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AMCHAM-BUDGET

AMCHAM: INVESTORS CAUTIOUS BECAUSE OF GLOBAL SLOWDOWN

CYBERJAYA, Oct 16 (Bernama) -- Foreign investors are now cautious and reluctant to invest in other countries, including Malaysia, due to concerns over the global economic slowdown, American Malaysian Chamber of Commerce (AMCHAM) president Nicholas Zeffreys, said today.

They are not avoiding any particular country, he said.

"This shying away (of investors), I don't think it has to do with Malaysia. I think it has to do with the global slowdown," he told reporters in replying to queries that foreign investors appeared to be shying away from Malaysia.

Earlier, Zeffreys and AMCHAM members had lunch and a closed dialogue session with Prime Minister Datuk Seri Dr Mahathir Mohamad here.

Zeffreys said at the beginning of this year, the global gross domestic product (GDP) growth was estimated at 2.8 percent, but now it was projected to be less than one percent.

"It is the global (economic) slowing down which is affecting investments worldwide. We won't see any immediate turnaround," he said.

Touching on American investments in Malaysia, he said: "U.S. investments in Malaysia have really not been deterred. As you have seen from figures given by the Ministry of International Trade and Industry, investment numbers are encouraging."

However, he said there would still be a great deal of uncertainty about the future of global economic growth.

Zeffreys also said the level of investment of the American companies in Malaysia over the last several decades "was great."

"You can bet that there is going to be continued reinvestments when the global economy turns around (and) American investment will still be here," he added.

On the perception of investors on Malaysia, Zeffreys said: "Malaysia is the most prosperous democratic Islamic nation in the world and is recognised for the racial harmony and the peace and prosperity that the Malaysian model has brought about.

"I don't see that changing and that is model that is attracting investments from all over the world."

On the security of American companies operating here following the Sept 11 terrorist attacks in the U.S., Zeffreys said most of them have standard operating procedures and they had raised their security measures recently like limiting number of people entering their premises and inspecting motor vehicles.

Zeffreys also said in the dialogue with Dr Mahathir, the prime minister told them that the 2002 Budget would be aimed at stimulating the economy and attracting investments into the country.

The prime minister also said the government was hoping to put more money in the hands of consumers to enhance spending which was important over the long term.

Zeffreys said, "I suspect there will be some components in the budget that will address those aspects."

Asked on the chamber's expectation for the budget, he said AMCHAM was hoping for a corporate tax cut from the present 28 percent, an increase in investment allowances as well as reinvestment allowances.

The chamber also hoped that the tax deduction for bonuses would be increased from the present two months and that the government would allow

more foreign participation in other sectors besides manufacturing, he said.

-- BERNAMA

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