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Parliament-Anwar
CURRENT ACCOUNT DEFICIT EXPECTED TO REDUCE TO RM17 BILLION

KUALA LUMPUR, April 1 (Bernama) -- Deputy Prime Minister Datuk Seri Anwar Ibrahim said today the current account balance of payment for 1996 will show a lower deficit of RM17 billion, according to a conservative estimate.

This is RM800 million less than the 1995 deficit of RM17.8 billion, he told the Dewan Rakyat.

The merchandise balance of payment will see a surplus of RM3.6 billion for 1996, he said in reply to a question from Robert Lau Hoi Chew (BN-Sibu).

Anwar, who is Finance Minister, said the latest statistics were very encouraging including the lower trade balance deficit of RM40 million for last November and a surplus of RM643 million in December.

He said the country's weak balance of payment was mostly due to the low capacity and competitiveness in the service sector including transport, insurance, education and professional contractors.

Export and import of goods in the merchandise account showed a surplus of RM600 million in 1995 but it was still lower than the RM4.6 billion surplus in 1994.

Anwar said the lower surplus in 1995 was due to an increase in the import of capital and intermediate goods although exports remained strong, especially in the case of manufactured goods.

Imports of capital and intermediate goods were estimated to be about 86 percent of overall imports while the rest was consumer goods.

Anwar said the current account deficit of RM17.8 billion in 1995 was higher than the previous year's deficit of RM11 billion.

"However, except for 1991 and 1995, in the last few years the net long term direct foreign investments were more than enough to finance the current account deficit. In 1995, the gap was slightly different because the rapid increase in domestic investments outweighed national savings," he added.

Measures introduced by the Cabinet Committee on Trade in Services Sector chaired by Prime Minister Datuk Seri Dr Mahathir Mohamad to remove the deficit in the balance of payment had shown a positive effect, he said.

For instance, the import value of intermediate goods compared to export goods in the manufacturing sector had fallen from 76.7 percent in 1990 to 60 percent in 1995. -- BERNAMA

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