

# PM: Govt will protect local businesses

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KUALA LUMPUR: While Malaysia still needs foreign direct investment (FDI), the country is not ready yet to lift the conditions put in place to safeguard its economy, as its businesses will not be able to compete with giant business organisations in the globalised economy.

Prime Minister Datuk Seri Dr Mahathir Mohamad said these giant business organisations seemed to be merging and acquiring each other to become so big that they would be able to overwhelm the country completely.

He said despite the outflow of FDI due to competition, Malaysia was still not too badly off as its industries were able to compete in the domestic and world markets.

"Certainly, we will not be able to compete with the giants which are preparing to invade our country. We think they will not provide us with fair competition. If they are allowed in unrestricted, then all our banks and companies would go under," he said.

Dr Mahathir said although Malaysia was critical of globalisation, it was not against this idea as the country had subscribed to the concept all along. He noted that

Malaysia's high level of economic growth and its transformation from being an agrarian economy to an industrial economy was the result of FDI.

He said if globalisation, including FDI, was to bring benefits to poor and developing countries, then it had to be regulated by taking into account the weaknesses and the sensitivities of these countries.

Dr Mahathir also proposed that companies that benefited from globalisation pay a tax to the world for building the infrastructure so much needed by the poor and developing countries to make them more attractive to foreign investors.

Dr Mahathir's proposal for a world tax was supported by Peter Bracher of Tesco Stores Plc Britain who said that the absence of good public infrastructure in Cambodia was the reason why Tesco did not expand its operations into that country.

Tesco, which recently entered the Malaysian market, is a global hypermarket operator.

He added that Tesco recently signed agreements with about 20 small Malaysian companies to become suppliers for its hypermarkets globally.