

21 SEP 1997

Wong-Economy

FOREIGN FIRMS IN MALAYSIA REINVESTING PROFITS HERE, SAYS WONG

IPOH, Sept 20 (Bernama) -- Deputy Finance Minister Datuk Wong See Wah has dismissed claims that most profits accruing to foreign companies in Malaysia are remitted overseas.

He said a major portion of the RM14 billion to RM15 billion profits are reinvested in Malaysia and only a small percentage is sent back by the companies to their home countries.

"They prefer to plough back their gains here because Malaysia offers fiscal and other incentives to foreign direct investors as part of its overall strategy to woo investments.

"The foreign direct investors here are long term investors, and are here for the long-haul," he said at the annual dinner of the Malaysian Institute of Accountants' Perak branch here last tonight.

On claims that remittance of funds abroad was draining the country's current account, Wong said: "The money is not being drained out, but rather put back here in view of the country's sound fundamentals, good employment, reserves and high economic growth."

He said International Monetary Fund (IMF) managing director Michel Camdessus had lauded Malaysia for chalking up "high quality growth", particularly for the emphasis on the manufacturing sector which the country has elevated to be the catalyst for economic growth.

Wong said the persistent trade deficit in Malaysia was mostly due to the import of raw materials to be processed here for re-export (43 per cent of total imports) and of machineries and vehicles for the service industry (42 per cent).

"Unlike other countries facing an economic crisis right now, Malaysia has a good deficit because only 10 to 13 per cent are for home consumption," he said.

This means most of these imports will in time to come translate into higher exports and eventually redress the trade deficit through increased receipts, he said.

On criticism hurled at the prime minister for being outspoken following the downturn in the currency and stock markets, Wong said Datuk Seri Dr Mahathir Mohamad was bold enough to hit out at "rogue speculators" such as American financier George Soros for abusing and manipulating Malaysia's free market system, as well as those in neighbouring countries.

Likening their abuse of the financial system to "sucking our blood away", Wong called on Malaysians to rally together to heed the government's call to keep their shares, cut down on their expenditures and reduce imports as well as increase their savings.

Wong also revealed that Malaysians staying abroad have responded to the call by investing in Malaysia, a move which will help the country recover from the current economic predicament.

"We have survived the severe recession in the mid 80s without anybody's help, and we need to show the same resolve in the current situation," he said.

-- BERNAMA.

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