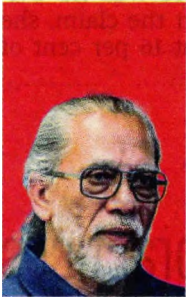


# The bastardisation of MoUs by Malaysian cronies



**DATUK  
AHIRUDIN  
ATTAN**

**SOME** Malaysians don't think much of memoranda of understanding (MoUs) and that's quite understandable.

For there was a time when corporate Malaysia would sign MoU after MoU with foreign parties without any intention of turning them into real business contracts that would bring the nation wealth and jobs.

The 1980s and 1990s were notorious for this: the prime minister presided over scores of MoUs churned out by cronies who were just interested in making headlines in the business pages and boosting their share prices.

These Malaysian businessmen were the ones who had bastardised the concept and principles of MoUs.

As a result, some of us pooh-pooed Prime Minister Datuk Seri Anwar Ibrahim when he recently announced the "historic" RM170 billion worth of MoUs signed during his visit to China.

What many Malaysians do not understand is that the Chinese treat their MoUs seriously.

An article in **Forbes** comes to mind (In China, treat a memorandum like a binding contract).

In common law countries like Australia, Canada, the United Kingdom and the United States, MoUs typically mean little.

Only the signed final contract really counts. This is not typically true in civil law countries like China, which hold to a much stronger concept of good-faith negotiation.

Under that concept, it is not acceptable to simply walk away from an MoU as that would constitute "bad faith".

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# China treats MoU as a binding contract

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That's right. When dealing with China, it is important foreign companies treat an MoU with a Chinese company just as they would a binding contract.

The challenge for the government now is to cut the red tape that would bog down efforts to realise the inflow of investments resulting from the China MoUs.

Former second finance minister Datuk Seri Johari Abdul

Ghani, who is Titiwangsa member of parliament, has proposed the setting up of a special panel to monitor the realisation of these MoUs, which is not a bad idea.

More importantly, as one Twitter user pointed out: "Get rid of the little Napoleons first."

These little Napoleons, I take it, are those who would make it difficult for anyone to do business in this country unless they have been paid their commission.

Anwar obviously understood this, which was why he had stressed the need to stop this "commission culture among civil servants" days before he announced the RM170 billion MoUs with China.

The commission culture is, of course, not limited to civil servants. Politicians are probably the bigger culprits.

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