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Mahathir-Investment

GOVT TO MAKE IT EASIER FOR FOREIGN FUNDS TO ENTER COUNTRY, SAY PM

By: Yong Soo Heong

DAVOS, Jan 31 (Bernama) -- The government is working towards making it easier for foreign capital to enter the country for investment purposes, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

He said the authorities were also examining the introduction of an exit tax for foreign investors wanting to take out their investments in Malaysian equities during the one-year moratorium on repatriation of funds from equity investments.

The moratorium was imposed on Sept 1 last year as part of the selective exchange control measures to curb excessive speculation on the stock market and ringgit.

Dr Mahathir made these remarks at a news conference here on Saturday when he was asked on a wide range of matters ranging from the domestic economy and international financial system to politics.

He said his coming to the World Economic Forum here also enabled him to explain to people like fund managers, top businessmen and government leaders who did not understand Malaysia's exchange control measures.

Now that they better appreciated Malaysia's stance, they were less critical, the prime minister said.

In an interview with the Malaysian media later, Dr Mahathir said he felt vindicated now that more people understood his views on the financial crisis.

"When I first criticised (currency trading in 1997), at that time I was accused of not understanding international finance and herd behaviour."

Dr Mahathir had said that there should be curbs on currency trading and now more people are beginning to accept that view.

Dr Mahathir also slammed the biased Western media for distorting the truth on what Malaysia did and there were also some who deliberately presented inaccurate views.

Asked whether he held the view that Jews were responsible for the currency crisis, he replied: "No, I don't think so. There are more people who are involved, and not just confined to the Jews but certainly there are some Jews."

Dr Mahathir was also asked whether he had met currency speculator George Soros at the WEF gathering. He replied that it was his (Dr Mahathir's) misfortune not to have met Soros and explained things to him.

"I am quite sure that if he gets my explanation, he would be full of support," the prime minister said.

Dr Mahathir, when asked how he wanted to see the international financial system in the future, said he wanted a better regulated one which would allow people all over the world and not just a few countries to prosper.

Currency trading at present was not very transparent where some hedge funds could borrow up to 20 to 200 times their original capital, he said.

The prime minister also questioned the rationale for banks to lend so much money to hedge funds when governments themselves could not raise those kind of sums.

"I don't see why movements of capital cannot be regulated," he said, adding that there were also rules for sectors like aviation and shipping.

"Why are they (hedge funds) so free to do anything they like, including abusing the system?" he said.

Asked to clarify a statement he made on Friday that governments which

could not regulate currency manipulators or harboured them should either resign or be overthrown, he said:

"Well, it has been suggested that (corrupt) governments in South East Asia, including Malaysia, should be thrown out by demonstrations even though we are elected governments. My suggestion was that any government which says that it cannot control its banks and banking system is not fit to be government and should either resign or be overthrown."

The prime minister also commented on the US criticism of the so-called protectionist stance of other countries and said he could not understand why American leaders were against protectionism when the US also practised it.

"It protects its wheat industry with huge subsidies. It has countervailing duties against anybody accused of dumping. So protectionism is practised by America itself. So they should understand why a small country like Malaysia would want to protect its automobile industry."

When questioned on the differences within Asean, Dr Mahathir said it was normal in any grouping.

However, he said, such differences might not lead to a break-up of Asean just as differences in opinion among European Union members would not lead to a break-up of that grouping.

Asked for his opinion on an Asian single currency, he said it was a good idea but "the time has not yet come and it would take sometime before we come to that."

Dr Mahathir also had bilateral meetings with Australian Foreign Minister Alexander Downer, Iranian Foreign Minister Dr Kamal Kharazi and Sri Lankan President Chandrika Bandaranaike Kumaratunga.

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