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KEIDANREN-MALAYSIAN INVESTMENTS

JAPANESE FIRMS WILL EXPAND EXISTING OPERATIONS IN M'SIA

KUALA LUMPUR, 26 Nov (Bernama) -- KEIDANREN or the Japan Federation of Economic Organisations has given an undertaking that Japanese companies operating in Malaysia will not withdraw their investments from the country, its chairman, Takashi Imai, said today.

"They would instead expand their existing operations here," he told reporters after leading an 11-member delegation from the powerful Japanese trade body to meet international trade and industry minister Datuk Seri Rafidah Aziz here.

Imai explained that with the current economic situation in Japan, it was unlikely for new investments to flow in.

Japanese investment in four Asean countries including Malaysia in the period between April 1997 and March 1998 had increased by 150 billion yen to 750 billion yen.

The mission also briefed Rafidah on steps taken by the Japanese government to stimulate Japan's economic recovery.

It also provided an outline of the Miyazawa aid plan offered by Japan to countries affected by the economic crisis.

The Miyazawa aid plan technical team is expected to arrive in Malaysia soon to determine the country's requirements and special functions minister Tun Daim Zainuddin will co-ordinate the application procedures.

Malaysia had requested for a US\$1.5 billion loan from Japan to finance eight projects and US\$0.5 billion package for trade financing.

Imai said KEIDANREN would speak to the relevant parties to help expedite the loan disbursement.

At their meeting today, Rafidah also assured the Japanese visitors that high quality Malaysian-made products would find markets even though Malaysia has been rather vocal towards parties which had interfered into the domestic affairs of the country.

She said the business community, which knew of the quality of Malaysian goods, would continue to buy them and there should not be any reason for them to impose any sanctions.

Rafidah said to date, there have not been any signs of any country taking counter action on Malaysia because of her vocal stance.

She also briefed the visitors on Malaysia's reaction to those who tried to interfere in the country's domestic affairs and said that it was tantamount to violating a country's sovereignty.

Rafidah said Malaysia would ensure that its political affairs would not be mixed with those of trade.

"We have received a letter from the US-Asean Business Council which stressed that its members did not want to be associated with any comments made by American leaders and that the council instead wants trade between Malaysia and the United States to continue smoothly and that it would also encourage American investment in Malaysia," said Rafidah.

She also took the opportunity to explain Malaysia's selective exchange controls and said they did not affect any Japanese company operating in the country.

She also spoke of Malaysia's new equity policy where foreign companies or investors can hold 100 percent of their projects if they had been established before Dec 31, 2000.

Meanwhile, KEIDANREN'S vice chairman Naohiko Kumagai said he had met Prime Minister Datuk Seri Dr Mahathir Mohamad and was told that Malaysia

would only review the ringgit peg to the US dollar if the peg was hurting the country's export competitiveness. -- BERNAMA
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