CHAPTER XV

The Role of the Private Sector

I. INTRODUCTION

841. Economic development in Malaysia and the prospects for achieving the socio-economic objectives of the New Economic Policy (NEP) within the context of growth depend largely on dynamic expansion of the private sector. Therefore, while the public sector programme has considerable importance for development, the Third Malaysia Plan (TMP) has also given high priority to the rapid advancement of the private sector because of its important role throughout the economy. Private enterprise provides the major source of output, income and employment creation in the country. In addition, entrepreneurship, private investment and the transfer of technology are essential for agricultural modernization and industrial development.

II. MAJOR DEVELOPMENTS IN THE PRIVATE SECTOR, 1971-75

842. The overall performance of the private sector during 1971-75 was strongly influenced by external circumstances which affected the growth of incomes and production in the economy. Private investment grew by 7.2% per annum between 1970 and 1975 in real terms compared to the target of 8.9% in the Mid-Term Review of the Second Malaysia Plan (SMP). The shortfall was due to the decline of investment activity in 1975 as a result of world-wide recession and the unexpectedly large impact which it had on the investment climate. Between 1970 and 1974, private investment grew by 10.1% per annum. In 1975, private investment declined by 3.6% in real terms from $2,140 million in 1974 to $2,062 million in 1975. The highest rates of expansion occurred in 1973 and 1974 when exports recovered strongly from the poor external demand situation in 1971-72 and generated boom conditions in the economy up to the middle of 1974. Private investment grew by 8.8% and 22.3% in these two years, respectively. However, in view of its poor performance in the other years of the SMP period, private investment as a source of growth was not as expansionary as public investment which grew by about 18% per annum. As a result, the share of the private sector in total capital formation fell from 67.8% in 1970 to 56.9% in 1975, while that of the public sector rose from 32.2% to 43.1% during the same period.

843. Price increases which affected the economy during the inflationary situation in 1973 and 1974 led to unusually large increases in the prices of investment goods. The costs of construction and building materials are estimated to have increased by 28% in 1973 and 13% in 1974 while import prices of machinery and transport equipment rose by 13% in 1974 and 17% in 1975. Although these substantial cost increases were mainly related to world inflation, shortages of external supplies, rapidly rising import prices, particularly the five-fold increase in the price of petroleum, and the buoyant domestic demand situation, rigidities in local supply conditions were also contributory factors. As a result, bottlenecks developed in the availability of materials required for the production process. These bottlenecks were most evident in the construction sector and gave rise to difficulties and delays in the implementation of building and construction projects. The supply situation eased in 1975 because of the lack of effective demand arising from lower levels of economic activity in the country.

844. Apart from the cyclical unevenness in private sector performance and the abnormal situation prevailing in 1975, private investment had a positive impact on industrial development. The manufacturing sector, which continued to be the dynamic element in the economy, grew by 10.9% per annum between 1970 and 1975 and although accounting for only 14.4% of Gross Domestic Product (GDP), it contributed about 19.3% of the total expansion in output. The sector provided one out of every four new jobs created during the period. Its development was accompanied by the increased importance of exports as a source of growth and the decreasing contribution of import substitution in relative terms. The electronics, garments, textiles and footwear industries, mostly pioneer industries, provided the basis for the sharp expansion in the exports of manufactured goods. Further, these industries accounted for about two-thirds of the employment created in the manufacturing sector during the SMP.

845. Investment in the construction sector was largely for the creation of capacity to support the implementation of public sector programmes and the development of residential housing. Construction activity continued to expand in 1975 despite the recession in the economy due largely to the priority accorded by Government's fiscal and monetary policies to the expansion of housing programmes in the country. The expansionary role played by public sector development expenditure for infrastructure projects was also instrumental in sustaining high levels of construction activity. As a result, the construction sector registered an average growth rate of 8.1% per annum during 1971-75 or faster than that for the economy as a whole.

