

We'll have to adjust, says Mahathir

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BUKIT MERTAJAM: The country will have to adjust to the New World Order with the conclusion of the General Agreement on Tariffs and Trade negotiations, Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday.

Dr Mahathir said Malaysia, which now ranked the 16th largest trading nation, welcomed the conclusion of the GATT talks "because it makes for orderly international trade."

"We don't like anarchy in the international market base because we may be faced with all kinds of action which are detrimental to us as a trading nation.

"With GATT, we will have access to certain markets," he said after opening Otis Manufacturing Company (OMC) Sdn Bhd's RM60 million plant.

"Of course, we will have to also liberalise our own markets. This means our people will have to face greater competition... We have to adjust to the New World Order."

Earlier, in his speech, Dr Mahathir said Malaysia hoped more Americans would come forward and form alliances with Malaysian investors.

"The environment is

now more conducive as corporate tax has been reduced from 34 per cent to 32 per cent from year of assessment 1994. It will be further reduced to 30 per cent effective from year of assessment 1995.

"Our company income tax rate will be comparable with that of neighbouring countries."

Dr Mahathir said the United States was the largest foreign investor in Malaysia this year. In the first 10 months, 22 projects with American interests were approved with a proposed capital investment of RM1.68 billion (US\$652 million).

These projects accounted for 27.7 per cent of the total proposed foreign investment of RM6.07 billion in all the projects approved during the same period.

"It is interesting to note that interest in investments is not just shown by new projects alone. Of the 22 projects granted approval, eight were approvals for expansion or product diversification. This fact testifies to the growing confidence of US investors in Malaysia's investment climate."

He also took a jibe at the foreign press for being "naughty" when reporting about Malaysia's

success story.

He said the country was expecting another boom year ahead after enjoying seven consecutive years of sustained rapid growth.

He said real gross domestic product was expected to touch 8.2 per cent next year against the estimated eight per cent this year.

Dr Mahathir said it was clear that the focus of interest among investors would continue to be the Asia Pacific region, noting that Asia's growth was estimated at 8.75 per cent this year and 7.1 per cent next year against the world average of 2.2 per cent this year and 3.2 per cent next year.

As more countries joined the ranks of trading nations, Malaysia's ability to maintain and expand her markets amid greater competition worldwide would hinge upon her competitiveness, he said.

He said Malaysia not only had to compete with less developed countries and the newly industrialised countries but also with the developed countries which were taking strong measures to retain investors in their countries.