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B E849 AAE
FMP-MAHATHIR (PROSPECTS) R'R'R'
EMBARGO: FOR RELEASE AT 4PM TODAY

KUALA LUMPUR, MARCH 21 (BERNAMA) -- PRIME MINISTER DATUK SERI DR MAHATHIR MOHAMAD SAID TODAY THE ECONOMIC PROSPECTS FOR THE COUNTRY DURING THE FIFTH MALAYSIA PLAN PERIOD ARE NOT ENCOURAGING AND IN FACT GRIM.

HE SAID THE INTERNATIONAL ECONOMIC ENVIRONMENT FACING THE COUNTRY FOR THE REMAINING OF THE 80S WOULD CONTINUE TO BE FRAUGHT WITH UNCERTAINTY AND AND WAS FAR FROM REASSURING.

TABLING THE FMP IN THE DEWAN RAKYAT, THE PROCEEDINGS OF WHICH WERE CARRIED +LIVE+ BY RTM, DATUK SERI DR MAHATHIR SAID ALTHOUGH SOME DEGREE OF ECONOMIC RECOVERY WAS TAKING PLACE AMONG DEVELOPED ECONOMIES IT WAS STILL UNCERTAIN HOW PERMANENT THIS WOULD BE AND TO WHAT EXTENT IT WOULD BENEFIT DEVELOPING COUNTRIES LIKE MALAYSIA.

+HOWEVER, AT THE INITIAL STAGE, IT SEEMS THE IMPACT IS MINIMAL AND IN FACT DEVELOPING ECONOMIES CONTINUE TO PERFORM BADLY,+ HE SAID.

HE SAID ONE OF THE MOST WORRYING DEVELOPMENTS RECENTLY HAD BEEN THE CONTINUING DECLINE IN THE PRICES OF MAJOR COMMODITIES. -- MORE
1457MST 21 03 86

B E852 AAE
FMP-MAHATHIR (PROSPECTS) 2 KUALA LUMPUR (EMBARGO) R'R'R'

IN THE PAST, HE SAID, THE COUNTRY COULD AT LEAST DEPEND ON THE BETTER PERFORMANCE AND PROSPECTS OF SOME COMMODITIES WHILE OTHERS DECLINED.

BUT NOW THE COUNTRY HAD TO FACE A SITUATION WHICH WAS DIFFERENT AS THE DECLINE INVOLVED ALMOST ALL OF ITS MAJOR COMMODITIES, HE SAID.

DATUK SERI DR MAHATHIR SAID WHAT NEEDED TO BE HIGHLIGHTED WERE THE POLICIES AND PRACTICES OF THE DEVELOPED COUNTRIES WHICH HAD MADE THE COMMODITY SITUATION EVEN MORE WORRYING.

HE SAID THE HIGH SUBSIDIES GIVEN TO A NUMBER OF AGRICULTURAL COMMODITIES IN EUROPE AND THE US HAD RESULTED IN A GLUT IN THE WORLD MARKET AND THE CONSEQUENT DEPRESSION OF THE PRICES OF THESE COMMODITIES.

THE SITUATION WAS MADE WORSE BY THESE COUNTRIES' PRACTICE OF DUMPING THEIR EXCESS SUPPLIES IN THE MARKET AT SUBSIDISED PRICES OR CONDITIONAL AID WHILE AT THE SAME TIME CONDEMNING UNFAIR TRADE PRACTICES, HE SAID.

HE SAID AMONG THE COMMODITIES THAT SAW A SLIDE IN PRICES WERE TIN AND OIL WHICH HAD DROPPED BETWEEN 40 AND 50 PERCENT AND AGRICULTURAL COMMODITIES BY 20 TO 30 PERCENT IN THE LAST 12 MONTHS.

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1511MST 21 03 86

B E854 AAE
FMP-MAHATHIR (PROSPECTS) 3 KUALA LUMPUR (EMBARGO) R'R'R'

DATUK SERI DR MAHATHIR SAID THE MEDIUM-TERM PROSPECTS FOR COMMODITY EXPORT TRADE APPEARED TO BE GENERALLY UNFAVOURABLE AS SUSTAINED RECOVERY OF INDUSTRIAL ACTIVITIES IN DEVELOPED COUNTRIES REMAINED UNCERTAIN.

THIS WAS BECAUSE THEIR ANTI-INFLATIONARY POLICIES, THEIR FAILURE TO ADDRESS THE STRUCTURAL PROBLEMS IN THEIR ECONOMIES AS WELL AS THEIR GROWING PROTECTIONISM WOULD CONTINUE TO RESTRICT GROWTH IN THE WORLD ECONOMY AND WHICH HAD ALREADY, AND WOULD CONTINUE TO PREVENT COMMODITY PRICE RECOVERY, HE SAID.

+THESE PRACTICES AND POLICIES MAKE A MOCKERY OF THE PIOUS STATEMENTS WHICH EXTOL THE VIRTUES OF HAVING A MORE FREE MARKET, OF PUSHING FOR EFFICIENCY AND BEING COMPETITIVE.

