

Move to attract foreign firms to the country, says PM

Labuan to be a tax haven

By Nor Hawa Yunus

KUALA LUMPUR, Mon. — Labuan is to be made an international tax haven to attract foreign companies to Malaysia.

"The island is to be made a tax haven where foreign companies will be accorded the same facilities as the well-known tax havens elsewhere," Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said Malaysia is poised for greater economic development in the '90s and will enter the next decade on a note of confidence.

The country, which offered numerous investment incentives as well as the necessary infrastructural support, was also geared to encourage greater foreign investments.

Opening the World Economic Forum national meeting here, the Prime Minister said:

"We approach the 1990s on a note of confidence. As a growing economy, we are convinced that the region provides the centre of growth in the next decade.

"We stand ready to move forward to the next stage of economic development. And, we do so not alone, but through the forging of realistic partnerships."

The two-day meeting, organised by the Geneva-based World Economic Forum is attended by 80 captains of industry from Europe, the United States, the Asia Pacific region and Malaysia.

Dr Mahathir said there was a good range of business possibilities in Malaysia, adding that there was ample room for all who were interested.

Malaysia, he said, now provided a package of exceedingly attractive investment incentives in both the manufacturing and selected services sectors.

These incentives were complemented by the prerequisite infrastructural support, including efficient and expanding money and capital markets.

Dr Mahathir said Malaysia wanted more foreigners to come with their technology and marketing expertise to be combined with Malaysian resources and labour to yield high profits for mutual benefit.

To complement this role, Malaysia could now

offer new tax and other incentives for foreign multinationals to establish their Asia-Pacific operational headquarters in this country.

"We are committed to make Malaysia an attractive and less costly place to conduct business," he said.

Malaysia had also embarked on an "ambitious arrangement" to promote tourism as a leading growth sector, adding that the Government was committed to this effort.

The Prime Minister also spoke at length on various Government policies as well as the country's economic growth since 1980.

He said early structural adjustment measures had enabled the economy to consolidate, adding that economic growth was now rather vigorous.

The country recorded real GDP growth of 8.7 per cent in 1988, the highest in this decade. The economy was expected to grow between seven and eight per cent this year and no less than 6.5 per cent in 1990.

Dr Mahathir said inflation was expected to be higher but would not exceed four per cent this year. It was 2.5 per cent last year.

This was, however, low by international standards and the Government would take appropriate steps to keep the inflation rate low, he added.

On the forum, Dr Mahathir said it was timely because Malaysia had made great strides since 1986 when the last meeting was held.

The meeting by the World Economic Forum is aimed at exploring business opportunities in Malaysia.

Among the speakers were Finance Minister Datuk Paduka Daim Zainuddin, Primary Industries Minister Datuk Dr Lim Keng Yaik, Penang Chief Minister Dr Lim Chong Eu, Deputy Trade and Industry Minister Datuk Kok Wee Kiat, chairman of the National Economic Consultative Council Tan Sri Ghazali Shafie, Mida chairman Tan Sri Zainal Abidin Sulong, Aliran president Chandra Muzaffar and DAP deputy-secretary general Lee Lam Thye.

The World Economic Forum is aimed at creating interaction among leaders in business, politics and academicians and is known for its annual meetings in Davos, Switzerland.

Dr Mahathir later had a closed-door dialogue with the participants.