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More FDI will be allowed in ports, airlines: PM

DATUK Seri Dr Mahathir Mohamad says more foreign direct investments (FDI) will be allowed in Malaysian ports and airline companies, and hints at a reduction in corporate tax.

It is important to form strategic alliances in the globalised business environment, but no additional incentives are needed to attract foreign investors to take up stakes in such companies, the Prime Minister said.

"We do not allow people just to invest. Like the pension funds, they bring nothing... except money.

"What we are interested in are people with certain expertise, markets or services which will contribute towards the performance of our facilities through their investments," he told a press conference after opening a conference on "Knowledge and the 21st Century Economy" in Petaling Jaya yesterday.

He was asked whether the coming Budget 2001 would introduce more incentives to woo FDI.

Dr Mahathir said investment decisions are based on many things, like political stability and management and performance of the economy, and not just on incentives which other countries also offer.

Hong Kong-based Hutchison Ports Holdings announced last month it had bought a 30 per cent stake in Westport, one of Malaysia's largest container ports.

Malaysia Airlines has said it is negotiating with several potential partners, including Australia's Qantas Airways.

On the possibility of a cut in corporate tax, Dr Mahathir said: "We always strive for a good budget that will stimulate the economy."

The Government has promised to cut corporate taxes, he added, but declined to say whether this would be announced in the Budget 2001.

The current corporate tax rate is 28 per cent and some analysts have said it might be reduced by 2 per cent.

Asked if a "sin tax" will be imposed on the tobacco industry, the Prime Minister said the matter is a top secret, "so much so that even the Cabinet had not been told about it".

"The tobacco industry generally fears the budget because that is the time when new taxes are introduced. It is nevertheless able to survive new taxes and still makes a lot of profits."

Dr Mahathir reiterated that the Budget will be a good one, designed "to stimulate the economy and attract more FDIs into the country".

He had earlier said the new budget may show a slight surplus after three years of deficits. A budget deficit of RM12.97 billion or 4.4 per cent of gross national product was provided for this year.

Malaysia has little difficulty attracting foreign investors, contrary to claims by certain quarters which point to supposedly better incentives and investment packages offered by other countries, he added.

"We have added advantages that make foreign investors view Malaysia as a good bet."

As for measures to stimulate domestic consumption, the Prime Minister said that is already being pursued, for example, the decision in the last Budget to increase civil servants' salaries by 10 per cent.

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