

MAHATHIR

FROM M.H. CHAN

FRANKFURT, MAY 24 (BERNAMA) — MALAYSIA'S EXPORT EARNINGS DURING 1976-80 ARE LIKELY TO EXCEED THOSE PROJECTED UNDER THE THIRD MALAYSIA PLAN, DATUK SERI DR. MAHATHIR MOHAMAD SAID HERE LAST NIGHT.

THIS WAS SUGGESTED BY THE GROWTH PROSPECTS OF THE ECONOMY, THE GROWING DIVERSIFICATION OF ITS EXPORTS AND THE EXPORT PERFORMANCE IN THE RECENT PAST WHICH HAD BEEN AIDED SIGNIFICANTLY BY THE GROWTH OF THE PETROLEUM INDUSTRY, THE DEPUTY PRIME MINISTER ADDED.

THE INCREASED EARNINGS WOULD ENHANCE MALAYSIA'S INTERNATIONAL DEBT SERVICING CAPABILITY.

SPEAKING AT A DINNER GIVEN IN HIS HONOUR BY THE DRESNER BANK, DATUK SERI DR. MAHATHIR SAID THIS POTENTIAL DEVELOPMENT EMPHASISES AGAIN OUR ABILITY TO GROW AND TO FULFIL OUR OBLIGATIONS RESPONSIBLY. — BERNAMA MORE 1017/A1

MAHATHIR 2 FRANKFURT

HE SAID THAT ALTHOUGH THE THIRD MALAYSIA PLAN PROVIDED FOR ABOUT 50 PER CENT INCREASE IN THE LEVEL OF INVESTMENT COMPARED WITH THAT ACHIEVED DURING THE PREVIOUS PLAN PERIOD, THE FINANCING OF THE THIRD PLAN INVESTMENT WAS NOT EXPECTED TO BE A SIGNIFICANT PROBLEM.

+AS IN THE PAST+, HE ADDED, +OUR ECONOMIC DEVELOPMENT HAS RELIED ON THE NATION'S OWN RESOURCES FOR THE BULK OF THE INVESTMENT FINANCE.

+WE WILL OF COURSE CONTINUE TO RELY ON FOREIGN CAPITAL, BOTH PUBLIC AND PRIVATE, TO AID US BUT WE WILL CONTINUE TO EMPHASISE THE POLICY OF SELF-RELIANCE IN THE SENSE THAT WE WOULD SEEK, AS FAR AS PRACTICABLE, TO MOBILISE OUR OWN SAVINGS, SUPPLEMENTED BY FOREIGN CAPITAL, TO FINANCE THE GREATER PART OF OUR INVESTMENT.

+IN A WORLD OF UNCERTAINTY, I THINK THAT THE PURSUIT OF SELF-RELIANCE IS ESSENTIALLY A SOUND POLICY. — BERNAMA MORE 1022/A1

MAHATHIR 3 FRANKFURT

DATUK SERI DR. MAHATHIR SAID THAT OF THE TOTAL \$18.6 BILLION OF DEVELOPMENT EXPENDITURE TO BE UNDERTAKEN BY THE PUBLIC SECTOR, \$12.8 BILLION WOULD BE FINANCED FROM DOMESTIC SOURCES AND \$5.8 BILLION FROM FOREIGN SOURCES.

THUS, ALMOST 70 PER CENT OF THE PROJECTED INVESTMENT FOR THE PUBLIC SECTOR WOULD BE FINANCED FROM DOMESTIC SOURCES.

TURNING TO FOREIGN SOURCES, DATUK SERI DR. MAHATHIR SAID THE BULK OF THE EXTERNAL CAPITAL REQUIRED TO FINANCE MALAYSIA'S DEVELOPMENT EXPENDITURE WAS EXPECTED TO COME FROM PROJECT LOANS FROM THE WORLD BANK AND THE ASIAN DEVELOPMENT BANK.

THIS WOULD BE SUPPLEMENTED BY MARKET BORROWING AND BILATERAL CREDITS.

