

Shares bought on KLSE must be kept a year

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KUALA LUMPUR: Investors in the Kuala Lumpur Stock Exchange (KLSE) will now have to keep their shares for at least a year, Datuk Seri Dr Mahathir Mohamad said yesterday.

The Prime Minister said foreigners could continue investing in the stock market here but "the shares must stay within the country for one year."

He added that this also applied to locals because foreigners "had a way of using locals."

Stressing that the country did not need "hot money," Dr Mahathir said Malaysia welcomed long-term, genuine investors.

All payment of trade must be done in foreign currency, Dr Mahathir said during a special live interview from Angkasapuri on the Government's move to introduce foreign exchange controls to reduce speculation in the ringgit.

"We will buy and sell in any foreign currency because we need foreign currency to pay for our

imports.

"And because our imports are less than our exports, we can finance our trade without much difficulty because our earnings from our exports are considerable," he said.

He said Malaysia had enough foreign reserves to meet its commitments.

Dr Mahathir said the surplus trade could also be used to pay for the deficit in services trade.

"But on top of that, we are also trying to reduce our foreign services deficit by using our own ports

and insurance, and by reducing the number of students studying abroad."

To a question on whether the demand for foreign currencies would be higher than normal should foreigners in the country want to take out their money, Dr Mahathir said: "They would have to first convert their ringgit into foreign currency but they would have to justify why they are taking it out.

"If it is used to purchase something to bring back into the country, then we will consider it."

Dr Mahathir also said that all earnings from exports should be brought back to the country and deposited in the central bank.

He said Malaysia would consider subsidising its imports through taxing its exports.

"The price of palm oil is RM1,200 (per tonne) higher than before. So, we may have a windfall (in) profit tax ... where our export of palm oil is taxed and this could subsidise our sugar import, for example," he said.