Dr M on plus side of foreign investment

KUALA LUMPUR Fri. The Government policy of encouraging more foreign investments in Malaysia does not run counter to the objectives of the New Economic Policy, Datuk Seri Dr Mahathir Mohamad said today.

The Government is not abandoning the NEP just because it wants to encourage more foreign investment.

The Prime Minister explained that while the Government was studying how to improve incentives for foreign investment it would, at the same time, implement the NEP "without being too short-sighted."

He allayed fears that the inflow of foreign capital and investors into the country would throw the NEP into disarray.

On the contrary, he said, by attracting foreign investors to participate in major industries in Malaysia "our small share in a big enterprise can be more substantial than a big share in a small enterprise."

There would also be tremendous spin-offs in terms of supporting industries, technological transfers, inflow of foreign capital. jobs and a host of other side-benefits.

The Prime Minister was speaking at the opening of a two-day economic conference on national development attended by the country's top business leaders at a hotel here.

Stressing that Malaysia's industrialisation drive must bc accompanied by a more "outward-looking" strategy, he said import substitution industries were fine but their scope must "necessarily be limited.

"If WC want to grow have to export our industrial products on the same scale as wc export our agricultural products. Howcvcr. wc arc handicapped hcrc."

Know-how

Dr Mahathir pointed out that Malaysia had neither the capital, the technology nor the marketing know-how to go in comparison with big industrially.

One option was to wait. But, by then, the world market would have been cornered by others. Also a technological advancement is so rapid "we never catch up."

Dr Mahathir said another option was to invite foreigncrs to invest but they would obviously not want to share the manufacturing with Malaysia because this would mean they will be competing in wc the markets that they are already supplying from their own home bases.

"Why should they serve their factories here if their share will be reduced so that much of the comparative advantage will accrue to us? Wc can only get large scale foreign investment in Malaysia if the net gain to the foreign investors are to equal or increase in comparison with their present operations."

The Prime Minister suggested that it would be no loss to Malaysia if it were to allow big foreign-owned manufacturing concerns to use its rubbcr, tin or other natural resources.

Since Malaysia may never bc able to go into these industries on its own, he said, it would be "a case of half a loaf better than no bread."

(The Prime Minister had told Bernama after the Cabinet meeting on Wednesday that the Government was reviewing foreign investment incentives in order to woo more foreign investors into the country.