846. As part of its promotional efforts, the Government continued to pay particular attention towards the provision of a wide range of tax incentives under the Investment Incentives Act of 1968. The incentives for export-oriented industries were improved, while new incentives were introduced for the electronics and hotel industries. Further, facilities for Free Trade Zones (FTZs) and licensed manufacturing warehouses were established. Industries

located in designated areas were given more favourable tax holidays under the Locational Incentives Scheme introduced in 1973. The Labour Utilization Relief was another scheme introduced to provide tax incentives for labour intensive industries. The use of tariffs and quotas to protect local industries from import competition was expanded. Resources were made available by the Government for the Malaysian Industrial Development Finance Bhd. (MIDF) to expand its role for medium and long-term financing for the manufacturing sector. In addition, commercial banks were required to direct a greater proportion of their loans for the financing of manufacturing activities. The Government, through *Bank Negara Malaysia,* took measures to ensure that the commercial banking system played a greater role in the development of the private sector. Government funds were also channelled to the State Economic Development Corporations (SEDCs) for the establishment of industrial estates and FTZs. These zones played a major role in industrial expansion. Over two-thirds of the expansion in non-traditional manufactured exports and about one-third of the employment created by the manufacturing sector originated from the FTZs.

847. The promotional efforts of the Government to attract foreign investment were considerably stepped up. Among other measures, the Federal Industrial Development Authority (FIDA) established overseas centres with offices in New York, San Francisco, London, Dusseldorf and Tokyo. Major investment conferences were held abroad and in Kuala Lumpur with high level participation by representatives of the Government and business corporations. In addition, Malaysia concluded agreements with 11 countries for the avoidance of double taxation.

848. The implementation of the NEP during the SMP was accompanied by a greater measure of involvement by the public sector in commerce and industry. The various policies introduced were aimed at facilitating the implementation of the objective of restructuring society, especially by giving the Malays and other indigenous people the opportunity to participate in the modern sectors of the economy.

849. Reflecting a change in the Government's approach to implementing its policies, a number of Public Authorities and corporations was created to operate actively and directly in the private sector. The principal agencies were the *Perbadanan Nasional* (PERNAS), the Urban Development Authority (UDA) and the SEDCs. Their operations were directed at the establishment of new enterprises, participation in joint-ventures and acquisition of the capital of existing companies for the purpose of creating new assets and holding them in trust for the Malays and other indigenous people. Government funds channelled to these and other agencies as loans, grants and equity investments amounted to about $2 billion for the five-year period. Notwithstanding its direct involvement in the production of goods and services, the share of the public sector only rose from about 25% in 1970 to about 30% of the GDP in 1975.

850. Other administrative measures introduced were designed to facilitate the attainment of national policies in the industrialization process. In 1974, the Foreign Investment Committee (FIC) was established to ensure the progressive achievement of the ownership targets under the NEP. The targets are that by 1990, Malaysians will own 70% of total corporate stock with the balance of 30% by foreign interests. Among Malaysians, the overall target is that the Malays and other indigenous people will own at least 30% and other Malaysians 40%. In 1970, foreign ownership in the corporate sector was over 60%. Its share in 1975 was 55% compared with 8% for individual Malays and Malay interests and 37% for other Malaysians.

851. Under the Petroleum Development Act of 1974, the *Petroliam Nasional Bhd.* (PETRONAS) was established with overall regulatory and developmental functions in all stages of the development of the oil and natural gas industry. The Industrial Co-ordination Act of 1975 provided the Ministry of Trade and Industry with the legal framework for promoting the orderly development of the manufacturing sector. Other measures introduced in the manufacturing sector included the wider enforcement of price controls on essential commodities.

852. The introduction of these policies during the SMP raised a number of questions relating to the role of the private sector *vis-a-vis* that of the Government in the economy. These issues are discussed in more detail in Section V below.

III. PROSPECTS FOR PRIVATE INVESTMENT, 1976-80

853. Private investment is projected to provide the major source of capital formation during the 1976-80 period in contrast to the experience in the SMP when the main role was played by public investment. With public sector investment planned to increase by only 6.2% per annum or much slower than in the SMP, the capacity required by the economy for its future growth depends significantly on high levels of private investment.

854. Private investment during the 1976-80 period is targetted to grow by nearly 10% per annum in 1970 prices as shown in Table 6-3 of Chapter VI. The private investment programme is thus forecast to amount to $13.7 billion or 48.2% higher than the $9.2 billion during 1971-75. In current prices, private investment is estimated to be $26.8 billion. Compared to public investment of $17.4 billion in current prices, it will be seen that the main source of capital formation in the country will come from the private sector.

855. Expenditures by the private sector in capacity creation will amount to 7.8% of the growth in the total output of the country compared to 5.0% in the SMP. Such increases in capacity will have multiplier effects in the generation of income and employment growth in the country. Their direct contribution to growth will be particularly high in construction where they

will account for nearly one-third of the expansion in the construction industry. Other industries which will benefit directly from a high level of private sector investment will be forestry, cement, transport equipment, industrial machinery and mining (mainly quarrying).

