

KUALA LUMPUR, Mon. — Malaysia has emerged from a difficult decade leaner but stronger, ready to face the 1990s with confidence, Datuk Seri Dr Mahathir Mohamad said today.

"As a growing economy, we are convinced that the (South-East Asian) region provides the centre of growth in the next decade. We stand ready to move forward to the next stage of development," the Prime Minister said when opening the World Economic Forum's meeting in Malaysia.

The two-day meeting provides 80 top private sector executives, 40 of them foreigners, the opportunity to explore business opportunities in the country and meet government leaders.

The speakers include Finance Minister Datuk Paduka Daim Zainuddin, Mida chairman Tan Sri Zainal Sulong, Penang Chief Minister Dr Lim Chong Eu, Deputy Trade and Industry Minister Datuk Kok Wee Kiat, MP for Bukit Bintang Lee Lam Thye and Aliran president Dr Chandra Muzaffar.

The forum is an independent and non-profit foundation established in Geneva in 1971.

Dr Mahathir, who welcomed the meeting as a "timely" follow-up to the last dialogue held in 1986, spoke at length on the Malaysian economic climate and sketched "some of the lessons of the last 10 years."

He said the country's economic structure, hav-

ing gone through two serious recessions, was stronger but substantially different due to deliberate policy changes.

"We learned the hard way that there is no such thing as a free lunch — you eventually pay for your excesses.

"The sooner you realise this, the less severe the cost of adjustment. Fortunately for us, we understood the danger signals and tightened our belts early. The result is clear for all to see," he said.

Dr Mahathir said the centrepiece of the Government's adjustment policy was a substantial cutback in public sector expenditure backed with a monetary policy that restored external competitiveness and stimulated private capital spending.

"For us, this has been the winning recipe and we intend to build on this to further encourage private

spending in a new productive capacity," he said.

He added that the Government's early commitment to reducing the twin deficits in the fiscal budget and external current account saw the nation through the worst of times when for the first time in history, a negative growth was recorded in 1985.

Dr Mahathir said the successful structural adjustment had enabled the economy to consolidate and be more resilient to external shocks.

"The strategies adopted have begun to pay in terms of sustainable growth with stability. Developments in the past two years bear testimony to this," he said, adding that latest economic indicators showed Malaysia was poised for further rapid growth.

Describing economic growth as "rather vigor-

ous," Dr Mahathir said real GDP growth was 8.7 per cent last year, the highest for this decade, with this year's growth expected to be between seven and eight per cent.

Dr Mahathir said Malaysia's future lay in a broad-based industrial sector, augmented by a modern and competitive services industry, centred on tourism.

He said the Government was committed to promoting tourism in the years ahead because the industry worldwide was expected to boom in the next 20 years.

The strategy adopted, he said, was not aimed at discouraging Malaysians from holidaying abroad, but to increase the country's capacity to attract more foreign tourists to spend in Malaysia.

He said that Malaysia would "go it alone if necessary" in developing

tourism facilities and products, but added that it "sees clear benefits in joint ventures."

Dr Mahathir also said that the Government would try to ensure that its exchange rate was stable but gave the assurance that it would not use it to give Malaysia a competitive edge.

"Our exchange rate is determined in the market place, we feel that our present rate is correct for us," he added.

He hoped that investors who knew what they were looking for would find them in Malaysia because the Government was offering an "exceedingly attractive" package of investment incentives.

He said that Malaysia, in moving on with the next stage of development, would "not do so alone but through the forging of realistic partnerships."

PM: MALAYSIA NOW READY TO FACE 1990s