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SOUTHEAST ASIA'S WEALTH DROPS 30 PCT FROM CURRENCY DEVALUATION, SAY DR MAHATHIR

KULIM, Nov 15 (Bernama) -- The currency devaluation faced by Southeast Asian countries has eroded the wealth of the region by over 30 percent, said Prime Minister Datuk Seri Dr Mahathir Mohamad, today.

"In all, we estimate some US\$200 billion (about RM670 billion) has been knocked off from the countries in the region," he added at the opening of Industri Otomotif Komersial (M) Sdn Bhd plant in Padang Serai, near here.

Dr Mahathir said there would also be a reduction of imports into this region by about the same amount.

He said the countries in the region are now facing a problem of a devalued currency, which has raised the cost of all imports.

"Today we cannot afford to import too many things because we are short of funds," he added.

When asked to elaborate on the matter during a press conference later, Dr Mahathir said currency devaluation and depressed capital markets were not only experienced in Southeast Asia alone but also in other Asian economies, including Taiwan, Hong Kong and South Korea.

He said this has resulted in a lesser purchasing power following a reduction in the per capita incomes and gross domestic products of these countries.

In the case of Malaysia, he said, it has lost US\$30 billion (about RM100 billion) as its per capita income has reduced by US\$1,500 (about RM5,025) from US\$5,000 (about RM16,700) before the ringgit depreciated by 30 percent.

Dr Mahathir said Malaysia has successfully sustained an economic growth of over eight percent for nine years continuously but there were still some people who were saying that it was somewhat unhealthy and the economy would overheat soon and the country would face recession once again.

He said: "For several years these people have been telling us that we cannot sustain eight percent growth but we have shown that we could sustain this growth rate.

"Still these prophets of doom keep on saying that this cannot be done and it shouldn't happen, and very soon the economic will suffer.

"But, Malaysia's economy continues to grow at eight percent and they thought that in order to ensure their predictions and forecasts are correct, they took steps to devalue our currency."

The prime minister said these people would obviously deny their doings and blamed it on fundamentals and all kinds of other reasons.

"The fact is that if they don't fiddle around with the ringgit, the currency will not depreciate," he added.

After opening the plant, Dr Mahathir was taken for a tour around the facility where he witnessed the commercial production of Permas van, which is expected to be in market by early next year. -- BERNAMA

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