

# The 30pc factor and what it means

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**HONG KONG, Mon.** — The 30 per cent share in Malaysia's corporate economy designated for bumiputras under the National Economic Policy does not mean bumiputras must have a 30 per cent share in every company. In some cases, there may be no bumiputra participation at all.

This point was made clear by Deputy Prime Minister Datuk Seri Dr Mahathir Mohamad in an exclusive interview appearing as part of an annual special economic report on Malaysia in the June issue of Asian Business magazine.

The most important and controversial aim of the NEP is the redistribution of economic power to achieve meaningful participation by indigenous Malays.

It is Government policy to reduce foreign ownership to 30 per cent of the economy and to increase bumiputra ownership to 30 per cent.

But Datuk Seri Dr Mahathir explained that "30 per cent (bumiputra participation) is the minimum we would like to

achieve. We are not obliged beyond the 30 per cent to make any very special effort.

"If they (bumiputras) wish to go up to 35 per cent, it is up to them."

According to him, the Industrial Co-Ordination Act — the stick the Government can use to ensure that bumiputras get their designated share — does not mean a compulsory 30 per cent bumiputra participation in each and every company.

Thirty per cent "is the aggregate... they can try to go beyond 30 per cent. But if they cannot (achieve it) they may go below 30 per cent. There will be some firms without bumiputra participation, of course."

Datuk Seri Dr Mahathir acknowledged that there had been calls from certain quarters for the bumiputra stake to be increased to 51 per cent but said that such calls did "not necessarily" reflect Government policy.

Some observers believe that the call for a 51 per cent stake is based on fears that 30 per cent participation means only 30 per cent control, less than equitable for the

bumiputras who comprise 50 per cent of Malay nationals.

But Datuk Seri Dr Mahathir did not consider this a valid point since "there will be some companies where bumiputras will have 100 per cent control. There will be others where the bumiputra share will be only 10 per cent. In big companies, sometimes, the biggest group will hold 10 per cent or 20 per cent but will effectively control the company. So the need to be 51 per cent in every company is not there."

On the thorny subject of the definition of

a bumiputra, Datuk Seri Dr Mahathir said that "bumiputras are Malays, that is, by definition people who speak Malay, practise Malay customs etc."

"Quite obviously there are a number (of nationals) who were not Malays before but have become Malays because they accepted the customs, the religion and the language of the Malays. There are Malays who are obviously of Indian origin.

"A Malacca Portuguese can become a Malay if he chooses to forget that he is Portuguese and he is a Mus-

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lim, and he habitually speaks Malay and practises Malay customs etc. This makes him indigenous... (and definable) as a bumiputra."

To assist in the redistribution of economic wealth and power, the Malaysian Government set up the bumiputra investment fund which to date has about \$2 billion worth of shares. To meet Government and bumiputra aspirations by 1990 will require the infusion of at least \$14 billion more.

That would appear to present the Government with a burdensome problem. But Datuk Seri Dr Mahathir did not agree, explaining that the shares are not being distributed free to the bumiputras.

"They are being sold," he said, and even "if they are sold at par," the foundation will recover its original investment.

"At the same time, the foundation itself may buy and sell in the market and use its gains to increase capital. It may also borrow in order to have sufficient funds to invest.

"So there are many sources," said Datuk Seri Dr Mahathir.