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3. The statistics reflect that domestic investments has declined in recent years. This is, however, misleading for the statistics compiled do not reflect the whole picture anymore. A third amendment was already made to the Industrial Coordination Act, 1975. Since October, 1986, the licensing exemption limit was raised to shareholder's funds of \$2.5 million and 75 workers from the previous limit of \$1.0 million and 50 full-time workers. As a result of this, 70% of companies that used to be licensed do not have to comply anymore and their activities therefore not recorded by MIDA.
4. Finally, is appropriate to stress that the gap between foreign and domestic investments could also be due to the slow response from local investors in picking-up with the overseas markets because most of them were operating below the normal production capacities in past years. In spite of the new licensing concession that frees them from the time-consuming red tape of getting licences and meeting with the NEP guidelines, they were slow to respond because when the economy picks up, they had to tap their existing excess capacities.