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LOWER IMPORT PRICES MUST BENEFIT RAKYAT

Mahathir-prices (embargo: for release after 10 p.m. Aug 26)

KUALA LUMPUR, Aug 26 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad has called on importers and traders to pass on the benefits of lower import prices down the line to the consumers and put a lid on inflation.

+(They) should not take advantage of the strong ringgit and regard it as windfall profits,+ he said.

The tendency to profit from reduced cost while responding to increased cost by immediately increasing prices should be resisted, he said in his address at the Annual Dinner of Financial Institutions here tonight.

Dr Mahathir said the appreciation of the ringgit should result in substantially lower import prices and cheaper servicing of external debt which in turn should benefit both the producers, who relied on imported raw materials, and the people, who consumed imported goods.

By passing on reduced cost, inflation could be better controlled and low inflation would reduce pressures for higher wages.

This, he said, would benefit both the importers of raw materials as well as the producers of manufactured goods.

+The net result is that we will remain competitive in the domestic as well as; the export market,+ he said. -- more

▼26/08/17-36MST

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Mahathir-prices 2 Kuala Lumpur (embargo)

The Prime Minister said profiteering under whatever circumstances would result in a backlash that would hurt everyone.

He said that even if costs went up it was better to counter through improved efficiency rather, than increased prices.

He said the reason the Japanese were unbeatable was because when oil prices went up and the yen was revalued upwards., they did not follow this with corresponding price increases.

Dr Mahathir said this might be expecting too much of the Malaysian business community but if good economic sense could not be made to prevail, the government might have to step in.

+This is not a good solution as the implementation of regulations is seldom free from abuse. When this happens, the community and the nation will suffer,+ he said. -- more

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Mahathir-prices 3 Kuala Lumpur (embargo)

Dr Mahathir said Malaysians took for granted the country's low inflation rate.

They also regarded inflation as something which must be dealt with by the government through laws, regulations and fiscal measures.

+But there is a limit to what the government can do. In the final analysis it is the people who must play their principal role,+ he said.

The people must know the causes of inflation and in this connection he suggested that the financial community promote a better understanding of the role everyone must play through systematic programmes in the media, particularly television.

+No one wants to spend a hundred ringgit to buy a bar of chocolates which presently sells for only one ringgit,+ he said.

+Yet this is the story of many currencies not only in the 'developing countries but even in the developed ones.

+We will go the same way if we are not careful.+ -- more

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Mahathir-prices 4 Kuala Lumpur

The Prime Minister said the government viewed seriously the need to strictly enforce the competitive pricing behaviour among traders to bring down costs for the benefit of producers and consumers alike.

Any remaining barriers and rigidities preventing the free flow of goods and services would have to be liberalised or deregulated.

At the same time, the pricing behaviour and efficiency of the price discovery mechanism would have to be closely monitored and improved upon.

Producers must take advantage of the present economic situation to shift into more capital intensive and high technology production processes, he said.

-- Bernama

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