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FDIs are still welcomed, but nation must benefit

KUANTAN, Sat. - Malaysia still welcomes foreign investments, but these must benefit not only the investors but also the country, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said Malaysia still welcomed foreign direct investments, but not those for short-term gains.

He said this was because investors eyeing short-term gains could leave a trail of destruction in the country.

"To our horror, we have discovered that although we have said that foreign interest can take only up to 30 per cent of our companies, they have exceeded 50 per cent.

"There is no way you can track them because this is something that is moving very fast. Before you know it, foreigners have become majority shareholders in these companies," he said when replying to a question at a Press conference after opening a cement plant belonging to Pahang Cement Sdn Bhd in Bukit Sagu, about 50km from here.

He said when these foreign investors dumped their shares and took out their profit and capital gains, local shareholders were left to bear the costs.

"Now when we talk about bailouts, there is so much concern for minority shareholders and yet when it comes to dumping shares and taking away the profit and leaving the minority shareholders with practically nothing, nobody complains," he said.

He said there were different kinds of foreign investors.

"There are investments producing all kinds of facilities from micro-chips to heavy industry products. We do not mind and will continue to welcome them because they are here with their money, literally sink in their roots with the piles they drive into the ground. They cannot very well pull out the piles and walk out.

"They are making a permanent contribution to the industrial development of the country. We will continue to treat them as special guests," he said.

He said there was also another kind of investor coming from outside.

"They are here not to invest permanently. Their intention is to benefit from trading in the stock market. They push up share prices so that they can rake in the 'hot money'," he said.

Dr Mahathir said there were also people who wanted to invest provided there was no control at all over them.

"I have been told by them many times that the financial market should be totally open. They can come in to take over banks, stockbroking firms and every thing.

"They want to take over 100 per cent of our companies and do what they like and do not want to conform to any of our national policies. Obviously we cannot welcome them."

Dr Mahathir said any country would want some control over its economy.

"Some countries, not Malaysia, have actually imposed conditions that investors in their countries cannot take out their money immediately and they must put the money in deposits. I know at least two countries that I have been to which have such arrangements."

Earlier in his speech, Dr Mahathir said the country was diversifying its industrial activities so that there would be something to fall on in the event that any of the activities was affected by happenings in the

economic world.

"Diversification will minimise the impact," he said.

Dr Mahathir said this was the reason why emphasis was given to petroleum and gas-related as well as petrochemical industries in the eastern industrial corridor while the west coast concentrated on electronic industries.

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