

MAHATHIR - INVESTMENT

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KUALA LUMPUR, MAY 16 ((BERNAMA)) -- THE GOVERNMENT IS STUDYING ALL INVESTMENT CONDITIONS WITH THE AIM OF ENCOURAGING GREATER INFLOW OF FOREIGN CAPITAL INTO THE COUNTRY, THE PRIME MINISTER SAID TODAY.

THE STUDY HAD THE GENERAL OBJECTIVE OF ATTRACING FOREIGN INVESTORS INTO TAKING PART IN MAJOR INDUSTRIES IN MASLAYSIA, HE TOLD REPORTERS AFTER CHAIRING A CABINET MEETING HERE.

(DATUK SERI DR MAHATHIR MOHAMAD) POINTED OUT THAT APART FROM THE GOVERNMENT, THERE WERE NO LOCAL INVESTORS PREPARED TO PUT IN CAPITAL IN BIG PROJECTS.

LOCAL INVESTOR ALSO LACKED TECHNOLOGICAL EXERTISE AND MARKETING OUTLETS, HE ADDED

+ IN VIEW OF THE SITUATION, WE NEED TO GIVE CONSIDERATION TO THE ROLE THAT CAN BE PLAYED BY FOREIGN INVESTORS+, HE SAID.

-- MORE 1520/AZ

MAHATHIR - INVESTMENT 2 KUALA LUMPUR

HE SAID THAT AT PRESENT, VARYING CONDITIONS WERE IMPOSED ON FOREIGN INVESTORS, WITH THE GOVERNMENT ALLOWING 100 PERCENT PARTICIPATION FOR THOSE SETTING UP EXPORT-ORIENTED INDUSTRIES.

HOWEVER, INVESTMENT CONDITIONS ON THE WHOLE NEEDED, TO BE RE-ASSESSED. TO ENCOURAGE MORE FOREIGN INVESTORS TO CHANNEL THEIR CAPITAL TO OTHER TYPES OF INDUSTRIES.

THE PRIME MINISTER ASSURED THAT THE ADJUSTMENT OR REVIEW OF THE CONDITIONS WOULD NOT ADVERSELY AFFECT GOVERNMENT POLICIES AND EFFORTS AIMED AT INTENSIFYING BUMIPUTERA PARTICIPATION, IN TRADE AND INDUSTRY.

BUMIPUTERA PARTICIPATION, HE REMINDED, WAS IN THE FORM OF LOCAL EQUITY HOLDING.

FOR EXAMPLE, IN A PROJECT INVOLVING A CAPITAL OF \$1,000 MILLION WHERE THE FOREIGN STAKE ACCOUNTED FOR \$700 MILLION, THE DIVISION OF EQUITY FOR LOCAL INVESTORS WOULD BE MADE FROM THE REMAINING \$300 MILLION AS REQUIRED BY THE NEW ECONOMIC POLICY. -- MORE 1609/MK

MAHATHIR - INVESTMENT 3 KUALA LUMPUR

+ IF WE STILL ADHERE TO THE OLD CONDITIONS, THERE IS A POSSIBILITY THAT WE WILL NOT GET MORE FOREIGN INVESTMENTS, + HE SAID.

ON EFFORTS TO STEP UP EXPORTS TO ISLAMIC COUNTRIES, DATUK SERI DR. MAHATHIR SAID THE RESPONSE FROM THE INDUSTRIAL SECTOR WAS SATISFACTORY.

+ THESE INDUSTRIES WISH TO TRY OUT THEIR GOODS IN THE DOMESTIC MARKET FIRST BEFORE EXPORTING TO ISLAMIC COUNTRIES, + HE SAID.

THE PROGRAMME WOULD TAKE TIME TO DEVELOP, HE ADDED.

THE PRIME MINISTER SAID THE CABINET WAS ALSO INFORMED OF "THE JAPANESE GOVERNMENT'S REJECTION OF LANDXNG RIGHTS FOR THE MALAYSIAN AIRLINE SYSTEM (MAS) FOR ITS PROPOSED SERVICE TO THE UNITED STATES.

+ THE CABINET TOOK THE DECISION TO CONTINUE EFFORTS TO SECURE LANDING RIGHTS FROM THE JAPANESE GOVERNMENT, + HE SAID. -- MORE 1612/MK

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MAHATHIR - INVESTMENT 4 KUALA LUMPUR

THE JAPANESE AGREEMENT ON THIS WAS ESSENTIAL FOR THE MAS OPERATION BETWEEN MALAYSIA AND THE UNITED STATES.

ACCORDING TO HIM, THE GOVERNMENT HAD NOT YET CONSIDERED ALTERNATIVE ROUTES SUCH AS VIA HONG KONG OR MANILA FOR THE OPERATION.

-- BERNAMA 1616/MK