

# Bluster and Business

As Dr. Mahathir speaks, *attention is distracted from economic measures*

**PRIME MINISTER MAHATHIR** Mohamad has a knack for controversy. The Malaysian leader, due to retire later this year, did it *once* more during his last appearance as party leader at the United Malays National Organization's general assembly. (See *related article on page 12.*) In his speech to the assembly, Dr. Mahathir railed about "Europeans" for what he characterized as their neo-colonialist tendencies. In the subsequent to-do, an economic-reform measure aimed in fact at making Malaysia more welcoming to foreigners was mostly missed. What *an irony*.

In the same week in which Dr. Mahathir made his speech, International Trade and Industry Minister Rafidah Aziz announced that all restrictions on foreign ownership in the manufacturing sector were abolished. To be sure, adjustments to the policy already had been made in 1998, during the recession brought about by the regional financial crisis. But still, manufacturing operations had to export at least 80% of their goods and seven key manufacturing activities were excluded from 100% foreign equity. The new policy covers the entire range of activities for new manufacturing operations, including expansions and diversifications, and imposes no export requirement. Moreover, requirements on existing opera-

tions could be removed on an ad hoc basis.

Miss Rafidah as much admitted that the change was overdue: "We are meeting the aspiration of today's investors, where everywhere they go, they are given 100% equity without restrictions." And she was right to say, "Business people do not make their decisions for political reasons but because there is money to be made." For though existing foreign investors may not make decisions on the basis of Dr. Mahathir's rhetoric, they pay attention to emerging conditions elsewhere. These have made further investments in Malaysia less advantageous. According to Miss Rafidah's ministry's Web site, foreign-sourced capital-investment applications amounted to 11.7 billion ringgit (\$3.1 billion) last year, up slightly from 2001. But in 2000, the figure was 30.2 billion ringgit. So it's a good thing that the first step at least has been taken to make the country more welcoming to foreign capital.

Indeed, it is news such as Miss Rafidah's that counts. Yet as the world instead focuses on Dr. Mahathir's remarks, the wrong impressions are being formed in boardrooms outside the country. We wonder if many aren't looking to a quieter time with Dr. Mahathir's soon-to-be successor, the far less colourful Abdullah Ahmad Badawi. ❧