

23 DEC 1999

MAHATHIR-GDP

GDP CAN EXCEED 5.0 PCT NEXT YEAR, SAYS DR MAHATHIR

KUALA LUMPUR, Dec 23 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad has hinted that Malaysia's Gross Domestic Product (GDP) next year can exceed the projected 5.0 percent in view of the expectedly better performance of the economy in 2000 compared with this year.

He based his optimism on a combination of positive economic indicators including increasing exports, a better show by the other sectors of the economy as well as the encouraging price of oil.

Based on this, "next year's GDP growth should be better than this year's projected growth of 4.3 percent," he said at the launch of the commemorative millennium gold coin by Bank Negara Malaysia here.

When asked whether the GDP might return to pre-crisis levels, he said: "Maybe, (but) we are always conservative, we only projected 5.0 percent for next year, like for this year, we projected 1.0 percent but we are able to achieve 4.3 percent."

As to whether local industries could expect more help from the government, Dr Mahathir said there would not be much since it had done everything possible like lowering interest rates, making a lot of credit available and other initiatives such as helping in the home ownership campaign, retail sales and even allocating RM150 million for promoting tourism.

The prime minister also said interest rates were not expected to come down substantially as they gone down too far.

If they continued to go lower, he said the people may not want to keep their money in fixed deposits because the returns were too low.

"That's why we have to balance this (situation)," he added.

When asked on the progress of bank mergers, he said the government was waiting for the banks to put up their proposals to BNM and they had until the end of January to do so.

He said the authorities would then evaluate their proposals.

When asked on the state of the mergers, Dr Mahathir said, "We are progressing but nothing has been concretised yet and the banks are still talking to each other."

The prime minister, when asked to comment on talk that the country's corporate restructuring was not moving as fast as it should be, said, "I don't really know but these are delicate things...restructuring involves a lot of re-examination, maybe to see whether there can be some mergers.

"All these things take time...if we hurry too much, we will achieve mergers but the companies may fail." -- BERNAMA

MOT MR SHY