

Laws on Labuan's new status in final stage of drafting, says PM

Tax haven

details out

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in six months

(P)

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KOTA HINABALU, Fri. — The Government will announce details of making Labuan a tax haven after laws relating to its new status are ready, Datuk Seri Dr Mahathir Mohamad said today.

The laws, now in the final stages of drafting, would be completed in six months.

"Progress has been slow and my announcement recently on the project was to apply pressure to get it moving," the Prime Minister said in response to a question at a Press conference here before he left for Kuala Lumpur.

The plan to make Labuan a tax haven was made three years ago, said Dr Mahathir who arrived yesterday to open the 22nd Usno Congress as chairman of the Barisan Nasional.

During the Press conference, Dr

Mahathir responded to questions on wide ranging issues, mostly pertaining to latest developments in Sabah.

The issues included exports of timber, anti-Federal sentiments, royalties on oil, use of different symbols by Barisan Nasional parties, action against corrupt officials, electricity tariff and lower MAS fares.

On allegations that there was a pact in Kuala Lumpur to topple the PBS Government, he said "this was only the view of the beholder."

"On the other hand, there are people who say that the Sabah Gov-

ernment is not happy with the Federal Government.

"However, the Federal Government is not concerned about such rumours and allegations."

On whether the Internal Security Act would be used against those fanning anti-Federal sentiments in Sabah, he said the authorities could not detain anyone without sufficient evidence to indicate they were inciting racial tension.

"Unlike in October 1987 during Operation Lalang when the ISA was used to detain those causing racial tension, there is insufficient evi-

dence at the moment to invoke the ISA in Sabah.

"However, I would like to advise all those concerned not to exploit racial and religious issues."

On the Sabah Government's request for 50 per cent of the royalties for oil found in the State, Dr Mahathir said the rationale to be used was that the oil wealth belongs to Malaysia and not to any particular State.

"If the argument that the wealth from oil belongs to the State then districts where the oil is found can also say they need 50 per cent of the royalties and not the State."

The Prime Minister reminded that when there was no oil in Sabah, revenue from the oil wealth of other States were also used to develop Sabah.

On the use of different symbols by Barisan Nasional members PBS and Usno, Dr Mahathir said there was time to resolve the matter before the election.

No export ban

"If there are requests to resolve the matter, the BN leadership will consider it," he said, adding that even if the two parties agreed to use the BN symbol, there was a possibility of their candidates contesting as Independents where one party is fielded.

The Prime Minister also clarified that there was no ban on the export of logs but these would be reduced in stages.

This move, he said, was to encourage downstream processing of timber which would bring better benefits in terms of revenue and employment and also protect the environment.

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