

U E136 AAE
MAHATHIR-BANK
BY ZAINOOR SULAIMAN

LONDON, MAY 26 (BERNAMA) -- MALAYSIA WANTS TO ASSURE ITSELF THAT THE UNIFICATION OF THE EUROPEAN MARKETS IN 1992 WILL NOT AFFECT IT ADVERSELY, DATUK SERI DR MAHATHIR MOHAMAD SAID LAST NIGHT.

THE PRIME MINISTER SAID WHILE IT WOULD BE NICE IF THE COUNTRY HAD TO DEAL WITH ONLY ONE UNIFORM SET OF RULES WHEN TRADING IN EUROPE, POWERFUL TRADING BLOCS HAD A WAY OF DEALING HEAVY-HANDEDLY WITH WEAK TRADING PARTNERS.

+RECENTLY ONE SUCH BLOC DREW A LIST OF 30 COUNTRIES WHICH HAD COMMITTED SOME MISDEMEANOUR OR OTHER,+ HE SAID, ADDING THAT MALAYSIA WAS ONLY LISTED AS HAVING OBSTRUCTED THE IMPORT OF 300,000 POUND STERLING (ABOUT M\$1.3 MILLION) WORTH OF APPLES A YEAR.

HE WAS SPEAKING AT A DINNER LAST NIGHT HOSTED BY BANK NEGARA MALAYSIA IN CONJUNCTION WITH THE OPENING OF THE CENTRAL BANK'S LONDON REPRESENTATIVE OFFICE HERE.

THE PRIME MINISTER HAD EARLIER OPENED THE OFFICE, LOCATED ON THE 8TH FLOOR, BERKELEY SQUARE HOUSE, THE SECOND OFF-SHORE OFFICE TO BE OPENED BY BANK NEGARA AFTER ITS NEW YORK BRANCH. -- MORE
1138MST 26 05 89

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MAHATHIR-BANK 2 LONDON

AMONG THOSE PRESENT WERE THE PRIME MINISTER'S WIFE, DATUK SERI DATIN PADUKA DR SITI HASMAH, FINANCE MINISTER DATUK PADUKA DAIM ZAINUDDIN, BANK NEGARA GOVERNOR TAN SRI JAFFAR HUSSEIN, MALAYSIAN HIGH COMMISSIONER TO BRITAIN DATUK MON JAMALUDDIN, BANK NEGARA BOARD MEMBERS AND THEIR WIVES.

DATUK SERI DR MAHATHIR SAID MALAYSIA HAD BEEN WARNED THAT IT WOULD BE PUNISHED IF IT DID NOT +MEND ITS WAYS+.

WITHOUT NAMING THE COUNTRY, HE SAID THAT THAT COUNTRY ISELF WAS PRACTISING +ALL THE CRIMES IT IS ACCUSING OTHERS OF.+ +IN INTERNATIONAL TRADE, WEALTH AND POWER ARE WHAT COUNT,+ HE ADDED.

DATUK SERI DR MAHATHIR SAID MALAYSIA'S FEAR REGARDING THE POSSIBILITY OF A +FORTRESS EUROPE+ RESULTING FROM THE UNIFICATION OF THE EUROPEAN MARKET WAS VERY REAL.

+OUR MARKET IS SO SMALL THAT WE WILL NOT BE ABLE TO RETALIATE IN ANY WAY,+ HE SAID. -- MORE
1140MST 26 05 89

D913

U E138 AAE
MAHATHIR-BANK 3 LONDON

+FOR MANY YEARS WE WERE THE CAPTIVE MARKETS OF EUROPEAN COUNTRIES. NOW THAT WE HAVE OBEDIENTLY ACCEPTED EUROPEAN FREE TRADE PRINCIPLES AND WE HAVE BENEFITTED A LITTLE FROM IT, WE FIND ERSTWHILE PROTAGONISTS ARE INTENDING TO SWITCH TO CLOSED SYSTEMS.

+WE ARE FORCED TO ASK OURSELVES WHETHER IN FACT THERE IS NO SUCH THING AS NEO-COLONIALISM OR NEO-IMPERIALISM.+

HE REGRETTED THAT TERMS LIKE NICS (NEWLY INDUSTRIALISED COUNTRIES) WERE INVENTED IN ORDER TO HAVE AN EXCUSE TO SUPPRESS THE GROWTH IN A DEVELOPING ECONOMY.

THE PRIME MINISTER EARLIER TOLD THE GATHERING THAT THE MALAYSIAN ECONOMY HAD BEEN ON THE RECOVERY PATH SINCE 1986 AND BY THE END OF LAST YEAR, GROWTH HAD ACCELERATED TO MORE THAN 8.0 PERCENT IN REAL TERMS, A RECORD NOT ACHIEVED SINCE 1979.

TO SOME EXTENT, HE SAID THE STRONG RECOVERY WAS STIMULATED BY A PICK-UP IN WORLD DEMAND AS WELL AS HIGHER COMMODITY PRICES. -- MORE
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D914

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MAHATHIR-BANK 4 LONDON

A SURPLUS IN THE BALANCE OF PAYMENTS ON CURRENT ACCOUNT OF MORE THAN US\$2.5 BILLION (ABOUT M\$6.75 BILLION) OR 8.5 PERCENT OF THE GROSS NATIONAL PRODUCT (GNP) WAS RECORDED IN 1987.