+I MIGHT ADD HERE THAT, DESPITE THE HIGHER LEVEL OF EXTERNAL BORROWING, THE FOREIGN DEBT SERVICE BURDEN WOULD NEVERTHELESS REMAIN MODEST, + HE SAID.

+EXTERNAL DEBT SERVICING, INCLUDING REPAYMENTS OF PRINCIPAL, WOULD RISE TO ABOUT SEVEN PER CENT OF TOTAL EXPORT EARNINGS IN 1980, A DEBT SERVICE BURDEN WHICH WOULD BE THE LOWEST AMONG COUNTRIES AT A SIMILAR STAGE OF DEVELOPMENT. — BERNAMA MORE 1027/A1

153

SE

NO16 (F)

MAHATHIR 4 FRANKFURT

HE SAID THAT OF THE TOTAL \$26.5 BILLION DOLLARS OF INVESTMENT BY THE PRIVATE SECTOR IN THE THIRD MALAYSIA PLAN, ABOUT 14 PER CENT (\$3.7 BILLION DOLLARS) WAS EXPECTED TO BE FINANCED FROM A NET INFLOW OR LONG-TERM PRIVATE CAPITAL.

THE PUBLIC SECTOR IS ENVISAGED TO PROVIDE 24 PER CENT (\$6.4 BILLION) OF THE OVERALL REQUIREMENT, LEAVING 62 PERCENT (\$16.4 BILLION DOLLARS) TO BE FINANCED FROM PRIVATE SAVINGS, INCLUDING THE UNDISTRIBUTED PROFITS OF FIRMS AS WELL AS LOANS FROM THE FINANCIAL SYSTEM.

COMMERCIAL BANKS, THE FINANCE COMPANIES AND THE MERCHANT BANKS ARE EXPECTED TO PLAY A KEY ROLE IN MEETING THE CREDIT NEEDS OF THE PRIVATE SECTOR.

DATUK SERI DR. MAHATHIR STRESSED THAT THE FINANCIAL STRATEGY ADOPTED UNDER THE THIRD MALAYSIA PLAN SOUGHT TO ENSURE THAT THE FINANCING OF THE INVESTMENT PROGRAMME WOULD BE UNDERTAKEN WITHIN AN ENVIRONMENT OF FINANCIAL STABILITY, SO THAT ECONOMIC DEVELOPMENT IN MALAYSIA COULD PROCEED WITH PRICE STABILITY.

ON THIS BASIS, THE BULK OF THE PROJECTED FINANCING WOULD BE BASED ON NON-INFLATIONARY SOURCES. — BERNAMA MORE 1030/RH

SE

NO17 (F)

MAHATHIR 5 FRANKFURT

DATUK SERI DR. MAHATHIR ADDED: +WE WILL, OF COURSE CONTINUE TO RELY ON FOREIGN CAPITAL AS IN THE PAST TO SUPPLEMENT OUR RESOURCES.

+WE RECOGNISE THE PIVOTAL ROLE OF FOREIGN CAPITAL IN OUR DEVELOPMENT EFFORTS.

+WE RECOGNISE THE IMPORTANT CONTRIBUTIONS THAT THE FOREIGN SECTOR HAS MADE TOWARDS THE GROWTH AND MODERNISATION OF OUR AGRICULTURE AND MANUFACTURING CAPABILITY.

+YOU HAVE THE SKILLS, THE TECHNOLOGY AND THE CAPITAL WHICH WE NEED FOR THE DEVELOPMENT AND MODERNISATION OF OUR ECONOMY.

+WE WELCOME ALL THOSE WHO HAVE THE TECHNICAL KNOW-HOW, THE CAPITAL RESOURCES AND THE WILLINGNESS TO COOPERATE WITH OUR OWN ECONOMIC AND SOCIAL ASPIRATIONS TO GO INTO PARTNERSHIP WITH US TO HELP DEVELOP OUR COUNTRY.

+IN THE PROCESS YOU WILL BE DOING YOURSELF A LOT OF GOOD TOO. +
— BERNAMA 1032/RH