856. The role of private investment will be especially crucial for the growth of the manufacturing sector. In view of the emphasis given to the manufacturing sector, the impact which private investment will have on the growth of value added in individual industries is examined below.

857. Table 15-1 shows that the oils and fats, industrial chemicals and fertilizers, industrial machinery, electrical machinery (mainly electronics) and transport equipment industries among others, are forecast to experience growth substantially higher than the average of 12% per annum for the manufacturing sector as a whole. These estimates reflect the results of recent investments as well as new investments envisaged under the TMP. The oils and fats industry is estimated to grow by 16.5% per annum due basically to investments in the processing of palm oil. Increases in value added from the industrial chemicals and fertilizer industry will result from the commencement of operations by enterprises set up under the SMP. The growth of the textiles industry is expected to come from opportunities for

TABLE 15-1

PENINSULAR MALAYSIA: VALUE ADDED GROWTH IN MANUFACTURING INDUSTRIES, 1971-80

(% per annum)

	1971-75	*1976-80*
Processed food	*3.8*	*8.4*
Oils and fats	*24.6*	*16.5*
Other food	*4.8*	*8.9*
Beverages and tobacco	*7.9*	*9.5*
Textiles and clothing	*17.2*	*17.8*
Leather and footwear	*6.0*	*8.4*
Sawmills and furniture	*9.1*	*9.3*
Paper and printing	*9.2*	*12.2*
Industrial chemicals and fertilizers	*8.9*	*15.1*
Chemical products	*15.9*	*12.0*
Petroleum refining	*3.2*	*9.4*
Rubber processing	*5.8*	*8.0*
Rubber products	*8.3*	*10.2*
Cement	*8.9*	*8.8*
Non-metallic products	*7.1*	*11.1*
Ferrous products	*9.7*	*12.6*
Non-ferrous products	*9.9*	*9.7*
Industrial machinery	*13.3*	*13.9*
Electrical machinery	*22.0*	*19.7*
Transport equipment	*11.8*	*13.4*
Other manufactured products	*19.3*	*13.9*

the export of garments. New investments in electronics are expected to come from the manufacture of more sophisticated component parts. The current existence of excess capacity in assembly operations would not warrant substantial new investments for this line of activity in the electronics industry.

858. Investment in the processing of local raw materials will be encouraged. In the wood products industry, the main emphasis will be the production of finished products—panelling, mouldings, flooring, chipboard, knock-down furniture and prefabricated housing. Although Malaysia is the largest producer of natural rubber, the rubber products industry is at present made up of only a few industries—tyres, tubes and rubber footwear—with foam products, sheets and mats, hoses, surgical gloves, pharmaceutical items and various rubber components representing a smaller proportion. Recent approvals, however, indicate that there will be new investments for the production of a wider range of specialized items mainly for export.

859. Project approvals by the Government indicate that investments in the manufacturing sector will continue to be for export-oriented industries. In the 1976-80 period, exports are projected to account for 51.8% of the growth in the manufacturing sector. Import substitution as a source of growth is expected to fall and account for 12% of the growth as compared to 28.8% in the SMP.

860. The size of investment needed for development of the country's oil and natural gas resources will be substantial, with most of the investments envisaged to take place after 1980. A Masterplan study for the development of Malaysia's oil and natural gas industry is being undertaken by PETRONAS.

861. Private investment in residential construction will accelerate in view of the greater emphasis that will be given to low-cost housing. Of the target of 482,800 units of houses to be built, 262,000 units fall within the private sector compared to 173,700 completed during the 1971-75 period. This ambitious housing programme will entail substantial acquisition of machinery and equipment to expand the capacity of the construction industry. While the supply of these capital goods will be met mainly through imports, additional investments will be encouraged for the production of materials used in construction and building during the TMP.

IV. THE FINANCING OF PRIVATE INVESTMENT

862. The resources required to finance the private investment programme amounting to $26.5 million in current prices (including stock changes) during the 1976-80 period are substantial. As shown in Table 15-2, the resources that are estimated to be available for private investment will be $32.4 billion. However, account has to be taken of net remittances abroad by individuals; purchases of Government securities by non-bank institutions as well as *Bank*

TABLE 15-2

MALAYSIA: ESTIMATED PRIVATE INVESTMENT AND ITS FINANCING, 1971-80

($ million)

