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MAHATHIR CALLS FOR FURTHER TAX RELIEF FOR DEVELOPING COUNTRIES
Mahathir-debt

KUALA LUMPUR, Jan 22 (Bernama) -- Datuk Seri Dr Mahathir Mohamad today said further debt relief should be provided for countries willing to undertake economic reforms.

The Prime Minister said the successful resolution of their debt problem also required a freer international trading environment to enable developing countries realise their export potential.

Industrial countries should also adopt appropriate macro-economic and structural adjustment policies to induce sustained growth with low inflation, stable exchange and interest rates, he added.

+External financing flows in adequate amounts and in a timely manner are no less important,+ Datuk Seri Dr Mahathir said when opening the 27th Conference of Governors of South East Asian Central Banks (SEACEN).

The Prime Minister said the situation in the heavily indebted developing countries had remained extremely difficult with the prospect of regaining external viability remaining elusive. -- more

▼22/01/17-23MST

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He said the persistent global debt problem had continued to undermine adjustment programmes of developing countries and their ability to attract foreign direct investment and external financing.

Moreover, he said, the slowdown in global economic activities had led to a weakening of export markets with falling commodity prices leading to further deterioration in trade of primary producers.

Datuk Seri Dr Mahathir also spoke against trade protectionism, saying that the major challenge facing developing countries in the 1990s would be to ensure international trade to be carried out in an open and competitive system.

He said protectionist measures had increased substantially and were major threat to the future trading environment.

+Of growing concern also is a discernable trend towards the linking of totally unconnected issues such as human rights and environmental matters with trade.+

+There is a belief among developed countries that by forcing the poor to become poorer, they will show more respect for human rights and spend more money on the environment,+ he said.

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Datuk Seri Dr Mahathir also said a freer international trade environment would **enable** developing countries to expand their exports and increase their income and standard of living.

The Prime Minister also stressed the need for SEACEN to **develop** a more sensible and practical measure of living standard to assess their **achievements** and performance in the world community.

He argued the rationale of using the United States dollar as a measurement for per capita income, saying that the American **dollar** is not a stable currency.

+When it (dollar) appreciates against the **ringgit** our per **capita** goes down and when it depreciates our per capita goes up. To complicate matters the dollar may depreciates against the ringgit, but **the yen** might appreciate.

+Then as a country which does 25 percent of its **trade** with Japan, we will find our per capita higher but we will have to spend more money to buy Japanese goods;+ he added.

Datuk Seri Dr Mahathir also said with fluctuating exchange rates which in many instances were totally unrelated to economic performance, per capita income in US dollars really measured nothing. -- more

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The Prime Minister said since Malaysia intended to become a developed nation by the year 2020, its living standard should be assessed **+beyond** just the per capita number+.

+We want to be considered beyond sheer economic numbers -- our record will reflect the **maintenance** of political stability, progress in social justice, enhancement in quality of life and the strengthening of ethical and moral values,+ he said.

Datuk Seri Dr Mahathir also stressed the need for developing countries to accelerate South-South cooperation in trade and investment for sustained economic growth.

The three-day conference, hosted by Bank **Negara Malaysia**, is attended by all nine SEACEN members --- Indonesia, Korea,, **Myanmar**, Nepal, Thailand, Singapore, Malaysia, the Phillipines and Sri Lanka.

The SEACEN Governors meets annually since 1966 to discuss matters of common interest particularly to promote closer monetary co-operation in the region. -- Bernama

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