

GOVT WILL CUT RED TAPE, SAYS MAHATHIR

STAR 7 OCT 1986

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KUALA LUMPUR, Mon. — The Government will cut red tape to ensure that foreign companies which meet the conditions for the new investment regulations can set up their companies fast.

Prime Minister Datuk Seri Dr Mahathir Mohamad said today that if the investors faced delays, they could complain to higher authorities and corrective measures would be immediately taken.

"If delays become a regular affair then there must be either something wrong with our conditions or something wrong with the department or officers you are dealing with.

"In both cases action will be taken, pleasant or unpleasant," the Prime Minister told an American trade delegation here.

The delegation, comprising representatives from 20 American corporations, will be here for five days to talk to Malaysian companies on investment opportunities.

Dr Mahathir said that while regulations would not be completely done away with, they could be reviewed to protect businesses.

"We will try our best to do away with unnecessary bureaucratic processes and regulations.

"For this we need continuous feedback from you, indeed even before you invest," he said.

Under the new investment regulations, foreigners are allowed to have 100 per cent ownership if their companies:

- EXPORT 50 per cent or more of its products; and

- SELL 50 per cent or more of its products to companies in Free Trade Zone or Licensed Manufacturing Warehouse (LMW);

In addition:

- A FOREIGN company which employs 350 full-time Malaysian workers is permitted to hold whatever level of equity it applies for;

- WHERE foreign equity is less than 100 per cent, the balance to be taken up by Malaysians should conform to the New Economic Policy rulings but such rules will not be applied rigidly;

- EMPLOYMENT of Malaysians at all levels should reflect approximately the racial proportion of the country; and

- ANY company with foreign paid-up capital of US\$2 million will be automatically allowed five expatriate posts at whatever level.

Changes of personnel will not require fresh permits.

Visas will be given automatically during the first 10 years of the investment period.

Additional expatriate posts will be given when necessary upon request.

The new rules, first announced when Dr Mahathir was addressing a group of industrialists, businessmen, bankers and consultants in New York, became effective on Oct 1 and will end in December 1990.

During the period, the companies would not be required to restructure their equity at any time.

Malaysia's emphasis now was on wealth creation rather than wealth distribution, he said.

There was unemployment and Malaysian commodities were not fetching the expected prices, he said.

Other developing countries were emulating Malaysia's successful import substitution and export oriented industrialisation programme, he said.