	Cumulative total	
	1971-75	*1976-80*
Private investment target (including change in stocks) ...	12,285	26,545
− Private long-term capital inflow	2,496	3,650
= Domestic financing needs	9,789	22,895
Domestic fiancing for private investment		
Private savings before transfers	14,926	32,365
− Net transfers	884	655
= Private savings after transfers	14,042	31,710
− Purchases of Government securities	4,300	10,400
− Private sector outflow and balance of payments errors and omissions	1,100	2,450
− Increase in currency holdings and private sector deposits with *Bank Negara Malaysia*	2,233	2,400
= Self-financing of private sector	6,409	16,460
+ Public sector financing of investment in private sector and other transfers[1]	3,380	6,435
= Total domestic financing	9,789	22,895
+ Private long-term capital inflow	2,496	3,650
= Total private investment	12,285	26,545

[1] This includes transfers from the development expenditure allocations to Government agencies operating in the private sector; public transfers to households; transfers from the current expenditure to commercial undertakings; and own-financed activities by public sector agencies.

Negara Malaysia; normal outflows of mainly short-term capital abroad; and increases in currency holdings including deposits with *Bank Negara Malaysia.* The amount available for self-financing in the private sector, after allowing for these items, is $16.5 billion.

863. An additional source of financing that will be available to public sector agencies operating in the private sector is the funds that the Government will make available to institutions such as PERNAS, UDA, the SEDCs and the *Majlis Amanah Rakyat* (MARA). These funds are to enable the agencies concerned to undertake projects for advancement of the

Malays and other indigenous people in commerce and industry. In addition, national corporations such as the Malaysian International Shipping Corporation (MISC), *Bank Pembangunan,* the Malaysia Shipyard and Engineering Sdn. Bhd., the Malaysian Rubber Development Corporation (MARDEC) and the Rubber Industry Smallholders Development Authority (RISDA) will also receive substantial transfers from the Government. The total sum involved comes to about $1.7 billion.

864. Private long-term capital inflows into the country are estimated at $3.7 billion for the period as a whole. This represents the amount which will be financed by foreign controlled companies incorporated in Malaysia and branches of foreign firms established in the country, existing and new, for financing their investment activities. The projected amount of long-term capital is a realizable target given the vast investment opportunities in the country.

V. POLICIES FOR PRIVATE SECTOR DEVELOPMENT

865. The realization of the challenging targets for the private sector requires the maintenance of a favourable investment climate. To this end, the Government will implement policies and measures to encourage the private sector to play the role required of it in the attainment of the socio-economic objectives of the nation.

866. Malaysia's political, economic and social stability have been important factors influencing the growth of private investment in the country. Economically, the country's vast natural resources enable the development momentum to be stepped up. In turn, the investible resources so generated provide the assurance that development will continue to be undertaken in the context of financial and monetary stability. In terms of economic policy, Malaysia has continued to foster the growth of private enterprise through its positive policies on trade and investment. While the re-emergence of militant communism in the country, coming on top of recent political developments in the Southeast Asian region, has created uncertainties, the Government is confident that its efforts for national security and development will overcome these threats and enhance the favourable climate for investment in the country.

The restructuring of share capital

867. The corporate sector plays an important role in the generation of incomes and employment in the country. It is estimated that in 1970, the corporate sector contributed about 30% of GDP with 47% from the non-corporate sector and 23% from the Government.

868. Within the corporate sector, Malaysian interests accounted for 36.7% of total share capital and foreign interests, 63.3%. During 1971-75, ownership of this stock by Malaysians grew more rapidly than that of the foreign sector. As a result, the share of Malaysians in the ownership of corporate stock in the private sector increased to 45% in 1975 while that for the foreign sector declined to 55%. Among Malaysians, the ownership of equity

by individual Malays and Malay interests increased by 44% per annum from $125.6 million in 1970 to $768.1 million in 1975 and accounted for 7.8% of the corporate capital in 1975. The share capital holdings of other Malaysians grew by 15% per annum during the period to reach 37% in 1975.

869. The objective of the NEP in respect of the ownership of share capital in the economy is that by 1990, the Malays and other indigenous people should own at least 30%, other Malaysians 40% and the foreign sector 30%. These ownership ratios are recognized as long-term targets to be achieved through the process of growth. The pursuit of these objectives and at the same time the promotion of foreign investment in sufficient quantities to support overall development are compatible aims in a situation of dynamic growth in the economy.

