

Mahathir raps private sector for indifference

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KUALA LUMPUR, Wed. — The Prime Minister tonight berated the business community for doing little to reduce the invisibles outflow in the current account despite being aware of the growing seriousness of the problem.

Datuk Seri Dr Mahathir Mohamad said that since he voiced "the urgency of improving, or rather reducing the deficit on our services account" about a year ago, businessmen had seemed slow to respond.

"The impression I get is that you have not shown much urgency on your part to tackle this problem," he told the National Chamber of Commerce and Industry at its annual dinner at the Regent Hotel.

"I understand that you appreciate it, but appreciation without action is worthless.

"It is high time, therefore, for you to set programmes and measurements relating to this problem," Dr Mahathir said.

The billowing deficit on the services account, swallowed up external trade earnings in the last three years.

Dr Mahathir noted that the economy had recovered during the year but growth could be slower in 1985 under moderate expectations of the world economy.

Concealed

Malaysia's formerly strong export performance had partially concealed the escalating payments for services overseas, until external demand plummeted during the recession.

"You should find out, for example, how much of our exports are dealt on c.i.f. (cost, insurance and freight) and imports on f.o.b. (free on board) since I spoke and, prior to that, the amount of our exports using our ships and insurance, the flow of tourism and a host of others," he said.

Dr Mahathir said that the extent to which Malaysian goods were re-exported through third

countries, thus eroding price competitiveness, should be looked into.

"I don't think these countries are doing us a free favour. I am told that other countries can sell our products cheaper than we can.

"If this is true then we must learn how they do it and then do it ourselves.

"The Government is ever ready to co-operate but don't just say, subsidise or give us the taxes that you collect," he said.

The Prime Minister also noted that the Malaysian tourist industry was lagging behind those in the other Asean countries.

"I would rate tourism as having the best potential for significant and early results" towards shrinking the services account deficit.

He criticised groups who sought to impede tourism for conservationist purposes. "There will be a balance in the development of tourist amenities and the preservation of the natural beauty," he added.

"We cannot as yet afford the kind of anti-tourist luxury that some people are advocating.

"Yes, we must preserve our natural beauty. But we cannot live in attap huts so that a few wandering hippies can com-

mune with nature," he said.

Kuala Lumpur's appeal as a tourist destination had been reduced by high costs — its "dubious distinction of being the second most expensive city in Asia, next only to Tokyo."

He said the doubling of hotel rooms to 31,000 by 1986 should push rates down.

"It is always surprising to me that hotels can, when faced with empty rooms, lower their rates to rock bottom.

"If they are asked to lower them even slightly in order to give a better image of the country, they would protest loudly because of their losses," he said.

The "long-haul" markets which account for only 20 per cent of arrivals but make up half of foreign exchange earnings from tourism, should be seriously considered for improvement.

Dr Mahathir also referred to the apparently poor local support for the national carrier MAS.

"While the whole world praises our airline, Malaysians cannot find the charity in their hearts for even the smallest acknowledgment of the quality of our service," he said.



DR MAHATHIR