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STAR 11 AUG 1987

'Groups trying to undermine ties with Britain'

PETALING JAYA, Mon. — Datuk Seri Dr Mahathir Mohamad said today that "certain quarters" are trying to sabotage Malaysia's relations with Britain.

The Prime Minister said although the Government had already made it clear that the *Buy British Last* policy had been abandoned, there were still people harping on the issue and spreading reports that British investors were not welcome in this country.

He said he did not know the motive of these groups, other than to undermine existing Malaysian-British ties. He declined, however, to say whether these groups were from inside or outside the country.

"It is up to you to interpret," he told a news conference on his return from a three-week visit to Britain, Hungary and the Soviet Union.

Dr Mahathir said he had had a "successful tour" as it had met the objectives of forging better bilateral relations with the countries concerned.

"We achieved what we set out to do. At the end of the tour we found that we had been favourably received by the respective governments and, in Britain, the private sector as well," he said.

Dr Mahathir said efforts to discourage British investors from coming to Malaysia started long before Prime Minister Mrs Margaret Thatcher visited the country (two years ago).

"The criticisms against us are being made on purpose. These critics simply do not want Britain to invest in Malaysia. I don't know why.

"As far as we are concerned, there are no more problems between Malaysia and Britain."

"We have repeatedly said that we are not anti-British. But those who harp on the issue are apparently not happy with our improving ties with Britain.

"We stand by what we say. So if we say we no longer practise the *Buy British Last* policy, we mean it.

"And if we say we will not nationalise their companies, we also mean it even though there are speculations that after five years of operating here such companies will be taken over by the government."

On his comments in London that the Government would consider a reduction in corporate tax, Dr Mahathir said:

"We discussed the matter in depth and I brought up the possibility that Malaysia might reduce the corporate tax.

"We are competing for investors with neighbouring countries.

"But we need to study whether or not there is a need to reduce the corporate tax (at 40 per cent it is considered the highest in Asean) to attract more investments."

Asked whether the proposal to reduce the tax would be made in the 1988 Budget to be tabled soon, Dr Mahathir said: "Likely."

Dr Mahathir said the British investors he met were generally supportive of Malaysia's policies.

He said that in Hungary, the State-owned companies also gave a similar response while in the Soviet Union, both the central government and the Government of Uzbekistan also expressed their interest in fostering closer trade ties.

On whether there were discussions to buy Russian military equipment, Dr Mahathir said:

"Our army chief (Jen Tan Sri Hashim Mohamed Ali) had the opportunity to talk to some of the Soviet leaders. Perhaps he has some ideas."

Dr Mahathir said the Soviets had all this while confined their trade to commodities like rubber but both countries felt there could be opportunities for them to invest in Malaysia's industries.

"We will see what type of industries would be suitable," he said.

The Prime Minister hoped trade between the two countries would be expanded.

He said although the Soviet Union did not practise a policy of investing overseas, both parties identified a number of industries in which there could be co-operation.