

# RADICAL CHANGES\$



FLASHBACK... Encik Ghafar's assurance on Sunday but rumours still rife, says Dr Mahathir

## PM to announce new guidelines to woo foreign investment

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By KALIMULLAH HASSAN

**KUALA LUMPUR, Tues.** — The Government will introduce "radical changes" to attract foreign investment to the country and provide a boost to the sluggish economy, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

"The changes are a very radical departure from previous practice," he said and stressed that while they may, on the surface, seem like a departure from the New Economic Policy they were not.

"The changes are being introduced in the interest of wealth creation and though it may seem that the guidelines do not stick to the NEP, the new guidelines are necessary if there is to be wealth distribution under the policy," he said.

Dr Mahathir said the guidelines were expected to be approved by the Cabinet tomorrow. He will make them public at a meeting with American businessmen in New York, where he will be going to address the United Nations general assembly.

Dr Mahathir was speaking at a Press conference after opening a two-day seminar on government policies for MPs at the Putra World Trade Centre here.

It is learnt that among the changes being considered are:

- **SUSPENDING**, or removing several restrictions in, the Industrial Co-ordination Act introduced in the mid-1970's to provide investment guidelines in line with the New Economic Policy;

- **REDUCING** the present 40 per cent rate in corporate tax which companies have to pay in addition to a five per cent excess profit tax; and

- **REVIEWING** the Investment Incentive Act to provide more benefits for foreign firms investing in Malaysia.

On Sunday, Deputy Prime Minister Abdul Ghafar Baba had said the Government had no choice but to relax conditions for equity participation by foreign companies because of the plunge in commodity prices.

He said the Government had little money and needed foreign investment for development.

Dr Mahathir, in his Press conference today, also reiterated that the Government had no intention of devaluing the ringgit.

He said while devaluation had its short-term advantages, it would, in the long-term, cause spiralling inflation which would be detrimental to the country.

Dr Mahathir said the only solution to the country's economic woes was

higher productivity.

He blamed rumours of a devaluation, rife since Indonesia devalued its rupiah last week, on speculators.

He added that despite an assurance by Encik Ghafar on Sunday that the ringgit would not be devalued, such rumours were still rife.

"Whatever we say, they still insist they are right. Some people speculate and they would like to see a devaluation. They don't care about the country... only profits.

"This has been done by banks before," he said.

He stressed that a devaluation would not benefit the country.

"If we devalue the ringgit, we need more ringgit to pay our debts. As it is, we are paying 60 per cent more already because of the appreciation of the Yen and other currencies," he said.