

Barter trade with Eastern bloc?

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KUALA LUMPUR, Tues. — Malaysia is considering having barter trade with the Eastern block countries as part of its export diversification programme, Datuk Seri Dr. Mahathir Mohamad said today.

He said these countries, which had a large population, could prove to be a strong market for Malaysian goods but "they do not have the foreign exchange to pay for them."

To this end, he said Malaysia was looking into the possibility of

having barter trade with these nations.

Speaking over TV Malaysia's *Ehwal Semasa* tonight, the Prime Minister said Malaysia is always interested in new markets for its commodities and has recently turned to Africa, West Asia and Eastern Europe.

The problem with

West Asian countries he said is that their purchasing power is not that great compared to the United States whose population is greater.

"Saudi Arabia, for example has nine million people. Even though they are rich, they would not be able to purchase the same amount of rubber as the U.S. which has 250 million people," he said.

The Prime Minister also said the Government would slash \$2.8 billion and \$1.2 billion off its development and operation budget respectively due to world recession.

Prestige

He said that those projects that are committed would not be affected by the Government's cutbacks.

"Those projects that are not committed and for which contracts have not been signed would be delayed," he said.

In the 1983 budget, Datuk Seri Dr. Mahathir said the social effects of a project would be considered besides other factors.

"If a project does not benefit the people, its implementation would be delayed," he said.

On whether presti-

gious projects would be affected, the Prime Minister said such projects can be delayed or shelved but added that most projects are beneficial to the people and "so the question of prestige does not arise."

On whether a reduced allocation to State Economic Development Corporations would have any social effects, the Prime Minister said "not all SEDC projects have social effects."

"If we delay the implementation of a SEDC project it does not necessarily mean that it would affect the social development in the country," he said.

Datuk Seri Dr. Mahathir said due to the drop in demand for our primary commodities, the people have to increase their productivity and export larger quantities and sell at a cheaper price.

"Such a move would make us very competitive in the world market forcing buyers to purchase from us rather than other countries," he said.

Asked whether Malaysia would diversify its local products, the Prime Minister said the market factor would have to be considered first.

"If we produce those products that are already in the market, we have to compete with other countries for markets," he said.

Moreover, he said Malaysia cannot support large scale industries as the internal market is small.

"We cannot plunge blindly in the manufacturing business without determining whether our products will sell," he said.

On the protectionist policies practised by European countries, Datuk Seri Dr. Mahathir said Malaysia would take the necessary steps to overcome the effects.

He said Malaysia would not approach these countries to ask them to import our commodities but would step up production by being more efficient.

The Prime Minister also stressed on the need for civil servants and the private sector to step up productivity in view of the economic slowdown in the country.

He said Malaysia was not badly hit by the world recession when compared with other countries.

The unemployment rate in Malaysia, he said is still between five to 5.5 per cent compared to the U.S. where the unemployment rate has shot up from four to 10 per cent.