

05/05/1998

Economic problems threaten Vision 2020 goals, says PM

PRIME Minister Datuk Seri Dr Mahathir Mohamad said in view of the current economic problems he is unsure whether Malaysia could realise its goal to become a developed nation by the year 2020.

"Malaysia was known as one of the fastest growing developing countries for a very long time. We thought we could go on forever.

"Now we are no longer certain because of the economic problems, which are also faced by other countries in East Asia," he said during a luncheon talk organised jointly by the US-Malaysian business committee of the US-Asean Business Council and American International Group in Kuala Lumpur yesterday.

However, Dr Mahathir said he is confident that Malaysia could overcome the challenges with greater inflow of foreign direct investments (FDIs).

"I think the worst of things must come to an end sooner or later. We hope it would be sooner but if it is going to be later, we have to accept that.

"I am quite sure with your interest and investment, we would be able to help shorten the recovery period," he added.

Dr Mahathir stressed that policies will continue to be business-friendly, to build on Malaysia's lead in the region in terms of drawing FDIs.

"Even when Malaysia became independent, we did not believe in nationalising foreign properties and companies. Instead, we decided to encourage foreigners to come and invest in this country."

This approach has paid off because many foreign companies are now investing and doing well in the country, he said.

"We have also benefited... although tax holidays may be involved, it doesn't mean the Government earned nothing. They have to spend some time," the Prime Minister said.

Dr Mahathir also said the Government will continue to look to the West while pursuing its "Look East Policy".

"We can learn from other people's mistakes as much as you can learn from their success. We will continue to look East and learn from the mistakes and hope to avoid them.

"At no time did we say that we would cease looking to the West... we are not just looking at other countries to learn but also to establish relations and benefit from the contacts," he added.

Dr Mahathir also said Asean will push ahead with moves to free up trade in the region.

"We still want to reduce tariffs in Asean countries... we have not decided to slow down efforts," he added.

Under the Asean Free Trade Area agreement, member countries are expected to reduce tariffs to below 5 per cent by the year 2003.

Dr Mahathir acknowledged that Asean members are facing some difficulties, especially a shortage of foreign exchange, but he is confident that the grouping can overcome them.

"We have been doing business in US dollars, not in our own (Asean) currencies. Now we do not have enough of the American currency and we cannot even buy from each other," he added.

In the case of Malaysia, for example, some 70 per cent of the country's trade is conducted in the greenback while trade with the US accounts for only 18 per cent of the total.

This shows that a lot of Malaysia's trade with other countries is also transacted in American dollars. Since the region's countries do not have as much of the currency as before, Asean has to use its own currencies because it still needs to buy goods, Dr Mahathir said.

(END)