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## Assurance to foreign investors

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PRIME Minister Datuk Seri Dr Mahathir Mohamad yesterday assured long-term foreign investors that the Government will continue to pursue pro-business policies as foreign direct investment (FDI) can contribute significantly to the development of the manufacturing sector and to the overall Malaysian economy.

"I wish to assure you that the exchange control measures do not mean any stoppage of FDI in the productive activities.

"Indeed, a fixed exchange rate will facilitate the drawing up of investment budgets and processing of goods for the domestic and international markets.

"There will also be no restriction in the repatriation of profits. The business community, both foreign and local should welcome this," Dr Mahathir said in his speech at the opening of Outokumpu Copper Products (M) Sdn Bhd in Pasir Gudang yesterday.

The Prime Minister's speech was read out by Johor Menteri Besar Datuk Abdul Ghani Othman.

Also present at the function was Finnish Ambassador to Malaysia, Mr Erkki Huittinen.

Dr Mahathir added that Malaysia has no other alternative but to take radical measures to insulate its economy from manipulative devaluation of the ringgit and deliberate withdrawal of capital from the share market.

On September 1, the Government had implemented a fixed exchange rate to peg the US dollar at RM3.80.

The overriding objective of the exchange control measures is to regain monetary independence and insulate the domestic economy from global economic uncertainties and manipulations.

The changes are aimed at containing speculation on the ringgit and minimising the impact of the short-term capital inflows on the domestic economy.

Dr Mahathir also said that the presence of a large number of foreign multinationals corporations and their subsidiaries is testimony to the country's success in providing a conducive environment for them not only to establish their manufacturing operations but also to reinvest their profits through expansion of their existing plants and diversification into additional products.

Malaysia, he said, welcomes Outokumpu's new venture as it will assist in substitution of imports as well as increase exports in copper-based products from Malaysia.

The non-ferrous metal products industry, he said, has continued to attract a significant amount of capital investment.

"In 1997, 14 projects with a total capital investment of RM366.8 million in the sector were approved. FDIs had accounted for RM54.3 million.

"Between January and August this year, three projects with a total capital investment of RM257.7 million were approved of which the FDI amounted to RM194 million," he said.

However, Finnish investments in the Malaysian manufacturing sector is less significant in comparison to other major capital and technology exporting countries in North America, Europe and Asia, he added.

As of end of August, 23 Finnish projects involving investments of RM700 million had been approved in the manufacturing sector. Outokumpu's investment in the copper plant itself is close to RM200 million.

Earlier, Outokumpu Copper Products (M) Sdn Bhd managing director Pentti Jahi said Outokumpu is not looking for short-term gains in setting up the copper manufacturing in Malaysia.

"The decision is based on long-term prospects and we are certainly looking beyond present achievements.

"To achieve this, we stress on a strong foundation in terms of physical structure expertise and technology, he added.

The company produces 1,200 tonnes of alloyed copper and oxygen-free copper in continuous rod form annually which are processed into copper anodes and electricity conductors respectively.

Outokumpu Copper also manufacture copper tubes used in heat exchanges such as in air conditioners and refrigerators.

The company, which has a paid-up capital of RM78 million, will be exporting up to 80 per cent of its products to Europe and Asia.

The company is targeting at a turnover of RM400 million by 1999 when the plant achieves full capacity.

Based in Espoo in Finland, Outokumpu is a worldwide metals group producing the entire chain of base metals and stainless steel, and employs about 14,000 people worldwide.

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