

Incentive offer to industry

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KUALA LUMPUR, Thursday.

D EPUTY Prime Minister Dr. Mahathir Mohamed said today that "the most fundamental element for both the private and public sector was to create a 'partner in development' perspective in which both sides see the mutual benefit that accrue from their partnership."

He said that to cement this partnership in development, the Government "stands ready to consider any new proposals from the private sector with respect to either fiscal or monetary policies or policies on incentives and credits which can contribute towards an accelerated development of the economy and the New Economic Policy".

The establishment of the Cabinet Committee on Private Investment represented the first of a series of actions that would be taken in the light of this understanding of the mutuality of benefits under the Third Malaysia Plan, he said.

"The members of the committee, together or singly, will be accessible to the private sector to discuss any issue concerning the investment environment or to discuss any investment, even though these may concern only specific projects," he said.

"Until more experience is gained, there would no rigid rules as to when the committee should be involved. However, it is

such as to lead to mutual suspicion, the environment will be significantly damaged," he said.

"While civil servants and private investors perform different roles in an economic system, they are, however, complementary to each other.

"Neither the investor nor the civil servant can go it alone in implementing policies. This need for each other should be used as the basis of co-

operation and common understanding rather than conflict," he said.

Dr. Mahathir said that while there was evidence that in the Second Malaysia Plan both parties had played their complementary roles, there was a need for even greater cooperation and understanding during the Third Plan.

The Cabinet Committee would scrutinise the roles of the two sides as the plan progresses, to ensure that cooperation and understanding would be enhanced and that the correct attitudes prevailed at all times.

He added that if the partnership perspective was understood and appreciated, there should be no difficulty for officials of both the public and private sectors to work consciously towards the targets of the Third Malaysia Plan.

Dr. Mahathir said that the Cabinet Committee, of which he is head, would, hopefully, be able to locate the bottlenecks and their causes, and devise ways and means to overcome them as well as to direct the necessary action.

"With this, the investment climate should improve and the traditional confidence that the private sector has had in the economy of this nation would be maintained, if not enhanced."

He also said that the Industrial Co-ordination Act may be redrafted to provide for more precisely defined powers which do not lend themselves to easy misinterpretation by the authorities, or misunderstanding by the business community.

Dr. Mahathir, who was addressing the opening session of the seminar on the Third Malaysia Plan, organised by the Federation of Malaysian Manufacturers, said that one of the tasks of his committee would be to look into the fears and complaints expressed by the private sector in connection with the Act.

"There is unfortunately today some degree of uncertainty on the part of investors on the real meaning and intention of the Industrial Co-ordination Act," he said.

"The Government has taken great pains to explain the true purpose and necessity of the Act.

"However, doubts still exist on the need for the Government to so regulate the industrial development of the country.

"Rightly or wrongly some entrepreneurs have read in the Industrial Co-ordination Act meanings that were never intended by the Government and for which there exist no factual basis."

Dr. Mahathir said the investment committee was also looking over all the agencies involved with investment, with a view to co-ordinating them and reducing bureaucratic procedures to the bare essentials.

He added that it would be part of the committee's responsibility to have a second or third look at some of the interpretations of policies which have given rise to complaints and fears and consequently clouded the investment climate.

Certain issues

The committee would be paying particular attention to the implementation of existing laws and policies before it could consider any new laws and policies because it was at this stage that misunderstandings and uncertainties were created.

It was felt that merely by spelling out the correct interpretation of laws and policies, the doubts and uncertainties would be cleared.

On the relationship between the New Economic Policy and private investment, Dr. Mahathir said certain problems and issues had surfaced during the implementation of the policy during the Second Plan.

These problems were probably responsible for the slight under-achievement of the targets of the Plan. These problems and issues might have given cause for doubts in the minds of private investors, he added.

It would be the function of the committee to try and resolve these problems and issues and to manage the New Economic Policy more realistically, he said.

"The committee will direct its efforts particularly towards more precise definitions of the policy and mechanics of the application, to abandon old and antiquated concepts and to introduce new ones if the situation requires.

"The purpose is to streamline and improve the effectiveness of the implementation process by standardising the meaning of key operating concepts."

An attempt would also be made to further improve the implementation process by recognising that the targets of both employment and

The attitudes

"If the attitudes are

equity participation were universal targets, and not necessarily valid for specific sectors or specific enterprises or corporations, he said.

Security

In doing this, a degree of flexibility would be maintained without sacrificing the principles.

Turning to national security, Dr. Mahathir said the Government had characterised it as "serious, largely because we should not be complacent with respect to any threats to our sovereignty and national integrity."

He said the security situation should not be a question of overriding concern to the investor, whether domestic or foreign.

He said the country had demonstrated many times its ability to deal with any upheaval or crisis promptly or successfully.

"We have the necessary built-in mechanisms and national resilience to counteract any force threatening our independence or integrity," he said.

"The security situation is well under control and as the development process is accelerated under the Third Malaysia Plan, the well being and prosperity it will create will enhance the stability of the nation and further

strengthen security."

In calling on the private sector for a more determined and concerted effort to achieve the targets of the Third Malaysia Plan, he expressed confidence that these targets would be attained or even surpassed if the private sector did not let considerations other than those of mutual interest and benefit to cloud their thinking.

"Let us be truly partners sharing the prints of investments fairly and justly..." he said.

He added that Malaysia was a conservative country that believed in playing the game according to the rules.

"We may decide on a policy that may be considered radical by some quarters. But whether radical or not, legality and correct approach was closely adhered to.

"The investors and others will be given adequate warning before a policy change is made.

Stability

"They will be given time to apply the policy. And should the effect of the policy be damaging, their complaints will be heard and considered, and finally when their complaints are found valid, policies can and will be modified.

With the New Economic Policy, it was not the

Government's intention to impose unfair conditions on the investors by formulating the policy, he said.

"There can be no economic stability without political and social stability.

"Thus the NEP is also a formula for economic growth and it is in the interests of the investors to accept it. Its implementations may be modified but for this country, given its character, this is the only policy that will work.