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`Ensure you gain from FDI'

ullah in Kampala, Uganda

PRIME Minister Datuk Seri Dr Mahathir Mohamad has called on Governments to ensure foreign direct investments result in a smart partnership between them and foreign investors.

He said in opening their doors to FDI, Governments must ensure that they gained a share of the wealth generated and acquired some of the skills involved.

"While foreign direct investments should be welcomed and the red carpet laid out for them, it is important that local investments, small though they may be, be encouraged and incentives given.

"In time, local investments would grow quite big and could be relied upon to stay put in times of economic distress.

"It is important to remember that local investors are our true partners.

"They really have a stake in the prosperity of the country. They cannot just pull out when things go bad. They have to stay and experience the pain, share the pain with us.

"So Governments must be smart in dealing with them. Governments must regard them as smart partners deserving of the best treatment that partners are entitled to," said Dr Mahathir in his Global 2001 Smart Partnership address at a dinner at Speke Resort Monyonyo near Kampala last night.

Also present were Ugandan President Yoweri Museveni, President Joachim Chissano of Mozambique, President Omar El Bashir of Sudan, President Thabo Mbeki of South Africa, President Benjamin Mkapa of Tanzania, President Bakili Muluzi of Malawi, Prime Minister of Swaziland Barnabas Delamini and Prime Minister of Namibia Hage Geingdo.

Pointing out that FDI has now been linked to globalisation, Dr Mahathir also said foreign investment was widely perceived as a formidable force in the world economy.

In recent years, FDI has undergone significant changes in terms of size, form and impact.

Despite the changes, he said developed countries had always received the bigger share of FDI.

In 1999, for example, global FDI reached US\$865 billion (RM3.28 trillion), of which only about US\$208 billion went to developing countries.

Dr Mahathir also repeated his suggestion for a "world tax", which he had made at the Boao Forum in Hainan, China, in February.

He suggested that businesses operating throughout the world pay taxes which should be used for the construction of infrastructure in poor countries.

This tax, he said, should be in addition to aid which is not only insignificant but puts the recipient countries under obligation.

Dr Mahathir said the world tax should be used to build infrastructure which could promote the poor countries' development and access to world markets.

Ports, airports, highways, canals and rivers, power plants and railways contribute much towards economic development.

The subsequent maintenance through the world tax, he said, would keep money flowing into these countries.

The world, according to Dr Mahathir, would be richer because of the physical opening up of the poor but resource rich and densely inhabited

regions.

"The already rich will get richer but the poor will get a little of the wealth and infrastructural needs of their countries.

"I hope the poor countries will not reject this idea. The rich will not even take note of this proposal. But if they want the poor to come onboard with their WTO and globalisation, they should make wealth sharing quite certain by agreeing to this world tax."