THE CURRENT ACCOUNT OF THE FEDERAL GOVERNMENT ALSO SHOWED A SMALL SURPLUS OF US\$50 MILLION (ABOUT M\$135 MILLION) IN 1988, A FULL YEAR AHEAD OF PROJECTION, HE SAID.

WHILE 1988 WAS AN EXCELLENT YEAR FOR THE MALAYSIAN ECONOMY, EXPANSION OF THE ECONOMY WAS EXPECTED TO BE SUSTAINED IN 1989, WHEN THE GROSS DOMESTIC PRODUCT (GDP) WAS EXPECTED TO ACHIEVE 7.0 PERCENT GROWTH.

THE PRIME MINISTER SAID INVESTMENTS, BOTH LOCAL AND FOREIGN, WERE PROJECTED TO REMAIN STRONG AND FOREIGN CAPITAL HAD CONTINUED TO INCREASE AS FUNDAMENTALS REMAINED UP-BEAT AND INFRASTRUCTURAL FACILITIES AND SUPPORT REMAINED EXCELLENT.

+INDICATIONS ARE THAT MALAYSIA WILL BECOME INCREASINGLY MORE ATTRACTIVE TO FOREIGN INVESTORS BECAUSE OF VARIOUS POSITIVE ELEMENTS IN HER FAVOUR,+ HE SAID. -- MORE
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DATUK SERI DR MAHATHIR SAID THE PROCESS OF TRANSFORMING THE ECONOMY FROM ONE THAT WAS HIGHLY DEPENDENT ON GOVERNMENT SPENDING TO ONE THAT RELIED MORE ON PRIVATE SECTOR INITIATIVES AND ENTERPRISE WOULD NECESSARILY TAKE TIME.

THE STAGE HAS BEEN SET FOR THE PRIVATE SECTOR TO MOVE AHEAD IN TERMS OF LARGER INVESTMENT OUTLAYS AS FISCAL POLICY WAS +IN PLACE+ TO ENSURE THAT THE GOVERNMENT PROVIDED SUPPORT TO PRIVATE INVESTMENT THROUGH ADEQUATE AND EFFICIENT INFRASTRUCTURE AND ATTRACTIVE INCENTIVES, HE SAID.

THE THRUST OF MONETARY POLICY WAS TOWARDS PRESERVING PRICE STABILITY AND CREATING A FINANCIAL ENVIRONMENT CONDUCIVE TO ENTREPRENEURSHIP, HE ADDED.

THE PRIME MINISTER SAID IN ORDER FOR MALAYSIA TO CONTINUE TO GROW AND DEVELOP IN THE FUTURE, IT NEEDED NOT ONLY INTERNAL DISCIPLINE BUT ALSO EXTERNAL MARKETS. THE COUNTRY NEEDED INTERNATIONAL TRADE IN ORDER TO GROW, PARTICULARLY IN THE SHRINKING INTER-DEPENDENT WORLD OF TODAY.

HE SAID MALAYSIA WOULD BE IN A BETTER POSITION TO MONITOR CLOSELY ECONOMIC TRENDS AND DEVELOPMENTS WITH THE OPENING OF BANK NEGARA'S REPRESENTATIVE OFFICE HERE AND THIS IN TURN WOULD ENABLE THE GOVERNMENT TO ADAPT ITS OWN STRATEGIES ACCORDINGLY. -- MORE
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ON A LIGHTER NOTE, HE SAID HE WAS ABLE TO SLEEP SOUNDLY THESE DAYS, KNOWING THAT BANK NEGARA DOES NOT SLEEP. WITH THE OPENING OF BRANCHES IN NEW YORK AND LONDON, BANK NEGARA IS PHYSICALLY PRESENT IN INTERNATIONAL MARKETS ROUND THE CLOCK, HE SAID.

EARLIER, IN HIS WELCOMING REMARKS, TAN SRI JAFFAR SAID THE OPENING OF THE OFFICE WAS BASICALLY TO LEARN, TO KEEP ABREAST OF DEVELOPMENTS IN FINANCIAL MARKETS AND TO HAVE PROMPT ACCESS TO THE LATEST FINANCIAL INFORMATION.

+IN THE CONTEXT OF MANY CHANGES TAKING PLACE IN THE WORLD OF INTERNATIONAL FINANCE, THE NEED TO CONTINUOUSLY INCREASE OUR KNOWLEDGE AND UPGRADE OUR SKILLS CANNOT BE OVEREMPHASISED,+ HE ADDED.

+THERE IS NO BETTER METHOD OF LEARNING THAN TO BE PHYSICALLY PRESENT AT THE SPOTS WHERE THINGS HAPPEN.+

AS THE AUTHORITY RESPONSIBLE FOR THE DEVELOPMENT OF THE FINANCIAL MARKETS IN MALAYSIA, BANK NEGARA HAD TO KEEP ABREAST OF THE LATEST FINANCIAL CHANGES AND INNOVATIONS TAKING PLACE IN THE MORE ADVANCED COUNTRIES, AND GAUGE THEIR APPLICABILITY TO THE MALAYSIAN SCENE, HE SAID. -- BERNAMA

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