

10 APR 1998

LEAD Mahathir - loan

LOAN FOR RM40,000 CAR RAISED FROM 70 TO 85 PER CENT, SAYS PM

KUALA LUMPUR, April 10 (Bernama) -- Vehicle loan for unit costing RM40,000 and below has been raised up to 85 per cent from 70 per cent now to help the local automobile industry affected by the country's economic problems, Prime Minister Datuk Seri Dr Mahathir Mohamad said tonight.

This was decided by the National Economic Action Committee (NEAC) which met today after considering appeals submitted by the industry through a memorandum to the council, he said.

However, he said, local banks and financial institutions were only allowed to utilise a RM15-billion loan fund allocated to the automobile sector this year.

Dr Mahathir, who is also Umno president, said this when asked on the matter at a press conference after chairing a party Supreme Council meeting at Menara Datuk Onn, Putra World Trade Centre here.

The NEAC, of which he is chairman, held two meetings today, the first in the morning involving its Executive Committee.

Dr Mahathir said the committee considered six working papers relating to the automobile and construction industries, labour and inflation.

The NEAC later held a full council meeting in the afternoon attended by Menteris Besar and Chief Ministers, he said.

Asked on the outcome of the morning meeting, Dr Mahathir said: "We explained what are the problems affecting the automobile industry, what the government should do and we realised there is still much more to be done for economic recovery."

He said the NEAC executive committee discussed financial problems faced by the automobile industry and went through their memorandum to the council.

"We've agreed to relax the condition but subject to a ceiling limit of allowable loan (of RM15 billion)," he said.

On the construction industry, the prime minister said the government did not categorise the entire housing industry as an unproductive sector to the extent of not giving out loans at all.

"For low-cost homes, for example, we don't mean just only those costing RM25,000 and below but in fact RM150,000 and below," he said.

Dr Mahathir said the government was still encouraging new housing projects for these category of homes because there was demand.

But as for high-cost homes, loans would only be approved to projects already started or completed, he said.

However, the prime minister said, the government would continue relaxing the condition for the sale of houses costing RM250,000 and above to help those in the construction sector facing problems.

He said among the NEAC decisions was to direct the Foreign Investment Committee (FIC) to categorise first housing projects which foreigners could buy before offering to sell the homes to them.

This meant, he said, that foreigners intending to buy homes costing RM250,000 and above no longer needed to get the FIC approval as presently because such permission has already been granted to the developers.

"This relaxation is only for ongoing or completed projects," he said.

On the outcome of the afternoon NEAC meeting, Dr Mahathir said state governments have agreed to introduce short leasehold for land intended for agriculture.

"As several Menteris Besar and Chief Ministers were present, we

discussed measures that would have to be taken at the state-level especially relating to agriculture," he said.

Dr Mahathir said state governments have also agreed to use all existing ponds for fish-rearing in efforts to increase fisheries output.

"We've also asked the state governments to strive to increase food production and expedite approval for land meant for farming," he added.--

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