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DAIM-SPENDING

RM10.6 BLN TO BE SPENT ON 2ND PHASE OF FISCAL EXPANSION PROGRAMME

KUALA LUMPUR, April 15 (Bernama) -- The government will spend US\$2.8 billion (RM10.64 billion) on various infrastructure projects, which have been identified as part of the second phase of the country's fiscal expansion programme, First Finance Minister Tun Daim Zainuddin said today.

The National Economic Action Council said in a statement that Daim, however, said the government was not in a position to announce these projects yet as details were still being finalised.

Speaking at a one-hour meeting here with representatives of 20 US companies who are part of a U.S.-Asean Business Council delegation now visiting the country, Daim said under the first phase of the expansion programme, projects that were identified included a water supply project covering Pahang and Selangor, a university in Sarawak and a power station in Port Dickson. Other projects include a dam in Kedah, roads in Pulau Pinang and educational facilities in various parts of the country.

He held a one-hour meeting with the council members and representatives of 20 U.S. companies.

Daim represented Prime Minister Datuk Seri Dr Mahathir Mohamad who is now recuperating from a lung infection.

On the issue of improving confidence among foreign investors in that contracts with local companies would be honoured, Daim said it was of great importance in order to attract more foreign companies to invest in Malaysia.

"I understand that there is some delay in payments that have to be made to foreign companies. I cannot tolerate delays in these areas as I realise that profits can be eroded through late payments," he said.

He added, "As finance minister, I am trying to impress on the public sector the seriousness of this problem and I assure you that given time, we will be able to get the public sector to make adjustments."

On the status of the US-Malaysia bilateral tax treaty, Daim said the matter had dragged on for too long despite it being able to bring about a win-win situation for the Malaysian government and U.S. businessmen.

The final contentious issue remaining was the U.S. request for Malaysia to change its banking secrecy laws which he said "for us, is quite tough to comply."

However, Daim said he had directed Treasury officials to look into the matter including studying ways in which other countries managed to resolve such problems.

"I am confident this issue will be resolved. I will do my part but at the same time, I hope you will also do your part," he told the delegation.

On the questions regarding the government's stance on increased foreign equity in local companies, Daim said the matter had to be addressed carefully so that any changes would be done in the interest of all parties.

He said the government was always flexible in this area and would consider each application according to whether it could justify majority interests and benefit the country as a whole.

There was also a suggestion by the US delegation that Malaysia sent qualified people to undertake publicity in the U.S. to educate the average American that Malaysia was not in chaos.

Malaysia's economic recovery was the best kept secret, the delegation members said.

Harry J. Carrel, managing director of AIG Global Investment Corp,

called on the government to be more proactive in combating negative and unfair reporting of Malaysia.

"They (Americans) have no clue of what is going on in this country and the fact that Malaysia has turned around so drastically in the last eight months," he said. -- BERNAMA

AD SHY