

Teraju aims to end Ali Baba practice
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By Shannon Teoh

KUALA LUMPUR, Aug 22 — Putrajaya's Bumiputera business co-ordinator Teraju sees the end of special allocations of approved permits (AP) and initial public offerings (IPO) as key to creating competitive Bumiputera companies but admits that inertia from the New Economic Policy (NEP) threatens to scupper such a move.

The unit under the Prime Minister's Department, set up early this year to drive Bumiputera economic participation, believes that these legacies of the pro-Bumiputera NEP "are not sustainable or effective tools."

"They keep asking (for handouts) instead of going out and selling," Teraju chief executive Husni Salleh (picture) told The Malaysian Insider in a recent interview.

But the hardline Malay ground has severely tested the Najib administration's commitment to economic reforms, recently forcing Putrajaya to loosen conditions for contractors in the RM50 billion Mass Rapid Transit (MRT) project and interfere in land sales by UDA Holdings.

"It is very difficult. They keep talking about what the government can do for them," he said.

Instead, Husni hopes that the recently launched Teras programme, which aims to identify 1,100 high-performing Bumiputera small and medium enterprises (SME), will replace the so-called "Ali Baba" practice which creates monopolies and distortions in the market.

"We are really hoping we can go in that direction eventually," he said when asked if Teras, which will create a database of Bumiputera firms that "pre-qualify" in terms of credit and management ratings, can eventually replace APs, IPOs and quotas as the government's mechanism to forward the "Bumiputera Agenda."

Husni said the rationale for the Teras programme was to create a pool of visible Bumiputera companies that have been vetted by Bank Negara's credit bureau and the government's SME Corp which can take on the 131 entry-point projects (EPP) worth RM1.6 trillion and divestment of government assets under the Economic Transformation Programme (ETP).

"Information on Bumiputera companies is very poor. If I want 10 companies to pitch in a certain sector, I have no central database to consult," he said.

He said the mechanism would encourage other Bumiputera companies to strive to be more competitive as "they will want to be there because of the visibility. But you have to be that competitive."

Datuk Seri Najib Razak's ETP aims to double per capita income by 2020 but the Malay rights lobby fears that moves to liberalise the economy will leave them further behind in a market dominated by ethnic Chinese.

Official statistics say that Bumiputeras hold a 21.9 per cent share of corporate equity, short of the 30 per cent target set by the NEP in 1970.

Husni insisted that an equity target was still important to measure Bumiputera participation but it needed to be viewed in terms of market sectors.

"It could be in sectors with no growth. Construction, for example, grows only two per cent a year but has about 40 per cent Bumi companies," he said, adding that there were 40,000 Class F contractors out of 200,000 Bumiputera SMEs.

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