+OUR HARD-WON ACHIEVEMENTS AND DEVELOPMENTS WHICH HAVE TAKEN US YEARS TO ATTAIN ARE BEING ERODED BY THE PRACTICES OF THE DEVELOPED COUNTRIES.+

DATUK SERI DR MAHATHIR SAID AMONG THE MEASURES BEING TAKEN BY THE GOVERNMENT ON THE DOMESTIC FRONT TO OFFSET THIS WORRYING SITUATION WAS TO FURTHER CONTAIN ITS DEFICITS AND REDUCE ITS DEBT SERVICE OBLIGATIONS.

AS SUCH, HE SAID, PUBLIC SECTOR EXPENDITURES WOULD NO LONGER PROVIDE EXPANSIONARY SUPPORT TO THE GROWTH OF THE ECONOMY. -- MORE
1523MST 21 03 86

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B E858 AAE

FMP-MAHATHIR (PROSPECTS) 4 KUALA LUMPUR (EMBARGO) R'R'R'

DATUK SERI DR MAHATHIR SAID AN APPROPRIATE MONETARY POLICY WOULD BE UNDERTAKEN TO ENSURE A SOUND FINANCIAL STRUCTURE AND PROVIDE CONDUCIVE ENVIRONMENT TO SUPPORT PRIVATE SECTOR ACTIVITIES, WHILE THE FISCAL POLICY WOULD CONTINUE TO FOCUS ON THE NEED TO CONSOLIDATE PUBLIC SECTOR EXPENDITURE, CONSTRAINED EXTERNAL BORROWING, AND IMPROVED DEBT MANAGEMENT.

ON THE GROSS DOMESTIC PRODUCT WHICH WAS PROJECTED TO GROW AT FIVE PERCENT PER ANNUM DURING THE FMP PERIOD COMPARED WITH THE 5.8 PERCENT DURING THE LAST FIVE YEARS, HE SAID ALTHOUGH THE FIGURE LOOKED OPTIMISTIC, GROWTH WOULD BE GENERATED MORE FROM THE RAPID EXPANSION OF DOMESTIC ACTIVITIES SUCH AS IN AGRICULTURE WITH EMPHASIS ON FOOD PRODUCTION AND CONSTRUCTION OF LOW-COST HOUSES.

HOWEVER, HE SAID, TO BE REALISTIC THE PROJECTIONS OF THE FMP NEEDED TO BE REVIEWED FROM TIME TO TIME AND REVISED IN THE LIGHT OF PRESENT AND FUTURE CHANGES.

+A PLAN DOES NOT END WITHIN THE GIVEN PERIOD, BUT IS A CONTINUOUS PROCESS. I MUST EMPHASISE THAT WE HAVE THE POTENTIAL TO GROW BUT THE FINAL OUTCOME DEPENDS ON, AMONG OTHER THINGS, OUR ABILITY TO MANAGE OUR LIMITED RESOURCES SUCCESSFULLY AND TO RIDE OUT THE PROBLEMS CREATED BY EXTERNAL FORCES.+ -- MORE
1540MST 21 03 86

B E902 AAE

FMP-MAHATHIR (PROSPECTS) 5 KUALA LUMPUR

DATUK SERI DR MAHATHIR STRESSED THE IMPORTANCE FOR MALAYSIANS TO INCREASE THEIR PRODUCTIVITY TO REMAIN COMPETITIVE INTERNATIONALLY AND AT THE SAME TIME TIGHTEN THEIR BELTS TO REDUCE IMPORTS.

ON THE LEADING ROLE EXPECTED OF THE PRIVATE SECTOR IN THE GROWTH OF THE ECONOMY UNDER THE FMP, HE SAID THE GOVERNMENT WOULD CONTINUE TO PROVIDE LEADERSHIP TO CREATE A MORE ATTRACTIVE AND CONDUCIVE INVESTMENT CLIMATE.

IN ADDITION TO CONTINUOUSLY REVIEWING AND MODIFYING THE EXISTING REGULATIONS AND ADMINISTRATIVE MEASURES, THE GOVERNMENT WOULD ALSO PROMOTE ADDITIONAL INCENTIVES AND MEASURES AS WELL AS IDENTIFY SEVERAL OPPORTUNITY AREAS WHERE THE PRIVATE SECTOR COULD OPERATE EITHER ON THEIR OWN OR IN JOINT VENTURE WITH THE GOVERNMENT.

HE SAID TRANSPORT AND COMMUNICATIONS INFRASTRUCTURAL FACILITIES AND SERVICES WOULD CONTINUE TO BE IMPROVED AND UPGRADED TO ENHANCE MOBILITY AND ACCESSIBILITY.

IN AGRICULTURE, ASIDE FROM THE ENCOURAGEMENT FOR THE PRIVATE SECTOR TO PARTICIPATE AS A PARTNER IN NEW LAND DEVELOPMENT, STEPS WOULD BE TAKEN TO ALLOW FOR MORE FLEXIBILITY IN THE USE OF AGRICULTURAL LAND TO PROMOTE GREATER PRIVATE SECTOR INVESTMENT, PARTICULARLY IN FOOD PRODUCTION. -- BERNAMA
1839MST 21 03 86