

# Final touch to new equity rule

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**By SHARIFAH ROZITA**

**KUALA LUMPUR, Tues. — The Cabinet will finalise the new terms and conditions on equity holdings for foreign investors at its meeting tomorrow, Datuk Seri Dr Mahathir Mohamad said today.**

"The guidelines are ready," he said. "We will finalise the details at tomorrow's meeting."

The Prime Minister said the new terms and conditions for foreign ownership of companies here would be a "radical departure from the New Economic Policy.

"We will not be sticking closely to the NEP, but this is necessary if we are going to create wealth.

"We have first to create wealth if we are going to have any to distribute under the NEP."

Until this year, the controlling stake in joint-venture companies had to be Malaysian. However, some relaxation was introduced recently, allowing foreign investors to have the majority stake under certain conditions.

The new terms for foreign investors will be announced at the Prime Minister's meeting

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with American businessmen in New York at the end of the month.

Dr Mahathir, speaking to reporters after opening a two-day seminar for MPs, reaffirmed the Government's stand on the ringgit.

"We will not devalue the ringgit," he said. "We don't believe in devaluation."

Devaluation was a short-term measure which would ultimately be more destructive than beneficial to the economy, he said.

"If we devalued the ringgit, it would mean that we would have to find more ringgit to settle our loans and pay for our imports, especially in the yen.

"If we have to get more ringgit, we would have to increase taxes and in the long-run it would be of no benefit to us. It will only create inflation."

He said the Government had repeatedly stated it would not devalue the ringgit and criticised "certain groups" which had persisted in spreading the rumour.

"There are people who want to see this happen," he said. "And it is nothing new to have such rumours and speculation. If they want to play around and have their fingers burned, they can go ahead."