870. The basic premise of the NEP is that the restructuring process will be undertaken through growth, with growth being defined on a broad basis, not merely in terms of equity expansion. The criteria for this purpose will be determined by the FIC in consultation with the private sector. As companies grow with the economy, they are expected to provide opportunities for all Malaysians to participate in the ownership and management of their enterprises. These companies are required to submit their proposals to the FIC indicating their plans for complying with the ownership targets of the NEP by 1990.

871. The ownership targets of the NEP are global in nature in the sense that they apply to the sector as a whole but in the process of restructuring, certain companies will be affected. In the effort to ensure that the global targets are reached, emphasis will be given to Malaysian majority ownership and control in sectors where local expertise is available for undertaking the activities or where the enterprise involves exploitation of the country's natural resources. For such activities, immediate compliance with the NEP targets will be required to the extent of at least 70% Malaysian ownership. On the other hand, the Government is prepared to allow foreign majority control in projects which are export-oriented and require a high level of technology.

872. The efforts to ensure that the Malays and other indigenous people own at least 30% of all share capital by 1990 will require greater Government participation and the full co-operation of the private sector. Government assistance will continue to be provided for the establishment of new enterprises either wholly-owned or through joint-ventures by such agencies as PERNAS, SEDCs, UDA and MARA; purchase of share capital on behalf of the Malays and other indigenous people; education and training in business and technology and provision of subsidized credit and capital assistance. In addition, a *Bumiputra Investment Fund* will be established to buy up shares which individual companies are required to set aside for acquisition by the Malays and other indigenous people.

Tariff and tax incentives

873. Tariff protection and tax concessions are important instruments which have stimulated the rapid development of industrialization in the country. The Government will continue to provide these incentives for industrial development and if necessary, strengthen them further to induce investments in strategic activities in the economy. In addition, consideration will be given for the extension of tax benefits to the agricultural sector in activities which involve the processing of the country's agricultural commodities and raw materials as well as marine and livestock products.

874. With future growth prospects in manufacturing increasingly dependent on exports, high levels of efficiency among individual enterprises are essential. To this end, the incentives provided will be kept under continuous review to ensure that they contribute effectively to the objectives of industrial development; a high rate of employment creation; export promotion; industrial dispersal; and the use of local raw materials in the manufacturing process. In addition, the provision of tariff protection and tax concessions will need to ensure that they contribute to high rates of efficiency in view of the increasing influence which the manufacturing sector will have on the general level of prices in the domestic economy and the ability of local manufacturers to compete in world markets.

875. Although the current levels of tariff protection in the country are not high by international standards, they have increased over the years. In the process, differences have also arisen in the rates of effective tariff protection granted. A continuing review of the levels of protection provided to individual industries will be undertaken to ensure that over time their effective rates are reduced and narrowed among industries. This is necessary to promote an efficient pattern of industrialization, strengthen export competitiveness in the manufacturing sector and reduce the social costs of tariff protection.

876. As with tariff protection, the Government has also granted fiscal incentives for promoting industrial development. In the SMP period, one-half of the number of approved projects were accorded various forms of tax incentives. It would appear, however, that in some cases the provision of these tax incentives might not have been a major factor in the establishment of the enterprises concerned. The system of tax incentives will continue to be kept under review to ensure that it contributes towards an efficient pattern of development in the country. Such changes as are made with respect to tariffs and other fiscal incentives will be implemented within the framework of existing legislation.

Capital and financial assistance

877. The commercial banks and finance companies will continue to play the main role in meeting the credit needs of the private sector. With rapid development in the commercial banking and financial system, its capacity to mobilize resources and meet the credit and technical needs of

investors will expand. At the same time, efforts will continue to be necessary to induce an adequate flow of resources from the banking system to specific activities and groups, namely, agriculture and agro-businesses, residential construction, small borrowers, small-scale industries, Malay and other indigenous entrepreneurs and potential house owners. In addition, the role of specialized institutions in assisting small borrowers will extend beyond the provision of credit. The agencies concerned include the MIDF and its subsidiaries, the MIDF Industrial Consultants Sdn. Bhd. (MIDFIC) and the Malaysian Industrial Estates Sdn. Bhd. (MIEL), the Borneo Development Corporation, *Bank Pertanian Malaysia,* MARA, the Credit Guarantee Corporation (CGC) and *Bank Pembangunan.* Their advisory and professional services will be expanded so that they may play an effective role in meeting the credit needs of small borrowers and in creating a commercial and industrial community among the Malays and other indigenous people.

Role of public corporations

878. The direct involvement of Government agencies in commerce and industry is necessary to facilitate and accelerate the greater participation of the Malays and other indigenous people in the modern sectors of the economy. At present, the share of the public sector in the economy is small, accounting for about 30% of GDP compared to 70% by the private sector.

