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Enough reserves to cushion fund outflow

MALAYSIA has enough reserves to cushion any outflow of funds on September 1, when the moratorium on the repatriation of capital imposed under selective currency controls ends, Prime Minister Datuk Seri Dr Mahathir Mohamed said.

Dr Mahathir said foreign investors wanting to take out capital held under currency measures need not worry because the country has enough ringgit reserves to be exchanged for foreign currencies, but said the Government does not expect an exodus of foreign capital.

He also did not anticipate a massive sell-down on the stock market although there will be some investors who will do it.

"We do not expect a sudden outflow of funds. Maybe some will take out but not all because many will stay. The market will also not be affected because most investors are local.

"Furthermore, foreign investors are still coming in and if they want to take their money out, we have enough ringgit to be changed to foreign currencies. No problem... they can take their money out," he said.

By September, foreign funds will be able to repatriate their principal investments in the Kuala Lumpur Stock Exchange (KLSE) without having to pay any more exit levies.

However, after September 1, repatriation of profits made in the stock market will be subjected to a 10 per cent levy.

The Government is also not alarmed by the fall of the KLSE Composite Index last week because the index has surged past the 800-point mark compared with only 262 points last year.

Dr Mahathir pointed out that the index had climbed quite rapidly a few months ago and it is normal for the market to experience a correction due to profit-taking and react to international markets.

"So, for us, it (the index's fall) is not something worrying," he told reporters after witnessing a memorandum of understanding (MOU) signing ceremony between Emkay Group Bhd and Golden Life Resort Bhd for the purchase of some property blocks of the Langkawi Lagoon development, in Langkawi yesterday.

At the ceremony, Emkay was represented by its executive chairman Tan Sri Mustapha Kamal Abu Bakar while Golden Life was represented by its managing director Yoon Chan Soo.

Also present at the function were Kedah chief minister Tan Sri Sanusi Junid, Culture, Arts and Tourism Minister Datuk Abdul Kadir Sheikh Fadzir and South Korean Ambassador Lee Byoung Ho.

The Langkawi Lagoon project is being developed by Emkay's subsidiary Tema Teladan Sdn Bhd and it involves the building of 178 bungalow units and 675 cottages built over water.

Situated on a 20-ha site, the project will also have 838 low-rise apartment units, a duty-free emporium, a boardwalk commercial area and a club.

Under the MOU, Golden Life, which is a joint venture between a South Korean and Malaysian company, will purchase 220 bungalow units, cottages and apartments valued between RM70 million and RM100 million.

Dr Mahathir also proposed a tourism documentary exchange between the private and public television stations for promotion purposes between Malaysia and South Korea.

Dr Mahathir also called on South Korean corporations to invest in the

Multimedia Super Corridor so as not to miss the opportunity of working together with other multinationals which have invested in the project.
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