

Further boost to recovering economy

Investments

up five-fold

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MALACCA, Sun. — Foreign investments increased five-fold during the first half of this year compared with the same period last year, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said the increased foreign investments had helped further boost the recovering economy.

Domestic investments have also increased with expectations of further impetus by this sector during the second half of this year.

Opening the Bank Negara Malacca branch headquarters building in Jalan Munshi Abdullah, the Prime Minister said studies carried out by Bank Negara and Mida showed that most companies now had achieved production capacity of more than 80 per cent.

"With this indication, we are confident that if our economy continues to strengthen, new investments will continue to flow this year and next year," he said.

"The most important outcome of this development is that more employment opportunities will be generated for those prepared to work," he said.

He attributed the stronger Malaysian economy to the increase in exports of primary commodities and manufactured products since last year.

This had led the Government to further consolidate the country's financial situation.

While the economy was growing the Government has succeeded in maintaining the low inflation rate.

The reason for the low inflation rate was because the purchasing power of the people did not increase drastically while at the same time, there was ample supply of goods.

"Our future growth strategy depends on the capability of the manufacturing sector and tourism besides agriculture," he said.

He predicted a bright future for the tourist industry provided the private sector gave the impetus with efficient services to tourists.

Dr Mahathir hoped commercial banks would further reduce the base lending rates to a realistic level.

He said though the rates were reduced recently, they could be lowered to a reasonable level to boost the economy.

(Commercial banks reduced the BLR by 0.25 per cent and 0.5 per cent from July 1.)

Dr Mahathir said commercial banks must help ensure financial resources were available at reasonable cost.

The Prime Minister expressed concern over the attitude of banks which seemed to be imbued with securities and collaterals.

They must be prepared to take "reasonable risks", he said, though the Government was aware that they must be cautious to ensure that the borrowers utilise the money well and were able to repay loans.

However, banks should give loans based on viability of projects and the ability of the borrower to administer his projects.