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Current account deficit may rise this year: PM

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THIS year's current account deficit may be larger than expected if the ringgit's downtrend persists, but the Government continue with its efforts to reduce imports, Datuk Seri Dr Mahathir Mohamad says.

The Prime Minister told reporters yesterday it was possible that the deficit will be higher this year as the ringgit keeps being pushed downwards.

"As such, the cost of imports is much higher," he said after launching a pictorial biography of the late Tun Abdul Razak in Kuala Lumpur.

Dr Mahathir was asked to comment on a forecast by some analysts that Malaysia's current account deficit in 1997 will increase to RM27 billion from last year's RM13 billion.

The official forecast is for this year's deficit to increase to RM14.8 billion. Although higher than last year's, the amount would have been within the Government's objective of maintaining the percentage of the deficit to the gross domestic product at about 1996's 5.5 per cent.

In its latest report issued yesterday, the Statistics Department said the deficit for the first quarter of 1997 stood at RM1.8 billion. This was a marked improvement from the RM4.5 billion deficit in the final quarter of 1996, and RM3.2 billion in the first quarter of that year.

Dr Mahathir said the move to reduce imports is something inevitable although the Government has not made any decision on the matter. On Tuesday, he said the Government may propose restrictions in the next Budget on the import of heavy machinery.

"They (analysts) can predict what they like but we will do what we can. Foreign journalists have no interest in this country. They like to see this country go under.

"We will do what we can but we won't have to tell anybody how we going to do it. We also have to look at what the situation is going to be like by the end of this year," he added.

Asked by a foreign news correspondent why he kept attributing the ringgit's depreciation to foreign speculators, Dr Mahathir said: "Because we know it. Come on... are you going to deny that (George) Soros was involved? We know exactly who is doing all this."

Dr Mahathir last month identified the US financier as the "rogue speculator" in the attack against the region's currencies.

"These speculators have huge amounts of money in their hands to undermine the economies of many countries... South Korea is the latest to suffer.

"They (speculators) are crooks who are out to make money for themselves at the expense of the poor people. And of course, the developed countries are cheering him (Soros) on," he said.

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