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REACTION-LEVY

PM: NO EXIT LEVY AFTER A YEAR'S INVESTMENT

KUALA LUMPUR, Oct 27 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said the abolition of the exit levy on the repatriation of profit from equity investments meant that foreigners would not have to pay anything if they took out their profits after one year.

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 to comment on the move announced by finance minister Tun Daim Zainuddin in his 2001 Budget presentation today.

The government imposed the 10 percent 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 percent 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 percent this year, surpassing the 5.8 percent level forecast earlier.

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

"So to attain the seven percent 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