

28/11/1998

Mustapa: We are not lifting controls yet

Adeline Ong

SECOND Finance Minister Datuk Mustapa Mohamed said yesterday Malaysia is not about to lift its nearly three-month-old currency exchange rate controls.

"We are not lifting capital controls," was all Mustapa said, declining to elaborate, when asked to comment on a foreign news report that this was imminent.

Mustapa's statement ahead of Prime Minister Datuk Seri Dr Mahathir's expected meeting with fund managers next week, quashes speculation that Malaysia is about to lift a ruling that money invested in Malaysian shares must stay in the country for one year.

Mustapa was commenting on an Asian Wall Street Journal report that fund managers will meet Dr Mahathir next week to discuss the possibility of easing some of the measures announced on September 1 to safeguard the Malaysian economy from further speculative attacks.

The report said the meeting will probably see an early end to the one-year requirement period the Government imposed on foreign holders of Malaysian shares.

The one-year requirement applies to holdings of Malaysian assets in any form. For instance, if ringgit is held for more than a year, proceeds from the disposal can be converted into foreign currency.

Mustapa spoke to reporters after launching Taza Bar B.Q. Chicken restaurant in Kuala Lumpur.

Asked what is to be expected of the third quarter gross domestic product (GDP) figures to be released today, Mustapa asked members of the press to be patient.

"Wait till tomorrow," he said, keeping mum about the third quarter GDP figures which will be announced by Bank Negara.

Malaysia's GDP shrank by 6.8 per cent in the second quarter year-on-year after contracting by a revised 2.8 per cent in the first quarter compared with the corresponding period in 1997.

The Government has projected a 4.8 per cent contraction in GDP in 1998 over the previous year, and a 1.0 per cent growth in 1999.

At the launching of Taza Bar B.Q. Chicken restaurant, Mustapa commended the Saudi Arabian company for choosing Malaysia as its base to venture into other countries in the region.

"We hope this will encourage more investments. There are not many franchisors from West Asia as most come from either the US or Europe.

"Therefore, with this venture, hopefully bilateral relations will be further strengthened. There are still lots of opportunity for expansion especially in areas of trade and investments," Mustapa said.

The franchiser of Taza, Fakieh Poultry Farm, has appointed FBD (Malaysia) Sdn Bhd its master franchisee for Malaysia, Singapore and Brunei.

FBD was incorporated in Malaysia on June 26 this year. The company was set up to operate a chain of restaurants in Malaysia under the Taza franchise, which originates from Saudi Arabia.

The Malaysian ventures will be the first for FBD to eventually spearhead its operations into Brunei, Singapore and the rest of the Asia-Pacific region.

Current FBD ventures now in operation in Malaysia include the first Taza Bar B.Q. Chicken restaurant and a commissary (chicken processing plant)

which supports the restaurant's operations.

FBD invested RM2 million each in the restaurant and the commissary. It plans to spend another RM50 million within seven years to set up 50 more outlets. FBD said the next outlet will be opened in three months, but declined to say where it will be.

(END)