

# PM: Stability a big 'pull' factor

By Sulochini Nair

KUALA LUMPUR, Tues. — The Prime Minister today said political stability is a major "pull" factor that draws investors to the country — it guarantees protection for their investments.

Another factor was the attitude of the Government and the people: their readiness to accept foreign investments for economic growth and industrialisation.

"Thus, the dramatic upsurge in Taiwanese invest-

mentors' interest in Malaysia, especially over the past two years, is by no means a passing phenomenon," Datuk Seri Dr Mahathir Mohamad said.

Although it could also be due to various "push factors" like appreciation of the Taiwanese dollar, increase in wage rates in Taiwan, manpower shortage and loss of GSP status, the Prime Minister said it was largely due to the "pull factors" in Malaysia.

He referred to 298 Taiwanese investment projects approved between

1988 and 1989, which were more than all Taiwanese projects approved before that period. This similarly applied to the more than \$2.9 billion in proposed Taiwanese capital investments for the two years.

In terms of manufacturing projects approved, Taiwan, which in 1987 took third place after Singapore and Japan, surpassed Singapore to take the top position last year.

Addressing the inaugural meeting of the Taipei Investors' Association in Malaysia here, Dr Ma-

hathir said one of the main concerns of Taiwanese investors was the lack of protection for their investments abroad.

The fact that the same Government has been ruling Malaysia since its independence meant the continuation of Government policies which enabled the investor to conduct his business in a predictable environment, he said.

"Whatever the other attractions Malaysia has in terms of competitive labour costs, land price and so forth, I believe the prime

factor any investor should be concerned with is the attitude of the Government and people of that country."

He said the Malaysian Government and people were tuned to accept foreign investments to achieve economic growth and industrialisation.

Saying Malaysia is always looking for good corporate citizens, Dr Mahathir said one pleasing aspect of Taiwanese projects on the ground was

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that about 95 per cent of them were joint-ventures with Malaysians, according to a 1988 survey.

He said although this picture might have changed slightly by now, "it demonstrates the compatibility of Taiwanese and Malaysian entrepreneurs and we would like to encourage more of such co-operation".

Dr Mahathir, who described the inaugural meeting as the "coming of age of Taiwanese investments" here, said every latest development or move by Taiwanese investors was being highlighted in the local media.

He said nobody minded if the news was good. However, negative reports, such as stories of Taiwanese purchases of industrial land for speculative purposes, "cause people to sit up".

He said he did not want to elaborate on these negative issues but had touched on the matter merely to show

the need for an association like TIA to form a responsible voice and provide a moderating influence on such negative reports.

The growing prominence of Taiwanese investments in Malaysia, he added, placed a greater requirement on Taiwanese companies here to act responsibly and be good corporate citizens.

As businessmen, he said they should be aware that one irresponsible action sometimes wiped out a whole lifetime of good business relations.

"Similarly, it needs only one irresponsible action by only one Taiwanese investor to possibly jeopardise future business negotiations in Malaysia by Taiwanese businessmen."

Speaking to reporters later, the Prime Minister said the technology brought by the Taiwanese was very much needed by Malaysia as it was the same technology that had made Taiwan, once lagging behind Malaysia in terms of economic develop-

ment and per capita income, to become a NIC (newly-industrialised country) and with per capita income of US\$7,000 (\$18,900) compared with Malaysia's US\$2,000.

Asked whether Malaysia would welcome China Steel Mills proposal to set up an \$8 billion steel plant here, Dr Mahathir said Malaysia was prepared to entertain any investment proposal as long as it conformed with local regulations as far as the environmental and other aspects were concerned.

"Our problem is that Malaysia is not a very big steel consumer," he said. "Under such circumstances, the investors must ensure their own markets."

On reports that the Taiwanese company wanted a separate port for the project, he said: "We do have ports suitable for steel plants. And we are prepared to invest in a separate port provided we can see good returns for us. It is going to be a commercial proposition for us."