity, I don't see why the lonely Triang and Jerantut men should be deprived of on-the-spot selection of their Vietnamese brides.

We can't blame them because more local brides are now migrating to Kuantan and Kuala Lumpur in search of love and happiness, and are favouring company executives over Bentong ginger growers and Triang rubber tappers. This is Malaysia. No matter how chauvinistic we sometimes sound, inter-marriages have always been part and parcel of our lives from the Malaccan days.

If you spent as much time as I do at Raju's Banana Leave Restaurant in Petaling Jaya, Killiney Kopitiam in Damansara Uptown and Devi's Corner in Bangsar, you'd realise that the 'authentic' Malay, Chinese and Indian faces are fast disappearing.

You have to go deep into the villages, estates and jungle fringes to find the traditional Malay, Chinese and Indian faces. In their places, we have Eurasian, Malay-Chinese and Chinese-Indian faces. And more recently, I notice the prevalence of young exquisite-looking intra-Asean faces. They are the children of Malaysian Indian fathers and Filipino mothers, or Malaysian Chinese fathers and Indonesian mothers.

And why not Malaysian-Mongolian and Malaysian-Eskimo faces? There would be Malaysian-Mongolian faces if we did not make a habit of blowing up Mongolian women. And if we make enough trips to the North Pole, we may even have Malaysian-Eskimo faces in the future!

Of course, there will be acrimonious divorces and occasional squabbles over which religion is to bury the dead. There would not be divorces without marriages. It's better to divorce than to kill each other. And why not when the settlement is RM50 million?

Maybe when all the authentic Malay, Chinese and Indian faces

are gone, we can start looking and thinking like a true *Bangsa Malaysia*.

TAKING A HEAVY TOLL ON THE RAKYAT

IN the meantime, I think it is better for us to worry about more urgent things like the 20% to 60% toll rate increase that our elected government says could not be avoided, rising crime rates and the indebtedness to the *Ah Long*.

Our top leaders may not be burdened by the hefty toll rate increase and indebtedness to the *Ah Long*, but they are falling victims to crime as regularly as the ordinary people. In the latest incident, the official residence of Foreign Minister Datuk Seri Syed Hamid Albar in Putrajaya was broken into. But there was no report of heavy losses.

Our elected leaders tell us that the toll rate increase would reduce the financial burden of the government and put the deficit reduction policy on a stronger footing. So, while the government's financial burden is being reduced and the glory of a balanced budget may once again shine on us, the *rakyat* who elected the government would have to bear greater financial burden.

We elect the government and pay taxes. With our tax money the government establishes government-linked companies (GLCs). On the pretext of bringing development to us, the government gives the GLCs huge contracts.


When the projects are completed, we have to pay to use them because the government that we elected does not want to face a financial burden. The GLCs seek the government's permission to charge us more and make handsome profits. They pay taxes and dividends to the government.

No wonder we have to pay more now for the same amount of goods and services in recent years. We are paying the price of a balanced budget and prudent financial policies. And most of all, we are paying for giving the government the biggest electoral mandate in 2004.

These highway concessionaires are really terrible. They are so powerful and influential that even the mighty government, the one that enjoys the biggest mandate in history, is afraid of them. Even the fearless Works Minister, Datuk Seri S Samy Vellu, has been cowed by them. The government must honour concession agreements, he meekly tells us.

These highway concession holders are heartless. They want their money by Jan 1, irrespective of the fact that this is also the time of the year when the ordinary *rakyat* have to dig deep into their shrinking pockets to buy school uniforms and books, pay school fees and bus fares for their children.

Well, this may be the final and ultimate price of freedom and democracy. We are free to choose the government and the government is free to pass its financial burden to us.

Que Sera, Sera! 

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