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Further liberalisation of economy (HL)

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KUALA LUMPUR, Thurs. - The Government will soon announce new regulations on foreign ownership of Malaysian companies which is now capped at 30 per cent.

Deputy Prime Minister Datuk Seri Anwar Ibrahim, who disclosed this today, said the Government was committed to the process of liberalisation and that "there would be no reversal of this policy."

At present, foreigners may hold up to 30 per cent equity in public-listed companies while the Bumiputera share should not be less than 30 per cent.

Foreigners owned 19.2 per cent of the equity of public-listed companies, Bumiputeras 36.7 per cent and non-Bumiputeras 44.1 per cent as at the end of 1996, according to Kuala Lumpur Stock Exchange statistics.

Anwar, who is also Finance Minister, was speaking to reporters after chairing a meeting of the Cabinet Committee on Combating Social Ills, at the Finance Ministry.

Asked to comment on a proposal to allow non-Bumiputeras to acquire stakes in Bumiputera companies, Anwar said the Bumiputeras should not worry as their interests under the national economic policy would continue to be protected.

"While we have to protect the interests of the Bumiputeras, we have to recognise the need to make the adjustments," he said.

"But details will have to be worked out," he said.

He said he had met the Economic Adviser to the Government Tun Daim Zainuddin and listened to his views at his (Anwar's) office this morning.

Daim had said on Tuesday that non-Bumiputeras might be allowed to buy Bumiputera stakes in companies but the change in policy would only apply to non-Bumiputera investors rather than foreigners.

Prime Minister Datuk Seri Dr Mahathir Mohamad, commenting on the subject yesterday, said the proposed move was temporary and applied to certain cases only.

He added that such a measure had to be taken to assist companies facing problems.

Anwar said Daim, who is the executive director of the National Economic Action Council, had submitted some of his ideas on how this could be implemented accordingly.

To another question, he said the Government was still exploring whether the proposed move would affect public-listed and private companies owned by Bumiputeras.

"We are still exploring the mechanism. The policy is clear and I don't think we will completely ignore the need for a form of affirmative action but some adjustments are necessary."

Asked whether the adjustments were temporary, he said: "Some adjustments can be permanent in nature."

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