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Malaysia will become even more competitive: Dr M

Kamarul Yunus

THE devaluation of the region's currencies will make Malaysia even more competitive and boost its economic growth, Prime Minister Datuk Seri Dr Mahathir Mohamad says.

"We expect our earnings to increase and our balance of payment to go into surplus," he said.

One way or another, the country's spending capacity will return and will grow, Dr Mahathir said when opening the fourth Langkawi International Maritime and Aerospace exhibition (Lima '97) in Langkawi yesterday.

He attributed this to the country's strong economic fundamentals.

"We have put in place the necessary reforms and strategies to facilitate recovery. Our trading partners have a vested interest in Malaysia's and the region's recovery.

"We buy a huge amount of capital goods and products, including aircraft and ships, in order to meet the needs of our industries, freight and passenger transport, and more and more those of the growing leisure industry," he said.

But Malaysia is not the only one that could benefit. Dr Mahathir said the Asia-Pacific region's economic growth is also expected to return strongly and remain as the fastest growing area in terms of both economic performance and world trade.

With almost two billion diligent and skilful people in North East and South-East Asia, the Prime Minister said their needs even at the time of recovery will be huge and, when the rebound is complete, it will be bigger than ever.

In view of the depreciation of currency values, the region has become more attractive as a base for the production of high quality components, particularly labour-intensive composite items.

"For example, some countries in the Asia-Pacific region are actively negotiating joint ventures to produce regional jets and other commercial aircraft.

"Without doubt, the aerospace industry in this region will be growing at the same accelerated rates as prior to July this year (when the currency problem started affecting the countries), he added.

Starting with the speculative assault on the Thai baht which led to a de facto devaluation on July 2, the currencies of Indonesia, Philippines, Malaysia and even that of Singapore, Taiwan, Hong Kong and South Korea have since come under intense pressure.

The economic problems arising from the turbulence on both the equity and currency markets also resulted in Thailand, Indonesia, Philippines and the latest victim, South Korea, having to turn to the International Monetary Fund for assistance.

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