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New FDI strategies in Budget

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PENANG, Tues. - Prime Minister Datuk Seri Dr Mahathir Mohamad today said new strategies to attract foreign direct investments to Malaysia will be unveiled in Budget 2003 to be tabled next month.

Conceding there was reason for concern over stiff competition from other countries, Dr Mahathir said new areas of growth would have to be identified.

"Anything that can contribute towards economic growth will have to be given sufficient encouragement by the Government," he said after addressing captains of industry at a luncheon hosted by the Penang Government to recognise the electronics industry's pioneer investors and their local suppliers.

Asked to identify areas of concern in getting investors, Dr Mahathir said one was that of location in terms of shipping out goods.

"We will have to find a way of competing in terms of freight rates, efficiency of handling," he said.

Earlier, Dr Mahathir said Malaysia was a partner in all foreign investments since the Government has a "28 per cent share in them, but none of the losses." He was referring to the 28 per cent corporate tax.

He also said the pioneer status tax exemption accorded to foreign investors had not caused losses to the country.

"They created jobs, they have their executives here, they draw their pay, they have to go to hawker stalls and eat and that way, we earn returns for the Government.

"In an indirect way, it contributes to the growth of the Malaysian economy ...so we have no regrets about giving incentives and now we give incentives even to local investors."

He also paid tribute to Penang's second Chief Minister Tun Dr Lim Chong Eu for giving meaning to the term 'foreign direct investment'.

"In those days, people never spoke of foreign direct investments, we just went out and invited people to come here and they came, they saw and were conquered," he said.

Lamenting that Malaysia now had "copy cats" in other countries Dr Mahathir said the FDIs which used to come here had been re-directed elsewhere.