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Anwar: More equity liberalisation soon (HL)

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THE Government will announce further liberalisation of foreign equity ownership in Malaysian companies soon, Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim says.

This, he said, shows that the Government is committed to the process of economic liberalisation.

"Not only will there be no reversal of this policy but we will also continue to enhance and expedite the process," he told reporters in Kuala Lumpur yesterday after chairing a meeting of the Cabinet Committee on Social Issues.

Anwar made his announcement as Energy, Telecommunications and Posts Minister Datuk Leo Moggie said that the Cabinet had on Wednesday approved a proposal to raise to 49 per cent the limit for foreign equity participation in the country's telecommunications companies.

The policy, is consistent with the liberalisation package offered to the World Trade Organisation (WTO), Leo Moggie said after attending a Hari Raya gathering organised by the Department of Gas and Electricity Supply.

He added that with the decision, Malaysia's telecommunications industry is now the most liberalised in the world.

Foreigners are currently allowed to hold up to 30 per cent equity in public-listed companies while Bumiputera interests must not be less than 30 per cent.

Anwar gave an assurance that the interests of Bumiputeras remain safeguarded under the National Development Policy, which in 1990 replaced the New Economic Policy, although adjustments will have to be made in view of the current economic difficulties as well as Malaysia's commitment to liberalise the economy under the WTO requirements.

He said consideration has to be made and approval given to non-Bumiputeras to acquire such stakes for the sake of the economy and also the Bumiputera companies involved.

"In protecting the interest of the Bumiputeras, we have to recognise the need to make the necessary adjustments, but the details will have to be worked out."

On whether the move involved listed or non-listed companies or both, Anwar said: "We are still exploring the mechanism, we have had discussions with (Economic Adviser to the Government) Tun Daim Zainuddin... to listen to his views."

The Deputy Prime Minister had met Daim before the meeting.

Prime Minister Datuk Seri Dr Mahathir Mohamad said on Wednesday that allowing non-Bumiputeras to acquire stakes in Bumiputera companies would be a temporary measure. This was in response to Tuesday's foreign reports quoting Daim, who is also the executive director of the National Economic Action Council (NEAC), that Bumiputera equity requirements may be eased.

Asked to clarify if the measure would be a permanent one, Anwar said the policy is clear. "I don't think, as a policy, we would completely ignore the need for a form of affirmative action."

"... and I think consistent with these adjustments, we have announced measures to further liberalise (the economy) including buying into Bumiputera companies or stocks.

"If in the long run the interests of Bumiputeras and the affirmative action are still being looked into and protected, the policy can remain,"

he said.

Slight adjustments to the Bumiputera equity policy are necessary, and some can be permanent in nature. "I don't think it is proper to make a commitment on the need to change now and change again after three months or six months... I think that needs to be clear," Anwar said.

Asked to define a Bumiputera company, he said: "We are looking into it... Tun Daim has submitted some of his views this morning on how this could be done and implemented."

Share prices meanwhile closed broadly higher yesterday, boosted by a stronger ringgit.

The KLSE Composite Index rose 14.89 points, or 2.09 per cent, to 727.70, and the second board index 3.0 to 199.28.

The ringgit firmed to 3.7000/7300 against the US dollar from 3.7550/775 at Wednesday's close.

It was also higher at 2.2776/3003 against the Singapore dollar from 2.3037/318; the Japanese yen at 2.8909/9154 from 2.9595/977; the deutschemark at 2.0369/0540 from 2.0804/097; and the pound sterling at 6.0650/1179 from 6.1826/219.

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