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MAHATHIR ASKS MORE JAPANESE COMPANIES TO GET LISTED ON XLSE

Mahathir - Stocks

From Azman Ujang

Dr. M - overseas trips.

TOKYO, Oct 19 (Bernama) -- Japanese companies were today asked by Prime Minister Datuk Seri Dr Mahathir Mohamad to get more of their Malaysian subsidiaries to go for listing on the Kuala Lumpur Stock Exchange (KLSE).

This would enable them to raise capital in the local market while fulfilling the objectives of joint-ownership, Dr Mahathir said in a keynote address at a forum organised by a research organisation here.

He told Japanese companies that their control over their Malaysian operations would not be lost, but instead, they would benefit from whatever favoured treatment, which local companies were entitled to.

Dr Mahathir also said that despite the very substantial trade between Japan and Malaysia, now totalling US\$15.9 billion (M\$39.75 billion) or 21 per cent of Malaysia's global trade, the country was very concerned about the gaping trade deficit with Japan.

This was caused by the decline in the export of raw materials which no longer formed the major portion of Malaysia's trade, compared to the past.

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Sixty-four per cent of Malaysia's exports are currently made up of manufactured goods, largely produced by Japanese-owned companies.

+ The foreign exchange earnings from this do not really accrue to Malaysia, as raw materials exports do, + he told some 300 top Japanese businessmen at the forum organised by Mitsui and Company for Trade and Economic Studies Incorporation.

But Malaysia only benefited a little from the exports of manufactured goods because they were produced by tax-exempt companies.

Dr Mahathir said it was important to enlarge manufactured exports and create buy-back arrangements by Japanese companies to off set the deficit.

He also said Malaysia's successful industrialisation had created the problem of getting enough workers. -- more

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Although this problem was overcome by importing foreign labour for selected industries, -this was not a good solution, he said.

+The better solution is to have more capital intensive industries and technologically sophisticated industries, + he added.

The Prime Minister said Malaysia might have to take the path taken by Japan domestically because investment in foreign countries could not be Malaysia's solution to labour shortage.

In view of this, Malaysia would have to promote the 'development of intermediate and capital goods industries and the creation of more joint-ventures where technology could take place more readily. -- Bernama

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