879. The Government is mindful of the need for public corporations to play a developmental role as they expand their operations in the economy. To this end, public corporations will continue to establish enterprises in activities which have considerable potential for expanding the participation of the Malays and other indigenous people in commerce and industry; promote the diversification of economic activity especially in new growth centres and in the less developed States; develop the potentials for processing local raw materials; and establish industries which are of national interest. The operations of public corporations and their commercial enterprises must be based on financial viability and social and management accountability. These criteria are fundamental if they are to make a positive contribution towards the growth of employment and incomes in the country.

880. Although the activities of public corporations will grow rapidly, the scope for private enterprise, however, will by no means decline. The scale of opportunities to be opened up by strong economic growth will enable both public corporations and private enterprise to grow in tandem. In fact, the use of public funds in support of public corporations will supplement rather than replace potential private capital. Furthermore, joint-ventures will enable private enterprises to integrate their expertise and experience with that of public corporations, thus enlarging the opportunities for private enterprise to play an important role in directly contributing to the attainment of the objectives of the NEP.

Administrative issues

881. Rules and regulations affecting the private sector are administered by various Ministries, mainly the Ministry of Trade and Industry. FIDA is the principal agency responsible for industrial promotion. Measures have been taken to streamline the processing of industrial applications and these have resulted in speedier project implementation. FIDA has established a follow-up unit to assist investors overcome problems relating to the implementation of these projects. The feasibility of adopting a package approach to the promotion of industrial projects is being considered. The basic aim is greater integration of the roles of Federal Departments and State Governments on such matters as expatriate employment, acquisition of industrial sites and provision of infrastructure facilities.

Industrial legislation and administrative controls

882. The introduction of the Industrial Co-ordination Act and the Petroleum Development Act have been interpreted as having brought about radical changes in the basic framework of minimum Government intervention in and administrative control over the activities of the private sector. The Industrial Co-ordination Act was enacted to provide the legal framework within which the private sector will be encouraged to undertake the orderly development of manufacturing industries. A major feature of the Act concerns the licensing of manufacturing establishments in contrast with previous practice when manufacturers were required to obtain approvals only. Licensing will be required only once for all manufacturing activities except those exempted by the Minister concerned and is designed to ensure that individual enterprises conduct their operations in a manner consistent with the requirements of industrial and social policy. The implementation of the Act will be undertaken in a pragmatic manner and will be accompanied by measures not only to ensure that the machinery for its administration is strengthened to avoid delays and red-tape but also to permit the inter-play of market forces in the economy. Where difficulties arise in the implementation of the Act, the Government will, as always, welcome consultation with the private sector in the endeavour to deal with substantive problems.

883. The Government has noted the uncertainties which have arisen as a result of the Petroleum Development Act of 1975. The role assigned to PETRONAS as well as the legislative provisions enacted are based on the consideration that Malaysia, as an independent sovereign country, must retain the right to protect its national interest and to exploit the country's natural resources as it deems best. At the same time, the Government fully recognizes the important role of foreign technology and financing in the petroleum industry and the need to maintain adequate safeguards for the participation of the private sector in the industry. As such, the Government will implement the Act fairly, equitably and in a manner that will not adversely affect Malaysia's investment climate and its unblemished record

of fair treatment to all investors. Notwithstanding the special requirements of the petroleum industry, the Government will ensure that other sectors of the economy will continue to operate within the framework of normal and established practice.

Private-public sector co-ordination

884. The interdependence of the private and public sectors has to be maintained. A number of committees established by various Ministries including the Ministry of Trade and Industry already provide consultative forums for the private sector. In addition, the Government will seek to foster closer relations with the private sector on overall issues affecting private investment through the Private Sector Consultative Committee of the National Development Planning Committee (NDPC). The Committee was established for the purpose of obtaining private sector involvement in the consideration of major policy issues affecting its participation in the development process under the TMP. The Government is appreciative of the co-operation which it has obtained from the private sector in this regard.

885. This process of consultation will be continued in the course of implementing the TMP so that substantive problems could be identified and remedial action taken in a timely and effective manner. To facilitate consultation and problem solving, a special unit within the Prime Minister's Department is being set up to maintain continuous contact with the private sector to enable the NDPC at the officials level and the National Economic Council of the Cabinet, chaired by the Prime Minister, to be regularly informed of policy issues affecting the private sector.