

# U.S. THE PREFERRED SOURCE OF INVESTMENT

KUALA LUMPUR, Fri. — Datuk Seri Dr Mahathir Mohamad, saying that the United States had "always been the preferred source" for investment in Malaysia, has invited small and medium-size American industries to do business here.

The Prime Minister said the "big names" in American industries, particularly those in the electronics field such as National Semiconductor, Motorola, Hewlett Packett, Mostek, Monsanto and General Electric — were well-represented in Malaysia and "have mostly done well."

"I am sure more will be coming if they care to ask their friends — or rivals — who have been here already.

"True, medium and small industries seldom go abroad. But we think we can offer them some advantages," he said in a keynote address at the semi-annual meeting of the Asia Pacific Council of American Chambers of Commerce (APCAC) here today.

He said the US was the "preferred source" for Malaysia because of the technology and expertise that American corporations have to offer.

He added that the US was one of five major investors in Malaysia and, quoting a survey of manufacturing companies, said 96 manufacturing and tourism projects in Malaysia have American interests involving a total paid-up capital of \$287.6 million and fixed assets of \$663.7 million.

These figures do not include American multinationals which have sourced their funds from third countries such as Singapore, Hong Kong, Bermuda and Europe. They also excluded investments by the major oil companies, he added.

Dr Mahathir said of 448 projects approved last year, 25 were with American equity amounting to \$17.1 million.

"Sixty per cent of these projects were in fact expansion projects, clearly demonstrating the continued

confidence of existing American companies in the investment climate in Malaysia."

The Prime Minister said the emphasis of Malaysia's development would be on export-oriented industrialisation, accelerating growth in priority industries selected on the basis of world comparative advantage, manpower development and the acquisition of technological capability.

"We believe that our future lies in the greater value-added secondary and tertiary processing of our raw materials and in higher technology industries," he said.

The Prime Minister said that over past years the Government had given greater flexibility to manufacturers in starting up new projects, for capacity expansion and for product diversification.

"We have further relaxed the guidelines for foreign equity participation in the manufacturing sector and provided attractive tax incentives for the manufac-

tourism.

"It is hoped that these measures would further stimulate investment activities in Malaysia's manufacturing sector," he said.

With regard to an Asean common market, he said that it was still a dream of the future "but we are working hard at it."

Dr Mahathir said there was every likelihood that some of the barriers would come down and a market of 250 million people with higher purchasing power than the billion people in China "will open up."

"When it does, those industries already in place are bound to enjoy certain advantages.

"Locating your industries in Malaysia or other Asean countries can mean good foresight in investment," he said.

On the Asia-Pacific region, Dr Mahathir said it was a fact that over the past decade high growth rates were the norm in the region.

"Although a number of

economies, including that of Malaysia, have been adversely affected by the world recession, future growth prospects in the Asia-Pacific basin are considerably higher than in most other regions.

"The abundant resources, a responsive labour force, a dependable infrastructure and overall stability are features which will contribute to this optimistic view," he said.

On protectionism, the Prime Minister said it was the surest means to reduce world trade and impoverish the already poor.

"Markets will shrink not only for products of developing countries but those of developed countries as well.

"Poor countries cannot buy the capital and consumer products which they can never manufacture themselves.

"Reduced world trade in the end will impoverish all of us — the developed and the developing countries," he said.