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Mahathir-Economy

MALAYSIA CAN AVOID RECESSION, SAYS MAHATHIR

By: Azman Ujang

LONDON, May 23 (Bernama) -- The Malaysian economy has reached a stage where it has more than enough strength to avoid recession in the future, Prime Minister Datuk Seri Dr Mahathir Mohamad has assured.

And he said that doubts about the resilience of the Malaysian economy were actually the work of some so-called "great" economic magazines and other sceptics which used words like "overheating" and even advised Malaysia to slow down its robust growth or face a serious recession.

"We refused to slow down our economy. In 1996, they said our economy was overheating but we still had over eight per cent growth which we have been having continuously for the last nine years," Dr Mahathir told Malaysian students during a visit to the Warwick University in Coventry Thursday.

Giving a "business as usual" message to the students, the Prime Minister said he did not want to sound over-confident but "we think we can manage the economy very well".

"Of course they talk about overheating just like when you drive your car too much. But this is because the car does not have a good cooling system like Malaysia has," he told over 400 students who included those from the nearby Coventry University.

Earlier, Dr Mahathir was given a rousing "Malaysian-style" welcome by the students when he arrived at the university, complete with a "kompang" group and girls carrying the "bunga manggar".

He said a lot of predictions about the Malaysian economy by the prophets of doom had been proved wrong, and there was no reason to believe that these negative-thinkers would do better the next time.

When Mexico faced an economic collapse a few years ago, they came out with a warning that it would be Malaysia next but this did not happen, said Dr Mahathir.

He admitted that one key problem to the economy was the deficit in the balance of payment, but said this was being addressed with several corrective measures which were beginning to show positive results.

In 1995, Malaysia had a balance of payment deficit of RM19 billion. Balance of payment deficit is caused by an excess of imports over exports.

Dr Mahathir's lecture on the Malaysian economy, in his usual style of explaining difficult things in a simple and straight-forward manner, got down well with the students who appeared to understand him better than what perhaps any business magazine and text book could do.

Malaysians, for one, are importing many unnecessary goods not only to suit their more affluent lifestyles while industries are bringing in more machineries even though many existing machineries can still be used if they are reconditioned.

To tackle this problem and bring down imports, the government is giving incentives to industries to recondition machineries which are being left to rot.

Already, this effort is showing some results and for the first three months of this year, Malaysia has registered a healthy surplus while more measures will be taken to reduce imports and increase value-added exports, said Dr Mahathir.

"Today, Malaysia is cash-rich. We manufacture goods ourselves and if we can further add value to our exports, then we can overcome our balance of payment problem," he said.

He spoke of the totally home-made electrical appliances under the "MEC" brand-name being produced from the MEC City in Pahang as one of the major efforts to reduce imports as Malaysia is a huge importer of such household products.

The Prime Minister said if Malaysia could 20 years ago register an economic growth of 6.7 per cent based mainly on the strength of two exports, rubber and tin, there was absolutely no reason why it would face a recession with so much varied items on its export list now.

"Malaysia needs only an economic growth rate of 7 per cent annually to achieve the target of becoming an industrialised nation by the year 2020. This means we need only to improve by 0.3 per cent from the rate we achieved 20 years ago with only rubber and tin," he said.

Today, 80 per cent of Malaysia's total earnings comes from exports of manufactured goods. Total exports have reached US\$80 billion annually while total trade amounts to US\$170 billion.

"Malaysia is now the 17th biggest trading nation in the world. We can even do better than this if we upgrade our skills in everything that we do, especially in engineering and management," he told the students who are mostly pursuing courses in these two fields.

The Warwick University is rated fifth among 100 universities in the United Kingdom but top in terms of engineering and management through its Warwick Manufacturing Group (WMG), a collaborative centre run in partnership with between the university and industries in Britain to train top flight managers.

"You are indeed very fortunate to be able to study in this university and I advise you to learn as much as you can while here. Come back to Malaysia where your skills are very much needed especially in our Multimedia Super Corridor," said the Prime Minister who is ending his five-day visit to Britain to woo investors to the just-established multimedia hub.

Dr Mahathir earlier spent over two hours touring the various facilities at the WMG which has become the most successful business school in Britain in turning technology into profits.

He was briefed by Prof Kumar Bhattacharya, who founded the WMG in 1990, and has since turned it into the biggest and most profitable post-graduate centre for engineering research and development in Europe.

Indian-born Bhattacharya, now a British citizen, said the WMG now generated 51 million pound of business a year and has developed industrial partnerships with over 300 companies throughout Europe. WMG is basically a members-only R&D club.

Dr Mahathir also witnessed the signing of a Memorandum of Understanding between two of WMG's industrial partners, Computervision and Bridgeport and Malaysia for technology transfer.

WMG has also established a thriving Business and Technology Centre (BATC) in Kuala Lumpur in partnership with Universiti Teknologi Malaysia (UTM) to train top managers from Malaysian industries.

He was briefed on the BATC by UTM Vice-Chancellor Datuk Dr Ahmad Zaharuddin Idrus.

The students were very inquisitive about developments in Malaysia and government policies but Dr Mahathir, who arrived at the university in a helicopter, pleaded with them not to ask too many questions because he said it had started raining outside and that he had to fly back to London for the one-hour journey.

He was practically "mobbed" by the students when making his way out of the university hall with his bodyguards having a hard time controlling the crowds.

But Dr Mahathir took it all in his strides, obliging almost all

requests to have pictures taken with the students.

"We are so thrilled to meet him personally here. I don't think I'll have this chance to take pictures with him back home. Dr Mahathir is so handsome," said a girl student who was so excited that she melted into the crowd before she could give her name. -- BERNAMA

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