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Mahathir-Laws
NEW LAWS PLANNED TO ENHANCE LABUAN IOFC

LABUAN, Aug 29 (Bernama) -- The government is amending several existing laws and introducing some new ones to enhance Labuan's success as an International Offshore Financial Centre (IOFC), Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said the Offshore Trust Act was passed by Parliament last month and the government had identified Offshore Limited Partnership, Offshore Securities Industry and Offshore Islamic Financial Services among new legislations to be implemented.

The Offshore Companies Act 1990 would be amended to allow Malaysians to own offshore companies as well as permit offshore companies to invest in Malaysia, he added.

Speaking when he opened the Labuan Financial Park and launched the Labuan Offshore Financial Services Authority (LOFSA) here, he said several areas were being given special attention.

They included the trust business, insurance business and deepening of banking activities, especially in areas of treasury management and foreign exchange operations.

In addition, Islamic financial services were being developed as an important niche for Labuan, he said.

This niche, Dr Mahathir said, would need to be pursued vigorously in Labuan to take advantage of Malaysia's headstart in Islamic banking so that the Labuan IOFC would become a significant centre for the issuing and marketing of internationally-accepted Islamic instruments.

There is still a lot of scope for the further growth and development of the Labuan IOFC, given its excellent location, stable political environment, sound financial system as well as various incentives to promote Labuan, he added.

With the completion of the RM360 million Financial Park, the establishment of LOFSA and the shift of the management offices of offshore banks and insurance companies to Labuan since April this year, growth prospects for Labuan are brighter than before, he said.

Dr Mahathir said good progress had been made in developing Labuan into a successful IOFC.

There are now 800 offshore companies operating on the island of which more than 50 are offshore banks, including some of the biggest names in the business, eight offshore insurance firms and 16 trust companies.

Commending Bank Negara for completing the Financial Park on time, he said it was the culmination of efforts to provide the basic infrastructure for Labuan to operate as an IOFC.

The complex, on a 4.6-hectare site, would eventually have a built-up area of 198,000 sq metres of which 35 per cent would be office space, 14 per cent for commercial use and 17 per cent for condominiums.

Dr Mahathir stressed that although Labuan is being promoted to be a successful IOFC, it is important to know that Labuan is not a competitor to Kuala Lumpur.

Rather, he said, the two would complement one another and there ought to be some "bridge" linking Labuan and Kuala Lumpur in terms of players, products and infrastructure.

He said the government is committed to developing the Malaysian financial and capital markets to play a more active role in the region and for foreign financial institutions to pick the country as their regional

base.

This would be centred in Kuala Lumpur and supported by the Labuan IOFC.

Dr Mahathir said one of the "bridges" being looked into is the setting up of an international stock exchange in Labuan to provide for the listing of offshore companies, funds set up in Labuan and international companies.

"This listing can actually be done either in Kuala Lumpur or Labuan," he added.

He explained that what Malaysia aimed to offer is flexibility to tap the existing infrastructure, expertise and incentives available in Kuala Lumpur and Labuan so that the players could use them to their advantage with the help of telecommunications and electronic facilities.

The further development of Labuan, as with other IOFCs, depended critically on the availability of a workforce with the right skills, he said.

Players in Labuan's offshore financial industry should spare no effort to train their staff at all levels by having structured training programmes to enable them to understand the mechanics of the business and the changing dynamics of the markets.

As for foreign professionals, he said, the government is adopting a liberal approach in allowing them to work in Labuan, including providing them with tax incentives. -- BERNAMA

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