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Mahathir-Economy

M'SIAN ECONOMY ON THE MEND, SAYS PM

LONDON, Feb 7 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad has said that indications are all there to show that the Malaysian economy is recovering but Malaysians must continue to live within their means during these difficult times.

"Our foreign reserves, stock market index, house and car sales are all on the up again.

"We can still aim for a 7 per cent growth in our GDP (gross domestic product) and I am confident that our 2020 objective is still achievable," he said at a meeting with Malaysian students at Malaysia Hall, here, yesterday.

Dr Mahathir, who is stopping over in the British capital en route to Jamaica to attend the G-15 summit, said without seeking the help of the International Monetary Fund (IMF), Malaysia was able to manage its economy better than other countries in the region.

"Unlike Indonesia where half of its population could end up below the poverty line by the end of next year, our people have enough food and medicine and there are jobs if people are not choosy about work," he said.

Dr Mahathir said after recent problems, the composite index of the stock market had recovered from 262 points to about 600 points with market capitalisation going up from RM180 billion to RM300 billion.

"I am confident that foreign companies and long-term foreign investors will continue to find Malaysia an attractive place to do business because we can provide them with a good environment.

"We do not need short-term investors or currency speculators. We know that if we lift the present control on capital, there might be some outflows but we will have enough reserves to cover this," he said.

He said companies like Nestle, Diethlem, Chartered Bank or Citibank were not going to quit Malaysia.

On the new KL International Airport and administrative city of Putrajaya, he told the students that those projects were fully justified for future requirements.

He also said the move would earn Putrajaya some profits because it would enable the government to sell lands and buildings in Kuala Lumpur.

"Our new airport is for the next 100 years. It is meant to handle 125 million passengers. From two runways, it could be expanded to five," he said.

When asked whether Malaysian banks were helping out in bringing about economic recovery, Dr Mahathir said: "The banks have been told to increase their loans by 15 per cent, but what happened was, prior to that, they were told to reduce their loans.

"They had already exceeded 25 per cent so they cut back on everything in order to achieve 25 per cent and then they were asked again to reduce to 15 per cent, so they cut back again," he said.

Dr Mahathir said the banks became nervous and stopped lending and moreover, they did not have the money to lend because banks in Singapore were offering as much as 40 per cent interest rate for overnight money, causing Malaysian ringgit to fly out to Singapore.

"Local banks now have to find money and secondly, there are other conditions imposed by Bank Negara previously which made it difficult for banks to lend money.

"So they have not been able to achieve the required 8 per cent increase

in their lending for last year. But we believe in time, they will be able to do it," he said.

Dr Mahathir also said Malaysia would not open up its financial sector as required by the World Trade Organisation agreement unless it could gain something out of it.

"We are not going to allow everybody to come in and grab all our companies," he added.

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