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PM: MALAYSIA ABLE TO SUSTAIN GRWOTH

From K. C. Leong 93

P Overseas + r.p

TOKYO, May 14 (Bernama) -- Malaysia has suffered only minimal effect in terms of Japanese investment since the slowdown in the Japanese economy, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

This was because Malaysia had been able to sustain its growth throughout the short period of the Japanese economic slowdown, he told Malaysian newsmen here.

Dr Mahathir is in Japan to attend an international conference on "Asia's Role in the Changing World Order" to which he delivered a keynote address yesterday. He also held discussions with Japanese Prime Minister Encik Kiichi Miyazawa yesterday evening.

Briefing Malaysian newsmen on the discussions, he said there had, of course, been some effect on Malaysia as a result of Japan's slowdown in terms of Japanese investment into Malaysia.

"However, we are glad to see that the Japanese recession has bottomed out and is now on the way to recovery and therefore we expect new investments from Japan to come into Malaysia," he added.

"Now that they are recovering, I think they are in a better position."

The Prime Minister said the talks also covered the problems of Malaysia's development now that Japan has taken Kuala Lumpur off the list of the nations that qualify for Tokyo's soft loans and how Malaysia could overcome the problem.

He said Miyazawa had suggested that Malaysia should concentrate on projects which might qualify for some Japanese soft loans.

Dr Mahathir said he explained that many of the infrastructure projects in Malaysia were aimed at supporting foreign investments.

"For every dollar of foreign investment coming to Malaysia, the government has to provide at least 10 cents worth of infrastructure and since there are Japanese investments in Malaysia, we are actually supporting Japanese investments," he added.

Asked to elaborate on his statement at the conference yesterday that the G-7 (group of seven leading industrial nations) should pay more heed to the interests of other nations and not just their own, the Prime Minister said, "That is our fear, that the G-7 is too concerned with themselves and not concerned with the rest of the world or even interested in what effects their decisions and strategies have on the rest of the world."

Dr Mahathir added that one example was the idea that by revaluing the yen, they could reduce Japan's trade surplus.

The result was the Japanese merely increased their efficiency so that they would suffer very little cost increases and would remain competitive.

"As a matter of fact, I am made to understand that the Japanese are already working on the basis of an exchange rate of 100 yen to the U.S. dollar," he said, adding that Japan would make adjustments so that their competitiveness would not be reduced.

In the last several weeks, Japanese yen has appreciated sharply against the dollar and the dollar now hovers just above 110 yen. Against the ringgit, the Yen has appreciated to above RM2.35 to 100 yen.

Dr. Mahathir said the result of the Japanese adjustment was, of course, that its surplus would remain. Meanwhile, however, the debt of developing countries like Malaysia would simply increase.-- More

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Asked about the trend towards increased managed trade on the part of some developed countries, he said this was the reason Malaysia had proposed the formation of the East Asia Economic Caucus.

"The group of nations of East Asia should have sufficient clout to influence the attitudes of trade blocs like the European Community and the North American nations," he said.

"But if we have none then they'll always be managing trade."

As for the possibility of U.S. unwinding all its positions previously reached in the Uruguay Round of multilateral trade liberalization negotiations after GATT Director-General Arthur Dunkel steps down as expected in the next few months, Dr. Mahathir said, "Any going back will only make matters worse". -- Bernama