

MAHATHIR-BANK

(EMBARGO: FOR RELEASE AT 9.30 P.M. TODAY, AUG. 23)

83 19
KUALA LUMPUR, AUG. 23 (BERNAMA) -- THE GOVERNMENT IS CONSIDERING PERMITTING COMMERCIAL BANKS TO INVEST, WITHIN LIMITS, IN THE EQUITY OF INDUSTRIAL ENTERPRISES, DATUK SERI DR. MAHATHIR MOHAMAD SAID TONIGHT.

THE PROPOSAL, IF IMPLEMENTED, WOULD HAVE FAR-REACHING CONSEQUENCES FOR THE ROLE OF BANKS IN INDUSTRIAL DEVELOPMENT, THE PRIME MINISTER TOLD LEADING BANKERS AND FINANCIERS.

ADDRESSING THE ANNUAL DINNER OF THE ASSOCIATION OF MALAYSIAN BANKS AND FINANCIAL INSTITUTIONS, HERE, HE SAID BANKS SHOULD ASSUME A MORE DEFINITE ROLE IN ACTING AS CATALYST TO BROADEN THE NATION'S INDUSTRIAL BASE.

THE GOVERNMENT WOULD EXAMINE THE PROPOSAL CAREFULLY BEFORE MAKING A DECISION ON IT.

HE SAID THAT NONE OF THE MERCHANT BANKS ALLOWED TO INVEST IN THE SHARES OF NEW INDUSTRIAL ENTERPRISES SINCE FEBRUARY LAST YEAR HAD BEEN ACTIVE IN THE AREA.

"THIS IS A DISAPPOINTMENT," HE ADDED.

-- MORE 2054/LK

NNNN

ZCZC N172:

MAHATHIR-BANK 2 KUALA LUMPUR (EMBARGO)

DATUK SERI DR. MAHATHIR SAID THE INTENTION OF THE PROPOSAL WAS TO ALLOW BANKS TO SEEK NEW HORIZONS IN INDUSTRIAL DEVELOPMENT AND PARTICIPATE AS VENTURE CAPITALISTS, THEREBY IMPROVING TIES BETWEEN THE PROVIDER OF THE FUNDS AND THE INDUSTRY.

THE PRIME MINISTER ALSO STRESSED THE NEED FOR CONTINUING FLEXIBILITY IN THE MALAYSIAN BANKING SYSTEM.

BANKS SHOULD BE READY TO MODIFY EXISTING ARRANGEMENTS TO SUPPORT THE PRESENT TASK OF RESTRUCTURING THE BASE OF MALAYSIAN MANUFACTURING INDUSTRIES AND HELP DEVELOP ITS COMPETITIVENESS IN THE WORLD MARKET.

-- MORE 2056/LK

MAHATHIR-BANK 3 KUALA LUMPUR (EMBARGO)

THE PRIME MINISTER SAID THAT COMMODITIES HAD HELPED THE COUNTRY SURVIVE AND EVEN PROSPER, BUT THE FUTURE LAY IN THE EXPORT OF MANUFACTURED PRODUCTS.

INDICATIONS WERE THAT THE ECONOMY WOULD PERFORM BETTER THIS YEAR.

"WE HAVE HIT BOTTOM AND IF WE DO NOT REMAIN STATIC, THE ONLY DIRECTION WE CAN MOVE IS UP," HE SAID.

"ON THE DOMESTIC FRONT, CONSTRUCTION ACTIVITY REMAINS BUOYANT WHILE PETROLEUM PRODUCTION IS UP AND LIQUEFIED NATURAL GAS EXPORTS ARE ON SCHEDULE."

THE MANUFACTURING SECTOR WAS EXPECTING A MUCH BETTER YEAR WITH GOOD PROSPECTS FOR EXPORT GROWTH WHICH WAS EXPECTED TO INCREASE BY 12 PER CENT THIS YEAR.

BARRING UNFORSEEN DEVELOPMENTS BETWEEN NOW AND THE END OF THE YEAR, THE GROWTH IN GROSS DOMESTIC PRODUCT WOULD BE IN THE REGION OF 5-1/2 TO SIX PERCENT THIS YEAR AS AGAINST 4.8 PERCENT LAST YEAR.

