

17 JAN 1998

Mahathir-Suharto

VITAL TO FURTHER ENHANCE MALAYSIA-INDONESIA TRADE COOPERATION NOW, SAYS PM

By: Khairdzir Yunus

JAKARTA, Jan 17 (Bernama) -- Datuk Seri Dr Mahathir Mohamad, who held a 90-minute meeting with President Suharto here today, said it is vital for Malaysia and Indonesia to further upgrade trade cooperation in the wake of the economic crisis faced by both countries to reduce trading in the rising US dollar.

The Malaysian Prime Minister said that both countries could utilise whatever US currency they had for buying goods from countries trading in the hard currency, but could further upgrade bilateral trade in their respective currencies.

He was speaking to the local and foreign press following the meeting at the president's residence in Jalan Cendana here. President Suharto, who was present, did not make any statement.

Dr Mahathir said it was agreed at the meeting of Asean heads of government in Kuala Lumpur last month that intra-Asean trade should be further promoted.

The Malaysian ringgit has lost over 50 per cent of its value against the US dollar with the Indonesian rupiah faring even worse since the regional currency crisis began last July.

"Since we lack US dollars, we should think of ways to further enhance trade without using foreign currencies and instead use our own currencies, like Indonesia using the rupiah and Malaysia the ringgit," he said.

On his brief visit here, Dr Mahathir said he wanted to meet President Suharto as the Indonesian leader was not able to attend the Asean heads of government meeting in Kuala Lumpur last month.

Dr Mahathir said that as the meeting's chairman, he had intended to inform President Suharto decisions made at the meeting of Asean heads of government with Japan, China and South Korea but since President Suharto was not well, he had postponed his trip here.

"Besides, I would also like to hear from President Suharto himself matters affecting the economy in Indonesia," he said.

Asked whether they discussed rescue measures, Dr Mahathir said that they did not discuss such measures but discussed the need to determine a mechanism for trade without using foreign currencies because both countries lacked the US dollar following the massive currency depreciation.

Asked whether the economic crisis in Indonesia, which on Thursday signed a financial rescue package with the International Monetary Fund (IMF), would have an effect on security in Malaysia, Dr Mahathir said that Malaysia always felt that neighbours would do better if they were better off.

"Well, we always feel that neighbours would do better if they are better off. We believe in prospering our neighbours because neighbours who are having problems, of course, there will always be a spill-over...what they call contagion, nowadays," he said.

On reports that Malaysia will repatriate foreign workers, Dr Mahathir said: "We are not really going to expel them but we have to warn people that we have no more jobs."

He said that Malaysia would however still try as far as possible to absorb them into other sectors where manpower was still needed like in the plantation and manufacturing sectors although such sectors were not as active as before.

Dr Mahathir was also asked about the 50-point memorandum agreed between

Indonesia and the IMF and signed by President Suharto here on Thursday for sweeping economic reforms to revive Indonesia's economy.

To this, he said: "It is a matter for Indonesia to decide on its own. We reserve our views...it is certainly up to Indonesia's own judgment."

The memorandum included measures to review the proposed 1998/1999 national budget regarded by the IMF as "overly optimistic and unrealistic" and to abolish certain monopolies.

Earlier, Dr Mahathir was greeted on arrival at the president's family home at 11.25am (12.25am Malaysian time) by President Suharto. The Prime Minister was accompanied by Malaysian ambassador to Indonesia Datuk Zainal Abidin Alias.

Dr Mahathir left for home after the meeting.

He is the second head of government from Asean who came to meet President Suharto to personally discuss the current economic crisis.

Singapore Prime Minister Goh Chok Tong held an hour long discussion with President Suharto here on Tuesday. -- BERNAMA

KHY RM