

'Tangible edge'

By JIMI NGOH
APR 1987

MALAYSIA, recognising that its future lies in higher technology industries and greater processing of its raw materials, will take steps to ensure that such industries will enjoy "certain comparative advantages."

Prime Minister Datuk Seri Datuk Dr Mahathir Mohamad said yesterday the Government has already taken some steps to make some of these advantages more tangible.

"The emphasis of Malaysia's development will be on export-oriented industrialisation, accelerating growth in priority industries selected on the basis of world comparative advantage, manpower development, and the acquiring of technological capability," he told participants at the 37th semi-annual meeting of the Asia Pacific Council of the American Chambers of Commerce (APCAC) in Kuala Lumpur.

The Government has taken a number of measures over the past few years to give greater flexibility to manufacturers in starting up new projects or for capacity expansion, and product diversification.

It has further relaxed guidelines for foreign equity participation in the manufacturing sector and provided attractive tax incentives for manufacturing, agriculture and tourism, with the hope to further stimulate investment activities in the country.

"These new incentives have met with enthusiastic and quick response from our traditional foreign investors, and I am sure American investors will not be found wanting," Dr Mahathir said.

He pointed out that of the 448 projects approved in the country last year, 25 were with US equity participation amounting to \$17.1 million. US investors are presently involved in 96 manufacturing and tourism projects with a paid-up capital of \$287.6 million and fixed assets of \$663.7 million.

The Prime Minister also referred to the potential of investors in the country catering to

the needs of the Asean region as a whole. Though the Asean common market remains a dream for the future, he emphasised that countries in the region are "working very hard at it."

"There is every likelihood that some of the barriers will come down and a market of 250 million people with higher purchasing power than the billion people of China will open up," he said.

When it does, those industries already in place are bound to enjoy certain advantages and Dr Mahathir said locating industries in Malaysia or in other Asean countries will be a good foresight on their part.

"Already the foreign partners in two major Asean industrial joint venture projects are reaping huge profits," he noted.

Malaysia is aware that other Asia-Pacific countries also offer investment incentives, but is confident that its track record as evidenced by the presence of a large number of American firms in the country will testify to its "capability and dependability."

"American technology and knowhow combined with Malaysia's natural and human resources can result in mutual benefit for Malaysia and the American investors as evidenced by the many successful American ventures to date.

"Though Malaysia welcomes foreign investment from all friendly countries, the US has always been a preferred source because of the technology and expertise that American corporations have to offer," he said.

As far as the Asia-Pacific region is concerned, he noted that much has been said about this being the next growth area, and it is a fact that over the past decade high growth rates have been the norm in this region.

Although a number of economies have been adversely affected by the world recession, future growth prospects for the Asia-Pacific basin are considerably brighter than that in most

Cont'd Back Page, Col. 2

Mahathir tells of comparative advantages

APR 1987
FROM PAGE ONE

other regions, he pointed out. He cited factors like the abundant natural resources, responsive labour force, dependable infrastructure and overall stability of the region.

So far Malaysia is not well known to the small- and medium-sized American businesses, but Dr Mahathir hopes to correct this situation: "We think we can offer them some advantages," he said.

The Malaysian Industrial De-

velopment Authority will be organising a series of round-the-table meetings in a number of US cities later this month and in June, while investment, trade and tourism seminars will be conducted in other US cities in September and October.

Early next year, MIDA will invite US companies to an investment forum and study tour in Malaysia and Dr Mahathir hope that these measures will make Malaysia "a little more

known to Americans, especially American businessmen and entrepreneurs."

More than 130 foreign delegates, representing about 60 multinational American corporations, are attending the meeting. The APCAC, formed in 1968, represents the interests of about 25,000 businessmen and 7,000 business entities which are members of various American chambers of commerce in 18 countries in this region.