

Press Clipping

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Nation's interest a priority when bailing out firms

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THE government will step in to rescue troubled companies only if it is in the long-term national interest to do so, a top government official said, amid growing speculation a RM4.6 billion lifeline may have been thrown to the Port Klang Authority's free trade zone project.

"We don't see the government going out and bailing out failed entrepreneurs. That's not our policy ... has never been our policy.

"But sometimes we put money in to create confidence for the overall economy, and we will do that," Second Finance Minister Tan Sri Nor Mohamed Yakcop told reporters in an interview yesterday.

However, he declined to comment on media reports that the government had already approved a RM4.6 billion soft loan for the PKA's Port Klang Free Zone (PKFZ) facility in Pulau Indah.

The media highlighted recently that the project has seen huge cost overruns, resulting in the development cost ballooning to RM4.6 billion from original estimates of about RM1.1 billion.

The government has in the past bailed out several financially-distressed companies such as the UEM Group, Bank Bumiputra, Perwaja Steel and Malaysia Airlines.

However, Nor Mohamed points out that the government rescued those companies in the interest of their minority shareholders and the public in general.

"We didn't bail out the major shareholders, we just created value for the minority shareholders, really. So in that sense, it's not a bailout of the majority shareholders ... it's a 'bail-in' of the general public and the minority," he said.

He explained that in the big scheme of things, certain companies or industries — like the

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