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MALAYSIA TO MAINTAIN LIBERAL POLICIES

Mahathir-investment

(Embargo: For release after after 1800 hrs, Sept 21)

From Abdul Rahman Sulaiman <sup>O.T.</sup>

LONDON, Sept 21 (Bernama) -- Datuk Seri Dr Mahathir Mohamad said today Malaysia will maintain its current liberal investment policies which among other things allow majority stakes, including 100 per cent foreign ownership, of export-oriented manufacturing projects.

As the policies had proven successful, there was no reason why they should not be continued, he added.

Speaking on the theme +Malaysia: Your Profit Centre in Asia+ at a Malaysian Industrial Development Authority-organised investment seminar here, the Prime Minister said there was now no doubt that Malaysia did have a cutting edge when it comes to producing for the world market.

+Indeed, it is this competitiveness that has propelled us to the top in the world's exports not only of semi-conductors, of which we have been the leader for some time, but also of late in room air conditioners, extruded rubber threads, rubber gloves, colour TVs and audio equipment,+ he told about 250 industry leaders, businessmen, bankers and potential investors from all over Britain attending the one-day seminar. -- more

▼21/09/15-23MST

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Dr Mahathir said Malaysia was also fast becoming a leader in the world production of cameras. In the first quarter of this year alone, exports of manufactured goods constituted 64.7 per cent of the country's total exports.

The government would continue to place great emphasis on foreign investment because they brought with them new technologies, new processes, vital linkages and access to international markets, he added.

As the private sector thrives best under stable macro-economic conditions, the government would also continue to create conditions conducive to private investment growth and entrepreneurship development, he said.

On the recent changes to the tax incentive scheme, Dr Mahathir said they were aimed at enhancing self-reliance and the creation of more competitive and efficient industries.

A constant review of the package of incentives offered to foreign investors was also necessary to put in place a more selective and effective system to promote efficiency, productivity and corporate restructuring to ensure the attainment of an environmentally sustainable growth in the manufacturing sector, he added. -- more

▼21/09/15-25MST

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Dr Mahathir said he was aware that in its bid for an accelerated industrialisation drive, Malaysia would face obstacles along the way.

However, he was confident that given its political stability, availability of natural resources, the workforce's familiarity with the English language and its commitment to human resource and infrastructure development, Malaysia would remain an attractive location for investment.

Malaysia's strategies for the years ahead, he said, would take into consideration not only the local politico-economic and social scene but also the recent drastically-changed external geo-political and economic environments.

On Malaysia-Britain bilateral relations, the Prime Minister said the two countries had long traditional ties which encompassed the political, economic, social and educational sectors.

He was happy to note that developments in bilateral economic co-operation had also been encouraging.

Dr Mahathir said Britain was Malaysia's fourth largest trading partner, accounting for about 4.5 per cent of the country's total trade last year.

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Total trade between the two countries increased by more than three times from M\$2,820 million in 1989 to M\$8,807 million last year.

Currently, manufactured products constituted about 90 per cent of Malaysia's total exports to Britain, a radical change from the former dominance of tin and rubber.

Dr Mahathir was certain that the current strong bilateral economic co-operation between the two countries would continue to expand and grow in strength.

On ASEAN, he said the organisation's member countries currently enjoyed one of the fastest economic growth rates, ranging from five to eight per cent.

Based on the present growth rates of the ASEAN population and the economies, the Gross National Product (GNP) for the region was projected to reach between 100 and 110 billion pounds by the year 2000.

This scenario offers tremendous opportunities for British companies to locate their manufacturing operations there, he added. -- more

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Besides, he said, the region would also become a much more attractive market when the governments of the six ASEAN countries begin to implement the Agreement on the Common Effective Preferential Tariffs (CEPT), a scheme leading to establishment of the ASEAN Free Trade Area (AFTA).

CEPT, which would liberalise trade through gradual reduction of tariffs within Asean, hopes to establish a free trade area within 15 years, commencing Jan. 1, 1992. -- Bernama

▼21/09/15-28MST