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RAFIDAH-SELBEREN

DRASTIC MEASURES SHOULD NOT DETER LONG TERM FOREIGN INVESTORS, SAYS RAFIDAH

KUALA LUMPUR, Sept 1 (Bernama) -- The drastic measures announced by the government today will not unduly constrained the operation of the private sector and should not deter the long term foreign investors who are given the flexibility to maintain foreign currency account and external account, said international trade and industry minister Datuk Seri Rafidah Aziz.

She said companies can continue to operate foreign currency account with commercial banks, funded from exports, and used only to pay for imports, with no limits.

Similarly, companies can credit into the foreign currency account, interest and dividend from foreign companies and proceeds from the sale of foreign assets.

Rafidah said it is important that the business community and the public continued to place confidence in the government's earnest effort to foster the country's economic growth and sustain the growth momentum.

She was speaking at the 25-year celebration of Selberan, a jewellery manufacturer.

Prime Minister Datuk Seri Dr Mahathir Mohamad today said that Bank Negara will peg the ringgit to a fixed rate "very soon." For the time being, however, the rate will be decided by market forces, he said.

By fixing the rate, he said individuals and businessmen would be able to facilitate transactions with certainty and without fear from volatile currency movements now that they could determine its value.

Foreign direct investors wanting to set up production facilities will be encouraged to come here as with a fixed exchange rate they have a very good chance of making profits with a minimal of costs.

This, along with foreign exchange control measures announced by Bank Negara today to curb speculation in the ringgit, were the "shocking measures" he had mentioned before, the Prime Minister said.

On jewellery trading, Rafidah said Malaysia is emerging as a significant gold and jewellery manufacturing and trading centre.

The sales value (ex-factory) of jewellery and related articles totalled RM714.4 million in 1996, RM69 million in 1997, and RM231 million between January and May 1998.

With regards to export, Malaysia exported RM1.776 billion worth of jewellery products between January 1997 to June 1998. The major export destinations are Singapore, the United Arab Emirates, Hong Kong, Saudi Arabia and the US. -- BERNAMA

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