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Mahathir - traders

INDUSTRY CAPTAINS BACK GOVERNMENT'S ECONOMIC MEASURES

KUALA LUMPUR, July 23 (Bernama) -- Top executives of Malaysian trading companies today gave full backing to measures by the government to steer the country towards economic recovery during a dialogue with Prime Minister Datuk Seri Dr Mahathir Mohamad today.

The measures include using local ports for exports and creating a clearing house for trade settlement between countries by Bank Negara.

Dr Mahathir said there was "very good support" from the more than 100 chief executive officers who attended the two-hour closed door meeting at the Putra World Trade Centre here.

"The response seems good. They raised questions indicating their keenness in taking part in the government plans," Dr Mahathir told reporters after the discourse.

The dialogue coincided with the release of a plan to revive the economy by the National Economic Action Council (NEAC) which Dr Mahathir chairs.

International Trade and Industry Minister Datuk Seri Rafidah Aziz was also present at the dialogue.

Dr Mahathir said he explained to the CEOs measures taken by the government to promote greater use of Malaysian ports and the benefits to be derived especially in maximising trade with the country.

The chief executive officers, who raised several questions pertaining to the economy, welcomed the government's suggestion that they use Port Klang.

However, the companies would take time to export through Port Klang and other Malaysian ports because they would have to make several adjustments first.

"They welcome the use of Port Klang. However it will take a little time as it means having to shift from the practice they are so used to," he said.

Dr Mahathir said if necessary, the government would formulate legislations to compel Malaysian exporters to use local ports, Port Klang in particular.

"At the moment, we have not yet started the process," he said.

Recently, Transport Minister Datuk Seri Dr Ling Liong Sik said the government might consider making it mandatory for companies dealing with exports to ship through Port Klang.

On the proposed clearing house, Dr Mahathir said Bank Negara has worked out a format for its establishment.

The central bank would announce the details later.

Among others, the proposed settlement house would record the import and export transactions in the country.

During the press conference, the prime minister was also asked about the NEAC recommendations and interest rates.

He said the government would adopt the recommendations of the NEAC in full unless there are specific objections.

Several of the council's recommendations had already been implemented, said Dr Mahathir.

He said the effective interest rates in the country had been reduced and that the rates were high not because of the higher base lending rate but because the spread sometimes reached four per cent when it should be around 0.5 per cent.

Banks have to have a higher spread to reduce their risks and some have

added cost because of reduced deposits and the need to borrow from the interbank market, he said.

On the reduction of the Statutory Reserve requirement by financial institutions, he said the government had managed to reduce the cost of money to banks.

This had enabled them to reduce their spreads and in turn lower the effective interest rates, the prime minister added.

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