

New policy on shares

SUN, 12 AUGUST 1978
KUALA LUMPUR, Sat. — Deputy Prime Minister **Datuk Seri Dr. Mahathir Mohamad** announced tonight that shares reserved for bumiputras may be sold to the other races subject to three conditions.

These are:

- The companies have exhausted all possible measures in getting bumiputras to take up the reserved shares but were not successful;

- priority be given to the non-bumiputra Malaysian investors to purchase the reserved shares; and

- the shares be sold back to bumiputras at the earliest opportunity in the future for by then the companies might have become more viable and making profits. The price of the shares that are to be sold back will be at

"Although last year's figures reflect an increase in an absolute amount of \$89.2 million over the 1976 figures, the overall percentage position does not record any improvement.

"It is apparent that bumiputra investment does not increase proportionately to the rate of growth of the sector," he said.

He said the problems faced by bumiputra investors included their financial capability, fear of taking risks by investing in newly implemented projects and their apprehension of being minority shareholders in any venture.

However, **Datuk Seri Dr. Mahathir** said, there was a growing interest among bumiputras in the public issue of shares.

Training plans

"However, the sole reliance on the purchase of shares to be listed in the Stock Exchange will not contribute to the achievement of the socio-economic objective of the Government.

"In order to achieve the target by 1990, there is a need for bumiputras to show the same interest and willingness to take risks in private limited companies

prices, ✓ Dr M tells producers

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countries producing similar goods.

"Malaysian manufacturers should take steps to ensure that they are well aware of the most suitable importers for their products.

"They should also have adequate knowledge of overseas market conditions, trends and other requirements," he said.

He said the Ministry's trade promotion drive had been designed and formulated with these objectives in mind.

The Deputy Prime Minister said trade missions had been sent to the United States, Canada and New Zealand and selected countries in the European Economic Community, Eastern Europe, West Asia and Africa this year.

For the coming year, he said, trade missions would be organised to the United States, Canada and Vietnam and selected countries in the EEC, Africa and West

the prevailing price after consultation with the Trade and Industry Ministry.

Datuk Seri Dr. Mahathir was speaking at a dinner given by the Federation of Malaysian Manufacturers (FMM) here.

The thrust of his speech was on the flexibility of the Government's policies.

He said the Government will also exercise flexibility in the implementation of its policy on employment of bumiputras in the private sector.

He also spoke at length on the Government's investment drive and sales promotion efforts overseas, coupled with a call to the private sector to bring down prices in the domestic market.

Datuk Seri Dr. Mahathir said the Government recognised the difficulties encountered by some manufacturing companies in complying with the equity condition.

At the end of last year, the bumiputra share in approved and implemented projects was \$586.2 million, or 17.22 per cent, out of a total paid-up capital of \$3,401.5 million, he said.

He said in 1976, shares held by bumiputras totalled \$497.2 million (17.50 per cent) out of a total paid-up capital of \$2,840.4 million.

as they have shown for the public quoted shares," he said.

On employment, he said this should reflect the racial composition of the country.

However, in view of the difficulties in getting enough qualified professional and skilled bumiputra personnel to fill vacancies, the Government had in many instances, relaxed the implementation of this condition, he added.

Datuk Seri Dr. Mahathir said the Government was taking steps to increase the number of qualified bumiputras needed by the manufacturing sector through various technical and professional training programmes and higher institutions of learning.

He said the private sector should complement the Government's efforts by providing training facilities and opportunities to help increase the number of qualified bumiputra professional and technical personnel.

"Only then can we hope to reduce the racial imbalance in employment in the manufacturing sector," he said.

Earlier, **Datuk Seri Dr. Mahathir**, who is also the Trade and Industry Minister, said the Ministry would continue its aggressive and ambitious export promotion programme.

He said local manufacturers could not take their export markets for granted as there were many other

Asia. **Datuk Seri Dr. Mahathir** said the Government needed the co-operation of manufacturers to stabilise or even reduce prices in the domestic market.

Unfair prices

He said while it was the Government's policy to promote and protect local industries, it was also necessary to safeguard the interests of consumers.

He said the Government sometimes had to impose a price condition on certain industries because they had been granted some incentives.

"This condition is imposed to ensure that these industries, which virtually enjoy a captive domestic market through the protection given, do not abuse their position by charging high or unfair prices for their products."

He said he was aware that some manufacturers were not happy with the condition.

However, he assured manufacturers that it was not the Government's intention or policy to freeze or restrict profits.

He said all applications for price increases were considered basically on the increase in cost of production, and if such an increase was justified, then a price rise would be allowed.

He urged the FMM to play a more positive role in helping the Government strengthen the investment climate in the country.

He said the FMM could be a watch-dog and inform the Government of any problems arising from the implementation of the Government's policies and regulations.

Help to stabilise