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Make objective evaluations, investors urged

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DATUK Seri Dr Mahathir Mohamad called on the international business community yesterday to evaluate the economic environment of countries facing problems in an objective and balanced manner.

Particularly when making investment decisions, the Prime Minister said they should avoid being overly dependent on the reports and value judgments of credit rating agencies and the media.

Stressing that none of the rating agencies or the media had predicted the turmoil, Dr Mahathir said investors should travel to these countries to see for themselves what was really happening.

"As members of the business community, you have an important role to work together with the Governments of these economies in their recovery efforts," he said when opening the third Apec International Trade Fair '98 at the Mines Exhibition Centre.

The four-day fair is being held in conjunction with the meetings of Asia-Pacific Economic Co-operation leaders and ministers.

Themed "Enhancing Global Competitiveness Through Technology and Human Resource Development", this year's event focuses on how new technologies and skilled manpower contribute to the development of Apec economies.

A total of 347 companies from the 21-member Apec are participating in the fair which is hosted by the Malaysia External Trade Development Corporation.

The Prime Minister encouraged the business community to take into account factors such as the size of the market, consumer purchasing power, political stability and other socio-economic indicators.

"It is also imperative for the private sector to be well-informed of local laws and regulations on how business is conducted in the respective economies."

He said businessmen should make use of facilities provided by Apec which included tariff, trade, investment and service flow databases, and guidebooks on members' investment regimes.

Dr Mahathir suggested that more collaborative efforts between the private sectors of the Apec economies be undertaken to facilitate intra-regional trade and investment.

He said the private sector should consider long-term goals and action plans towards capacity building especially in such areas as infrastructure, skills and new technologies.

Exchanging and the sharing of technology especially among the less-developed member countries should be enhanced, he added.

Dr Mahathir said the economic crisis had reduced the capacity of countries to export and import goods and services, citing Malaysia's 12.6 per cent decline in imports in the first quarter of this year and a drop of 18.3 per cent in the United States' exports to Asean.

Under the current circumstances, he said economies in Asia had intensified efforts to increase exports to hasten recovery.

"It is crucial, therefore, for the export markets of these affected economies to remain open for the products originating from these countries.

"There appears to be a discernible trend towards protectionism as local industries which are no longer competitive lobby or justify the imposition of non-tariff measures of various sorts," he said.

On trade liberalisation, Dr Mahathir said it was important to ensure

that the measures took into account the specific development features and constraints of countries at different levels of development.

"The different capacities of economies to embrace liberalisation must be recognised. The weakened economies cannot be expected to shoulder the same level of commitments to liberalise their markets as the stronger ones.

"Unrestrained liberalisation may eventually weaken the economy further and yield results which are the opposite of what is expected."

In her welcoming speech, Minister of International Trade and Industry Datuk Seri Rafidah Aziz said Asia's financial and economic crisis had spilled over to other parts of the world, thus the need for an early solution.

She said the economic turmoil would affect intra-Apec trade and Apec economies' trade with the rest of the world, pointing out that for the former, only marginal growth was recorded last year compared with 1996.

"While the leadership in Apec economies is expected to provide the necessary direction towards garnering a resolution to the crisis, the business community must continue to seek out and optimise the benefits from the Apec economic potential."

Rafidah said it was heartening that all Apec economies took part in the trade fair, including the three new member-economies with Russia represented by 53 companies, Peru, 25, and Vietnam, five.

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