

PM: We need only to maintain 7pc growth rate to

On course to Vision

By Manan Osman

KUALA LUMPUR, Mon. — Malaysia only needs to maintain an annual growth rate of seven per cent over the next 26 years in order to achieve Vision 2020 and become a fully developed nation, Datuk Seri Dr Mahathir Mohamad said today.

The Prime Minister said this expectation of continued growth was not unreasonable considering that Malaysia grew, on the average, by approximately 6.7 per cent in the first 20 years of its independence.

"All that is needed in order to achieve Vision 2020 is an additional 0.3 per cent growth.

"We are not an over-ambitious upstart. We are in fact very modest," he said in expressing confidence of achieving Malaysia's ambition of becoming an industrialised nation by the year 2020.

The Prime Minister said this in his keynote address, "From here to Vision 2020", at the international conference on "Malaysia: Powerhouse of the '90s" which began here today.

The two-day conference is organised by *The International Herald Tribune* in conjunction with the Malaysian Industrial Development Authority (Mida) and the Institute of Strategic and International Studies (Isis).

It is being attended by some 200 businessmen from all over the world.

Dr Mahathir said the Government and successor were committed to the Vision simply because the people as a whole had accepted it as a national aspiration and target.

"To ignore this aspiration is to court defeat. Vision 2020 has in fact become a unifying dream and target of every responsible Malay-

sian citizen.

"Successive Governments can thus be expected to work towards this Malaysian dream if they wish to get the support of the people," he added.

He said the problems that Malaysia faced domestically were not insurmountable. A shortage of labour and low productivity, infrastructure shortcomings and inflation were being tackled and had been partially resolved.

More critical and less easily resolved, he said, were the problems of sustaining the political and economic climate for extended periods in order to achieve Vision 2020.

However, he said, the Government had gained much valuable experience in the management of the nation's economy.

It has not been all plain sailing but it is a measure of the administrative ability of the Government machinery that, despite many economic and political crises domestically and abroad, the country has managed to pull through and to grow steadily, he said.

The key to sustaining growth at seven per cent per annum lies largely in stimulating a high rate of investment, he said.

He said the private sector would have to take the lead while the Government would continue to ensure that stable socio-economic and political conditions were maintained and even enhanced.

"Malaysia has been quite successful in improving the physical, legislative, administrative and financial infrastructures so as to sustain investments at 34 to 35 per cent of GDP in order to achieve growth.

"These were achieved

PLEASE TURN TO
PAGE 3, COL 1

2020

achieve objective

Dr M: Vision aim not too far-fetched

□ FROM PAGE ONE

even when the targets of Vision 2020 had not been determined. With the new long-term plan the target is not too far-fetched. A high rate of domestic savings, currently at 35 per cent of the Gross National Product (GNP), will provide the necessary funding," he added.

Dr Mahathir said Malaysia had forseen private investment being upgraded into higher value-added, technology-oriented and more productive sectors with export potential.

He said there would be a higher degree of indigenous capability in order to enhance domestic economic resilience and that the recent implementation of the domestic investment initiatives and the setting up of the Small and Medium Industries (SMI) Authority were part of these policy measures.

He said the Bumiputera community, still largely outside the mainstream of economic activity, was nevertheless a rich source of manpower, capital and business entrepreneurship.

"The experience of the past decade shows that, given the right training and opportunities, they can play a very significant role in the economic development process.

"They are also not without financial resources as they contribute towards numerous large savings and investment funds and their participation in the economy can, with proper guidance, enrich it considerably," he said.

Dr Mahathir said while the Government was in control of local conditions, it was much less able to ensure greater freedom in global trade.

"Keeping world trade free is becoming more difficult and elusive. The General Agreement on Tariffs and Trade (GATT) was born after World War II.

"After 40 years of negotiations during which time markets and processes have become increasingly global, we appear to be no nearer to achieving the goals of liberalising and increasing world trade," he said.

Perhaps, he said, the paradigm shift towards open regionalism, espoused by many liberal thinkers in the East and West, was what was needed to spur freer and greater world trade and stimulate investments.

He added that the economic and other malaise that affect both Europe and the United States could and should be remedied through harnessing the East Asian economic engines and through greater openness, greater liberalism and greater free competition.

He said Malaysia's success within East Asia, in attaining and sustaining high socio-economic growth progress, was clearly due to its commitments, acceptance and practise of these principles.

However, Dr Mahathir said, experience had shown that free trade was more honoured by words than by deeds.

He said rising protectionism, lack of policy co-ordination among developed countries on monetary matters, the slow progress towards agreement at the new Uruguay round of the GATT negotiations, and, above all, the emergence of new trading blocks such as Nafta (North America Free Trade Agreement) and the unified markets of EC (European Community), rendered free trade almost meaningless.

For trading nations like Malaysia, he said, it would mean that growth and development would be retarded.

He said it was in order to reduce dependence on the traditional trading partners that Malaysia had embarked on an aggressive programme to find and develop new export markets.

"Our interest in South-South trade, our initiatives in the G-15 nations, our active participation in regional organisations like Asean, as well as our attempts to form the East Asia Economic Caucus (EAEC) as a bulwark against trade blocs; the establishment of new trade and investment links with developing countries in Southeast and East Asia and the newly independent Central Asian republics of the former Soviet Union, represent efforts to diversify trade links and create a fairer and mutually beneficial trading relationship between nations."

He said Malaysia believed that these actions would not only circumvent the effects of managed trade by the Euro-American blocs but would also help increase world trade as a whole.

They will counteract some of the negative effects of rising trade protectionism by certain developed countries, Dr Mahathir said.