High cost projects likely to be shelved

NST - 1 MAY 1982

KUALA LUMPUR, Fri. — Investments in defence systems, new roads and bridges, other infrastructural development like the aero-bus and certain industrial ventures, are likely to be sieved out, after the Government's second look at projects planned under the Fourth Malaysia Plan (FMP).

Economists in the country believe these projects will be the first to go in the Government's efforts to implement the FMP according to new priorities.

Fighter

Prime Minister Datuk Seri Dr. Mahathir Mohamad who announced the review yesterday said the new priorities were necessary because of the world economic recession which has rendered the Malaysian economy "not all that good".

He said some projects might have to be delayed, postponed or given different priorities.

One economist said, it was obvious that projects aimed at generating economic growth and eradication of poverty will remain high on the priority list, therefore, they will not go.

He suggested "security" projects like purchase of defence equipments, fighter jets, and artillery which are not income-generating, as the main area where expenditure would be withheld.

Infrastructure projects like the proposed new north-south trunk road from Butterworth to Johore Baru would also possibly be shelved.

And the second railway track too.

He said all these are massive, high expenditure projects which will not provide yields, though necessary to improve the transportation system in the country were, yet, not urgent.

Another economist in the banking sector felt that the Government could well do to put the Penang bridge project on hold, even at this stage, where foundation works have been completed.

"What's wrong, after all, it is not a life-and-death matter."

The Government at this point should not only hold back projects but should reduce, drastically, investments and expenditure which would not earn foreign exchange, he added.

He also believed that many of the projects undertaken by the Heavy Industries Corporation of Malaysia (HICOM), the Government's arm into the heavy engineering industries sector, should be shelved.

Projects like steel mills and cement plants are extremely capital intensive and expensive, but whose products would not generate foreign exchange because they would be consumed locally.