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Flow of FDIs into the country won't be affected: Dr M

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PRIME Minister Datuk Seri Dr Mahathir Mohamad says the new and "drastic" measures announced by the government yesterday will not affect foreign direct investment.

"Foreign investors are not affected, except if they come here to do short-selling in the share market which is regarded as hot money. If they (foreigners) want to invest in shares, they can still invest but such investments must stay in the country for at least one year.

"They cannot come and push down or push up the shares," he told newsmen in Kuala Lumpur after a 90-minute live television interview moderated by New Straits Times Press editor-in-chief Datuk Abdul Kadir Jasin.

Notwithstanding the measures that have been and will be taken to revive the country's economy, the Government remains committed to providing the same treatment, privileges and support to genuine foreign investors, the Prime Minister said.

"If they want to set up factories to produce anything, they will be given facilities such as to exchange the capital they bring in into ringgit.

"If they need to borrow in Malaysia, we still allow them to borrow in ringgit from the local market. If they make a profit and then want to remit it, that can be done. We are not restricting them in any way. They have the same privileges, facilities and incentives."

Dr Mahathir was asked whether, by implementing the foreign exchange controls and requiring foreigners to hold shares for at least a year, capital inflows might be affected.

The measures will also not have any impact on the initiative to use the ringgit and currencies of Malaysia's trading partners in intra-Asean trade.

"There is no implication for our trading partners, except that we will trade with them in their currencies.

"If we trade with Thailand, we will use baht to pay (for imports)... there is no reason why trade should be affected," he added.

In fact, trade should be enhanced because there will be no need to hedge, Dr Mahathir said.

"You don't have to hedge because you know the value of your currency vis-a-vis our currency. And if there is any change, it is not with our currency but with other currencies.

"So there is certainty in your calculation with regards to trade. You need not worry what happens to the exchange rate," he said.

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