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Mahathir-Economy

REGION MAKING MOST OF DEVALUATION-GENERATED OPPORTUNITIES, SAYS PM

DUBAI, March 18 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said Southeast Asia will overcome the problems of depreciating regional currencies by exploiting new opportunities arising from devaluation and impoverishment.

Countries in the region would do so partly by insulating the domestic economy, reducing the need for foreign exchange and strengthening internal resilience, he said.

"In the process, new directions will be taken and new practices devised," he said delivering a keynote address at the Emirates International Forum here today.

The prime minister's address was entitled "Out of Crisis: The Opportunities".

The annual three-day forum, which began yesterday, gathers prominent world government and corporate leaders for exchange of views on issues like economic globalisation, world trade, information age, banking and finance, trade and industry and tourism and services.

Dr Mahathir said the region would probably not return to the old pattern of economic growth based largely on foreign investments.

"They will continue to want such investments but they will depend more on their domestic capacities and intrinsic strength," he said.

The prime minister said Southeast Asia would be able to pull through the financial and economic problems because its population of half-a-billion people "are very hard working who are used to all kinds of hardships and challenges."

"Although we may not say it, I still believe Asian values will pull us through. After all it took many centuries for us to gain independence.

"We will overcome," Dr Mahathir said.

"And in the process we are going to spawn such opportunities for ourselves and for others as have never been seen before," he said.

Dr Mahathir said the most important opportunity presented by the financial crisis was in the improvement to the financial management of the country.

He said since the crisis countries in the region have found much waste both in the public and private sectors.

"Too many people were employed in doing too few things. There was lax attitude towards the spending of money," he said.

The crisis has prompted all the affected countries to look at their costs, paving the way for every item to be scrutinised closely, he said.

"Where there is no absolute necessity, severe cut backs will be made," he said.

He said the financial base of the countries would be much strengthened as a result of the crisis.

Dr Mahathir said even though the crisis was far from over, Southeast Asian countries were already embarked on programmes and strategies to attract foreign investment.

"True, many investors foreign mainly, as locals have no money, are still waiting for the fall in share prices to bottom out.

"But there is some indication that the stock market is back on the growth path," he said.

The prime minister also touched on the "extra-profitable businesses" brought about by the crisis to the plantation and manufacturing sectors of

the countries concerned.

In the manufacturing sector, Dr Mahathir said, there were signs that investors were already taking advantage of the very low cost of investment and production by either expanding or putting up new facilities.

On education, he said it was believed that the financially-strapped countries of Southeast Asia would not only save money by bringing back their students but would also become new centres of excellence which could cater for foreign students.

Besides enlightening his audience on the intra-Asean trade using regional currencies, the prime minister also spoke on the effects of impoverishing a whole region.

He said a single country becoming poor would not do much damage to world trade, "but when whole regions, and rich regions at that, become poor, the effect on world trade and the economies of the trading partners can be considerable."

Dr Mahathir said the loss incurred by Southeast Asian and Northeast Asian countries was massive.

"The crisis is serious... The economic tigers of eight months ago have now become whimpering kittens," he said.

Dr Mahathir said submitting to the International Monetary Fund (IMF) was not sufficient as "even after abject submission the currency can still be further devalued." -- BERNAMA

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