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PM: Ability to shield economy still weak

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PRIME Minister Datuk Seri Dr Mahathir Mohamad said Malaysia is unable to shield its economy from external forces because its ability to separate the local economy from foreign pressure is still weak.

"The country's economy now is not good ... many big companies in trouble, many banks facing problems and we see our ability to separate our economy from foreign pressure is still weak.

"We cannot (shield our economy from external forces) ... They can always depress our currency, share prices and our ability to borrow money.

"As you know, "Mr Moody and Mr Standard and Poor's (S&P)" has downgraded the ratings on our economy," he said, when asked to comment on the country's economy after opening the "Made-In-Malaysia Product" exposition in Subang Jaya, Selangor yesterday.

Dr Mahathir was referring to the downgrading of ratings by international rating agencies such as Moody's Investors Service and S&P.

On measures taken to attract foreign investment, especially when the country is facing economic problems, Dr Mahathir said, the Government is confident that the serious investors will still come and invest in Malaysia.

"The serious foreign investors will come in and they are increasing their production capacity and we are not worried about the situation.

"They will still be coming because they consider Malaysia as a good place to invest due to political stability and lower production cost resulting from the appreciation of the US dollar against the ringgit," he added.

He also said Malaysia will be able to expand its trade surplus if the public continues to increase exports and reduce imports by buying Malaysian-made products.

"I think the trade surplus can be expanded by organising more buy local products campaigns and expositions as well as reduce imports," he said, when asked whether Malaysia can increase its trade surplus registered in the first six months this year.

Statistics Department figures showed that Malaysia registered a trade surplus of RM22.1 billion in the first six months of 1998, against a deficit of RM2.8 billion during the same period last year.

Asked whether the surplus was due to increase in exports, Dr Mahathir said, this was largely attributed to the increase in the value of exports.

"The volume of our exports are not increasing that much but the value in ringgit has increased," he said.

Citing an example, he said, palm oil price has increased from RM1,400 previously to the present RM2,400 due to the strengthening of the US dollar against the ringgit.

He also noted that the trade surplus was achieved through constant support from the public who responded to the Government's call to reduce imports and use more local goods.

"As much as we can, we should try to reduce imports and use local products. It is not to say that we should boycott imported goods but more to reduce imports.

"We cannot boycott imported goods because foreigners might boycott our products too," he said, adding that some of the Malaysian goods are recognised abroad for its high quality.

Acknowledging that it is impossible for Malaysia to produce everything

locally, Dr Mahathir said, Malaysians should, however, try to produce essential products as much as they can in the country.

"If we can increase our local content from 50 per cent to 70 per cent, then the impact from the depreciation of the ringgit will be less," he added.

Noting that there has been encouraging response from the public towards such "Buy Malaysian Goods" promotion and exposition at the national level, Dr Mahathir urged states to organise similar campaigns to boost local products and reduce imports.

"Even singers, songwriters, musicians and artistes can expand their contributions through such exposition to help revive the country's economy," he said, in reference to the exposition in Subang Jaya yesterday which was organised by Papita, the national association for artistes, singers and songwriters.

Dr Mahathir also received a mock cheque for RM44,000 from Hotel Seri Malaysia and RM10,000 from Radio Redifussion Sdn Bhd during the ceremony. The donations are for the special National Fund, which was set up to help in the country's economic recovery.

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