

# Aggressive foreign policy does not affect FDI inflow

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PRIME Minister Datuk Seri Dr Mahathir Mohamad has dismissed the implication that Malaysia's internal policy or aggressive foreign policy has affected the inflow of foreign direct investment.

In an interview with *Asiaweek*, Dr Mahathir said investment into the Asian region as a whole has been declining as more money is going into Europe and the United States.

"It has been declining throughout the whole area. The Japanese economy is in a bad shape and they are not investing either," he said.

"It is not Malaysia's internal policy or aggressive foreign policy which is affecting investment. At least not much."

To a question that investment is falling due to his criticism of the West, Dr Mahathir said people are investing in the country because they like the stability and the currency management.

"We have been criticising other countries a long time, yet the investments keep coming in," he said.

Dr Mahathir was also asked whether he would review the fixed

exchange rate. "I don't know why everybody keeps asking me this question. Up until now it has done us a lot of good.

"Until the international financial system is changed, so that people cannot destroy whole economies simply because they want to make money for themselves, I will not review the peg," he said.

The ringgit was fixed at RM3.80 per US dollar since September 1998. The move was one of the measures put in place following the Asian economic crisis which began with the devaluation of the Thai baht in 1997.

On whether delayed restructuring of top companies is slowing the economy's recovery, Dr Mahathir said: "No. We have made better progress than most other countries."

He said the American government came up in support of one of the large automotive companies, with almost a gift of US\$2 billion, to revive the company.

"That's how they recovered. They would have gone under without help. That, to me is real bailing out."