

16/02/1997

Investors should heed PM's advice

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COMING as it did from Prime Minister Datuk Seri Dr Mahathir Mohamad, the advice to Malaysian investors to be cautious when investing overseas to prevent them from being branded greedy should not be taken lightly.

Commenting on the Philippine Supreme Court's decision to stop the Ramos Government from selling Manila Hotel to Malaysia's Renong Berhad, Dr Mahathir said if they could not invest in the Philippines, they could invest elsewhere.

Invoking the 'Filipino First' policy, the court ordered that the hotel be sold to a Manila-based company, Prince Hotel Corporation, despite Renong having won an international auction to buy the historic landmark.

Responding to questions from the Press during his Hari Raya open house a week ago, Dr Mahathir said: "I think Malaysian investors will be more cautious and will not invest too much in that country. Though there are many opportunities in the Philippines, there are also many investment avenues in other countries. We have limited capital. So if we cannot invest in the Philippines, we can do so elsewhere."

The Prime Minister's blunt remark also sent shockwaves that hit the highest levels of Government in the Philippines. President Fidel Ramos warned in a strongly worded speech that the court might have overstepped its authority, adding that its recent decision to nullify the sale of 51 per cent of the Manila Hotel to the Malaysian company was harming the country's image among investors.

He said: "I regret that, in deciding on the Manila Hotel case in the way it did, the Supreme Court majority has given the outmoded and failed economic theory of protectionism a new lease on life."

Foreign chambers of commerce in the country also warned that the Philippines would be shunned unless it stuck to clear rules on awarding contracts to foreign companies.

Ramos' reaction is understandable. Malaysia is easily among the staunchest supporters of the Philippines economic reconstruction, providing not only capital but political support as well.

Dr Mahathir had personally encouraged Malaysians to invest in the country. Today, Malaysians are among the largest and most active foreign investors in the republic.

Said Dr Mahathir: "We were actually invited to invest in the Philippines to help in the recovery of the country's economy."

The Prime Minister has been instrumental in encouraging Malaysian businessmen to invest abroad by including them in his official tours and introducing the Reverse Investment Policy.