"BUT WE MUST REMAIN VIGILANT," HE SAID. "THE KEY TO OUR SUCCESS CONTINUES TO LIE IN MAINTAINING A HIGH RATE OF SAVINGS, PRUDENT MANAGEMENT OF GOVERNMENT FINANCES, BORROWING ONLY TO INVEST IN PROJECTS TO RAISE PRODUCTIVE CAPACITY, ESPECIALLY FOR EXPORTS, AND RESTORING EXTERNAL EQUILIBRIUM."

-- MORE 2100/LK

MINIK

ZCZC N174:

MAHATHIR-BANK 4 KUALA LUMPUR (EMBARGO)

DATUK SERI DR. MAHATHIR SAID IT WAS TIME THAT MALAYSIA CONSOLIDATED ITS GAINS AND RESTRUCTURE ITS ECONOMY SO THAT IT WOULD NOT BE SO DEPENDENT ON THE VAGARIES OF THE INTERNATIONAL BUSINESS CIRCLE.

IT WAS IN THE LIGHT OF THIS PERSPECTIVE THAT THE GOVERNMENT LAUNCHED THE CAMPAIGN TO MAINTAIN A CLEAN, TRUSTWORTHY AND EFFICIENT ADMINISTRATION IN ORDER TO INSTIL CONFIDENCE AND RAISE ECONOMIC PRODUCTIVITY, HE SAID.

THE GOVERNMENT HAD ALSO PROMOTED THE +MALAYSIA INCORPORATED+ AND +PRIVATIZATION+ CONCEPTS AS FURTHER STEPS TOWARDS BETTER COOPERATION BETWEEN THE PUBLIC AND PRIVATE SECTORS.

HE WELCOMED IDEAS FROM BANKERS AND FINANCIERS ON HOW THE PROCESS OF PRIVATIZATION COULD BE ACCELERATED AND FACILITATED.

"THE TIME HAS COME WHEN BANKERS CAN NO LONGER AFFORD TO SIT ON THE SIDELINES AND WAIT FOR OPPORTUNITIES TO COME KNOCKING ON THEIR DOOR," HE ADDED.

-- MORE 2103/LK

MINIK

ZCZC N175:

MAHATHIR-BANK 5 KUALA LUMPUR (EMBARGO)

THE PRIME MINISTER SAID THE PUBLIC SECTOR HAD FOR TOO LONG BEEN THE MAJOR INITIATOR OF PROJETS AND FACILITIES TO SUPPORT ECONOMIC GROWTH.

"THE IDEA OF GOVERNMENT -- SUBSIDIZED SERVICES CANNOT GO ON FOREVER," HE ADDED.

HE SAID IT WAS ASSUMED THAT THE PRIVATE SECTOR WOULD BE MORE EFFICIENT THAN THE GOVERNMENT BUT THIS WAS NOT NECESARILY SO, PARTICULARLY IN MALAYSIA.

"THE MALAYSIAN PRIVATE SECTOR IS TIMID AND EXPECTS TO BE MOTHERED BY THE GOVERNMENT."

WHILE IT WAS TRUE THAT I MANY INSTANCES PROTECTION WAS REQUIRED THIS COULD NOT BE GIVEN FOREVER. +TOO MUCH MOLLYCODDLING IS DELETERIOUS.+

HE POINTED OUT THAT PROTECTION HAD RESULTED IN MALAYSIAN ENTERPRISE BEING ABLE TO SURVIVE ONLY AT HOME -- MALAYSIAN PRODUCTS OTHER THAN PRIMARY COMMODITIES WERE SELDOM COMPETITIVE ABROAD.

IN THE FIELD OF EXPORTS, HE SAID, MALAYSIANS WERE AGAIN TIMID AND PRONE TO AVOID RISKS AND PRODUCED COMMODITIES FOR OTHERS TO SELL.

"IT IS TIME FOR US TO BE MORE ADVENTUROUS AND SALLY FORTH INTO THE WIDE WORLD TO SELL OUR GOODS OURSELVES," HE SAID.

-- BERNAMA 2107/LK