

## A CALL TO CO-OPERATE

*A Third Bumiputera Economic Congress raises some old concerns.*

THE MOOD WAS different this time around. Perhaps expectations were also different. But in the midst of differences, some common denominators prevailed at the recent Third Bumiputera Economic Congress (BEC) – the realisation of a need for economic integration between bumiputeras and non-bumiputeras and the creation of a resilient Bumiputera Commercial and Industrial Community (BCIC).

Twenty-eight years has passed since the last BEC. Why now? Political observers say that the New Economic Policy (NEP) rendered unnecessary any BEC after 1970. This time, however, a new policy, the National Development Policy (NDP) was in force, and it is a good deal less explicit than the NEP. In addition, analysts note that Vision 2020, a 30-year 'plan' to develop and industrialised Malaysia, is a more egalitarian plan with no mention of privileges, corporate ownership or equity targets. Given the lack of explicit comments, the BEC, say political analysts, was the platform for bumiputera businessmen to allay their fears about the future.

And for the first time in BEC's history, non-bumiputera businessmen were invited to join some 400 bumiputera entrepreneurs, corporate leaders and thinkers in serious dialogue on strategy development. Previous BECs (in 1965 and 1968) were strictly for bumiputeras.

Tan Sri Ramon Navaratnam, chief executive officer of Bank Buruh, who was among the non-bumiputera participants, says that 'non-bumiputera participation in the BEC has been fruitful'. More than 25 resolutions were adopted at the three-day congress, some carrying more sweeping effects than others. Among them:

- The setting up of a Bumiputera Investment Trust Scheme (APB), as seen as the next Permodalan Nasional Berhad (PNB), and a fund managed by a consortium of banks to enable bumiputeras to purchase equity in non-bumiputera companies at market prices;
- Adopting strategies to ensure that bumiputera entrepreneurs dominate strategic economic sectors;
- Expanding the scope of joint ventures between bumiputeras and non-bumiputeras to include new schemes, foreign participation in bumiputera and non-bumiputera joint ventures and local equity in selected new foreign investments;
- Extending the government's privatisation concept to provide bumiputeras with various business opportunities and management experience;
- Preparing a list of business ethics based on Islamic values for the benefit of bumiputera entrepreneurs;
- Setting up a centre for entrepreneurial development to train more bumiputera entrepreneurs;

- Establishing a science and technology 'intelligentsia' to enable BCIC to attain a high level of technological know-how and expertise;
- Forming strategic linkages between the BCIC and multinational companies based both locally and overseas; and
- Establishing a market research unit under the PNB to identify prospective industries and marketing channels and provide the information to potential bumiputera entrepreneurs.

Just how these resolutions will be implemented by the government remains to be seen, but there is no denying the 'clout' of the BEC. Most resolutions passed at the BEC, say analysts, will be implemented by the government. Even so, the various plans will hinge on absolute co-operation between bumiputeras and non-bumiputeras.

Tan Sri Eric Chia, Perwaja Steel managing director was quoted as saying, 'I think it is important that non-bumiputeras help bumiputeras because unless all the races in the country are equal, they are not confident. And when they are not confident, they will be suspicious of one another ... we cannot build a nation this way.'

Still, not all the resolutions provoked favourable comment. The creation of the new trust fund, the Tan Sri Jaffar Hussein-mooted APB, for instance, evoked mixed feelings among analysts. Says one, 'There's really no need for another trust fund. There are already a few very successful ones in the market like the Amanah Saham Nasional, Amanah Saham Bumiputera and PNB.'

Dr P H S Lim, president of the Malaysian Investors Association (MIA) disagrees. Lim says there is currently a lack of institutional funds in Malaysia. 'APB,' adds Lim, 'will be a boost to the stock market in terms of liquidity'. He says APB is 'a good idea', but he also purposes a trust fund be set up for non-bumiputeras.

Trust funds like the APB, when set up, say observers, should go to helping poor bumiputeras, and not create more economic wealth for the already successful bumiputeras. 'Otherwise,' says one, 'we will be back on the drawing board. The objectives of the NEP have not been totally met, particularly in eradicating poverty regardless of race. We must concentrate on reducing poverty.'

Says another, 'The building of corporate Malaysia and constant emphasis on the establishment of the corporate Malay must not lose sight of the fact that there are still poverty problems to solve.'

Then there are those who argue that trust funds are not the answer. They assert that the answer lies more in things like the PNB's venture capital fund, where the agency stakes out budding entrepreneurs and lends them the seed capital to set up new ventures. Says a bumiputera general manager, 'If you give a man a fish he'll eat it for a day, but if you teach him to fish, he'll eat for a lifetime.'

Meanwhile, non-bumiputeras surveyed by **Malaysian Business** all expressed the same fears, namely that rules must be consistent. Says a tax consultant, 'How can you play football if the goal posts are move all the time?'

Analysts, on the other hand, say that the Foreign Investment Committee (FIC) may be coming out with new guidelines on equity participation. They say it is currently attempting to define the make-up of a truly bumiputera company. The impact of this definition on foreign investments and holdings in Malaysia, adds analysts, are yet to be seen but foreigners, apparently, seem quite jittery.

Even so, most investment analysts concede that BEC was a good start. Dialogue took place. Weaknesses and problems were considered and discussed in a free and frank manner together with non-bumiputera Malaysians. Says Navaratnam, 'Now we have to build on this.'