

27 OCT 2000

Mahathir-Levy

NO EXIT LEVY AFTER KEEPING INVESTMENT FOR A YEAR, SAYS PM

KUALA LUMPUR, Oct 27 (Bernama) -- Foreigners taking out their profits from equity investments after one year would not have to pay anything following abolition of the exit levy on repatriated profits, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

He said foreigners, who often claimed to be long-term investors, would have to keep their capital in the Kuala Lumpur Stock Exchange for a year.

"They always claim that they are long term investors. So as long as they are long term investors, they will keep their investment here for more than one year," he told reporters when asked on the move as announced by Finance Minister Tun Daim Zainuddin in the 2001 Budget today.

The government imposed the 10 per cent exit levy on profits derived from short-term portfolio investments to discourage large outflows of short-term capital that could destabilise the nation's financial system.

Daim cited the improved capital market environment as the basis for lifting the exit levy.

Dr Mahathir said the seven per cent gross domestic product growth (GDP) projected for next year was not a too optimistic target as Malaysia's economy was forecast to expand by 7.5 per cent this year, surpassing the 5.8 per cent level forecast earlier.

The economy had even experienced a growth rate of over eight per cent for 10 straight years in the past, said the prime minister.

"So to attain the seven per cent target is not too far-fetched," he said.

Dr Mahathir said the economy was performing well and was still growing at a fast rate.

Admitting that a higher performance this year would make it difficult for the economy to grow at a faster pace, he said: "But we think we can achieve that unless of course the world's economy collapsed or something happened to the world's economy."

-- BERNAMA

MAD SHY RYN