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BETTER INCENTIVES AWAIT M'SIAN BUSINESSMEN IN S. AFRICA

By: E. Sivabalan

KUALA LUMPUR, March 1 (Bernama) -- South African and Malaysian officials are now in the final stage of negotiating a better "investment climate" for Malaysian entrepreneurs in the republic who have complained over the high corporate tax imposed by Pretoria.

South African High Commissioner Maite E. Mohale said there has been a lot of discussions between the two countries on the matter "and negotiations are at the very advanced stage".

"We envisage positive results from the discussions," she told Bernama in an interview here last Friday, ahead of President Nelson Mandela's five-day visit to Malaysia beginning Thursday.

Mohale said both parties have reached "a number of understanding but discussions are still going on".

South Africa imposes an across-the-board corporate tax of 35 per cent with an additional 15 per cent if dividends are paid.

Following complaints from Malaysian investors, Prime Minister Datuk Seri Dr Mahathir Mohamad took up the matter with President Mandela during his visit to South Africa in August 1995.

Dr Mahathir was quoted as saying that as South Africa was competing with other countries in attracting investments, it should consider some incentives. "In Malaysia, we give tax exemptions of up to 10 years," he said.

President Mandela was expected to discuss the matter with Dr Mahathir during their bilateral talks here.

Malaysian businesses have blazed an acquisition trail across South Africa in the past two years, pumping resources into sectors ranging across property, energy, food and banking.

According to research group BusinessMap, Malaysians are South Africa's fourth biggest direct investors, having committed themselves to investing 1.8 billion Rand (about RM1.2 billion) between April 1994 and May 1996.

This does not include Malaysia's biggest investment in the republic so far by Petronas which has invested 1.9 billion Rand (about RM1.3 billion) in obtaining a 30 per cent equity in South Africa's oil company, Engen.

Mycom and Country Heights are two companies which recently followed the footsteps of other major Malaysian companies such as Sime Darby, Malaysian Resources Corporation Bhd, Serting and SungeiWay Group in investing in South Africa.

Asked if there have been complaints from South Africans about Malaysian investors, Mohale said they (Malaysian businessmen) have a good track record in the republic.

Commenting on the influx of investments from Malaysia, she said: "They are the only country which invested large amounts of money at that time when other countries had doubts (as to whether to invest in South Africa)."

Mohale said Malaysian investors were engaged in "genuine" joint ventures with South African companies and their experience and expertise has indirectly helped to improve the living standards of the poor.

"Their investments have been very encouraging and we are very proud," she added. -- BERNAMA

ES SHY