

Local economy in good shape, says Mahathir

By AZAM ARIS

THE Malaysian economy is in good shape despite the slower rate of growth of exports and lower number and value of approved domestic and foreign investments recorded during the first quarter of this year.

Prime Minister Datuk Seri Dr Mahathir Mohamad said although there is no cause for concern the Government is, nevertheless, watching these developments.

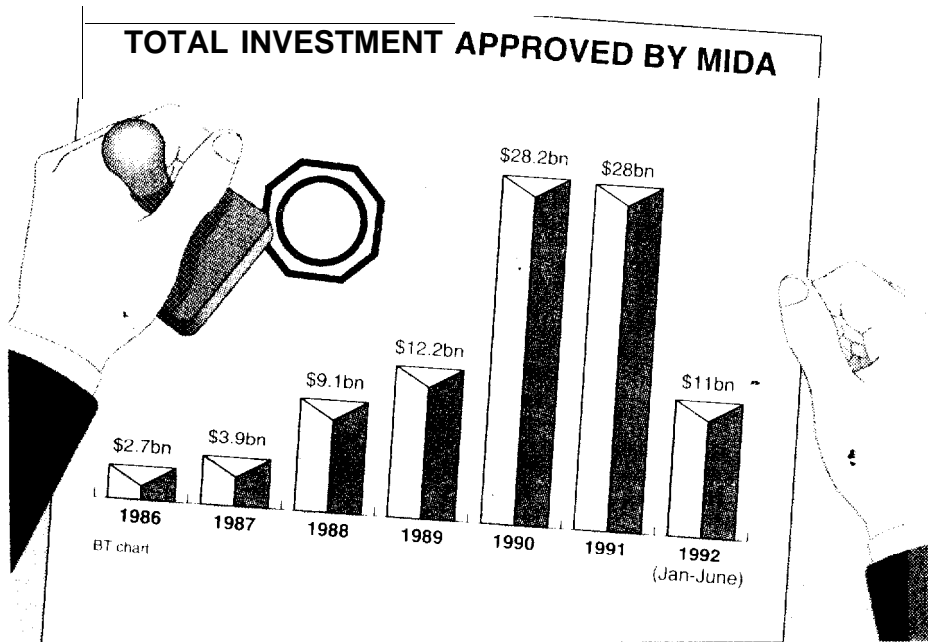
"We must always watch these things. We cannot assume that everything is normal," he told reporters after opening the second Malaysian Chinese Economic Congress, organised by the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM), in Kuala Lumpur yesterday.

In his opening address, Dr Mahathir said the real challenges facing the domestic economy is its ability to survive the sluggish world economy and the increasing protectionist stance adopted by some developed countries.

This unhealthy development has already affected Malaysia. In the first quarter of this year exports grew at 4 per cent, compared with 20.6 per cent last year.

This is mainly due to lower demand from developed countries for Malaysian exports.

During the same period the value of approved domestic and foreign investments dropped from \$15.8 billion to \$8.6 billion while the number of approved pro-



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jects declined from 286 to 159.

Notable decreases in investments were seen from Taiwan and from Japan, which is experiencing an economic slowdown.

"As for exports, there is no drop in the value. But there is a drop in the growth of exports.

"The drop in Taiwanese investments is mainly due to the big opportunities which China offers. China's domestic market is also huge," he said.

When asked if the drop in Taiwanese investments has anything to do with the country's policy, Dr Mahathir added: "No. That is one indi-

vidual's opinion. We have asked the Taiwanese companies here and generally they are happy."

Similar questions were also asked on Malaysia-Japan ties. He said the Government is happy with the relationship and there isn't any exploitation.

"There will always be some individuals with different opinions. Even in Japan, there are views which are different from the general ones. We are not worried about some people giving such views," he said.

Presenting the economic scenario to the participants, Dr Mahathir said Malaysia achieved an average annual

growth rate of 7 per cent since 1970. But if one takes into account the figures since 1988, then the average economic growth rate can exceed 8 per cent.

If the high growth is maintained, developed nation status can be achieved by 2020.

The Malaysian economy, which once centred around rubber and tin, has since diversified and the manufacturing sector is now playing a more prominent role.

By the year 2000 the manufacturing sector will contribute 38 per cent to Gross Domestic Product. Exports of manufacturing products, which now comprise 65 per

cent, will increase to 81 per cent.

Despite this healthy development, Dr Mahathir said, exports can be affected as the failure to conclude the Uruguay Round of world trade talks can increase protectionist pressures and pave the way for the establishment of more trading blocs like those in North America, Latin America and Europe.

Furthermore, the Malaysian economy will also have to compete more intensely for direct foreign investment with the former communist countries adopting the free market economy.

Dr Mahathir added that Malaysia is now enjoying a period of stability and the people of different races have realised that confrontational racial politics will not benefit anybody.

To achieve the objectives of Vision 2020 and Malaysia's continued survival as an independent country, racial harmony and stability are the prerequisites.

"Many countries have been destroyed and divided because the different races want to promote their own interest and because of greed. This selfish attitude should not be practised in a developing Malaysia," he said.

The first Chinese Economic conference was held in 1978, also organised by the ACCCIM.

Referring to the continued oppression of Muslims in Bosnia-Herzegovina, Dr Mahathir said Islamic countries should give aid to those who are in need.