

# Dr M: Economy looking up

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By YEE MEE FAH

**KUALA LUMPUR, Tues. — Datuk Seri Dr Mahathir Mohamad is optimistic that "things are looking up" for the Malaysian economy.**

"Indications are that the economy will perform better this year. We have hit bottom and if we don't remain static, the only direction we can move is up," he said.

However, Datuk Seri Dr Mahathir emphasised that we must remain vigilant.

The Prime Minister was speaking at the annual dinner of the Association of Banks, Malaysia (ABM) tonight.

"Barring unforeseen developments between now and the end of the year, growth in GDP should be in the region of 5½-6

per cent in 1983 as a whole. It was 4.8 per cent in 1982.

"On the domestic front, construction activity remains buoyant. Petroleum production is up and LNG exports are on schedule. Sentiment in the manufacturing sector has turned for the better.

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"I gather that our manufacturers are expecting a much better year with good prospects for export growth," he added.

Continuing in the same optimistic tone, the Prime Minister said commodity prices had recovered reasonably well and indications were that the international terms of trade were likely to move modestly in the country's favour for the first time since 1979.

This index had fallen by 20 per cent between 1979 and 1982.

"Exports are now expected to increase by 12 per cent this year, after a four per cent gain

in 1982. The overall external payments position should improve," he said.

The Prime Minister felt the key to Malaysia's success "continues to lie in maintaining a high rate of savings, prudent management of the Government's finances and borrowing only to invest in projects to raise productive capacity, especially for exports and restoring external equilibrium."

On the international front, Datuk Seri Dr Mahathir said there had also been some signs of recovery, with most of these signals coming from the United States.

But even then it is still doubtful whether this process can be sustained in view of the renewed increase in interest rates and the weak capital investment, he said.

"Moreover, uncertainties on the outcome of the international debt crisis threatens the very foundation of the American banking system," he added.