

Completed – study on effects of Gulf war on our economy

KUALA LUMPUR, Thurs. — The Government has completed a comprehensive study on the possible effects of the Gulf war on the Malaysian economy, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said the study would act as a guide for the Government on deciding what further action to take arising from the effects of the war.

The study was carried out by the various ministries and co-ordinated by the Economic Planning Unit, he said.

He warned of a glut af-

ter the Gulf war had ended and called for "economic adjustments" by all sectors.

"Clearly, Malaysia is not going to achieve the growth rates of the three previous years if we sit back and do nothing," he said when launching the Malaysian Business Council here.

He said Malaysians must be prepared to move away from the beaten path and be ready to take reasonable risks.

The Government, he added, was ready to make adjustments by being prepared to listen, accommo-

date and support the private sector.

He hoped that the Business Council would be able to play a leading role in the difficult times ahead.

Dr Mahathir said Malaysia, being a net oil exporter, was able to balance the effect of the Gulf war on oil supply and oil prices but added that "we are not totally insulated."

He said the country had already felt the effects of reduced air travel, diversion of ships for war purposes, increase in transportation and insurance costs and reduced eco-

nomie growth.

Dr Mahathir said he foresaw possible recession among Malaysia's trading partners.

"Our exports to the warring states in the Gulf have been reduced. Indeed, prospects are for a glut, both during and after the war," he added.

He said the nation's growth was still largely based on exports and export-related activities.

"Our domestic market is still too small to become an engine of growth. Per capita income is one-fifth of that of developed countries," he said.