

# Malaysia 'will continue to excel in the coming years'

KUALA LUMPUR, Mon. — Malaysia's economy will continue to record good performances in the coming years provided everyone works hard, improves efficiency and accepts plans designed to steer the economy ahead, the Prime Minister said today.

Datuk Seri Dr Mahathir Mohamad believed that the prospects were still good, but much depended on the people and on how the Government reacted to international developments.

Another factor was the performance of Malaysia's trading partners.

Dr Mahathir said: "If they are not doing well, obviously they are not going to buy much from us and that will effect our economy. Therefore, we would want them to perform well. But sometimes they too, like us, find it difficult to control the performance of their economy.

"But at home we are masters of ourselves. So if we arrange things properly, if we continue to be productive, to be efficient, if we are willing to work hard, if we are willing to accept programmes that are designed to keep the economy on the right track, I am quite sure we can weather this although I do think our performance this year and the next few years will not be as good as last year," he added.

The Prime Minister thought that Malaysia was in a much better position than most other economies in this region, saying that

in the past three or four years domestic contribution to growth has become very significant.

People are generally better off and are able to participate in economic activities, he said, emphasising that the people could purchase more and this helped contribute towards domestic growth.

"Now it is necessary for us to understand how much we should consume, how much we should import, how much we should produce and how efficiently we should produce whatever it is that we sell.

"This will mean that domestic contribution can take up the slack largely. At the same time, of course, we are fortunate in that we are net exporters of oil. That will cushion the effect of any increase or fall in the price of oil.

"We have been fortunate again in that when the price of oil went up to US\$40 (about \$110), we did not increase the retail prices of petroleum products. Had we done so what would have happened is that the prices of other goods and transportation would have gone up.

"And then when the price of oil comes down, those things are not going to follow the price of oil. They follow only when it goes up, but never when it comes down.

"Since we didn't raise the price of oil, despite the world prices escalating, we have been able to maintain

an inflation rate that is manageable," the Prime Minister said.

When asked to comment on the perception among some that the foreign sector appeared to receive preferential treatment over domestic investors, Dr Mahathir said:

"It seems that we are giving preference to the foreign sector. Unfortunately this is necessary. We don't have the know-how, expertise, knowledge of the market to be able to accelerate economic growth on the basis of the domestic sector alone.

"At the moment, Malaysians concentrate on certain areas which are extremely lucrative. For example, developing housing estates and land, planting oil palm, finance of course, and a few other things.

"They are not keen to go into manufacturing because this is long-term. It takes a long while to produce results and ... they do not know the technology or the market.

"Because of that we still have to continue to depend upon foreign participation. But if we learn, and we are willing to take risks, then I think we will depend less on foreign participation in our economy.

"At that point in time, of course, the Government will give every consideration to the domestic sector. Give them whatever privileges they hope to get. Otherwise, we cannot at-

tract foreign investments because (if) they have no choices, they can go elsewhere."

Asked whether a domestic investment initiative could be launched to attract more local investors to go into manufacturing, Dr Mahathir said:

"We have tried to persuade them, and we have succeeded to a little extent. There are more domestic enterprises now in manufacturing than there was before. But it is not enough.

"It certainly is not enough for us to depend solely upon domestic participation. It takes a little bit of time. Malaysians who have money must accept that it takes time to go into manufacturing, which is why sometimes the Government is forced to go into it.

"For the example if we ask the private sector why not invest \$800 million in producing motorcars, I think they are not going to do it. Or in a steel mill even, or any major capital-intensive industries which have a gestation period — sometimes of five years, or six years.

"They would rather buy shares and make money tomorrow. If we have the money why bother. That kind of mentality is still there simply because we don't have that amount of capital or entrepreneurial and expertise for them to fill up a certain sector to the extent they might move up to another sector."