

14 JUL 1999
ABDULLAH-GDP
GOVT REMAINS CONSERVATIVE WITH ONE PCT GDP GROWTH

KUALA LUMPUR, July 14 (Bernama) -- The government prefers to stick to its conservative forecast of 1.0 percent growth in Gross Domestic Product (GDP) for this year despite projections of between 2.0 and 4.9 percent by foreign and local analysts, said Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi.

"God willing, if all things remain equal, it is highly possible that our growth will be higher but we prefer to let time tell how successful the government and the NEAC (National Economic Action Council) have been in setting the motion for economic recovery," he added.

Speaking at the Associated Chinese Chamber of Commerce and Industry of Malaysia's (ACCIM) dinner here, Abdullah said the NEAC meets every day to review various statistics and figures.

"I would like to assure you that when the second quarter figures are released, it will be seen that we have indeed come out of the recession and are entering a phase of growth after the contractions over the last 18 months," he added.

Citing an example, he said Malaysia's reserves had grown to almost US\$32 billion or the equivalent of seven months of retained imports and there was liquidity in the financial markets, while the stock market had been registering record volumes in transactions.

Despite the liquidity, he said there had been complaints on the reluctance of banks to lend money and disburse designated funds.

He said: "This is one of the effects of the economic crisis. During the earlier boom period, some banks went overboard by being imprudent in lending money. Having suffered for their imprudence, these banks have become overly cautious.

"Some said the banks are like the man who readily lends you an umbrella when the sun is shining but keeps the umbrella away when the rain is pouring. To a certain extent, this may be true of some banks."

Abdullah said the government had strongly advised banks to lend for productive and viable ventures, adding that Bank Negara Malaysia had set up a loan monitoring unit and if any person or businessman feels that he is being unfairly treated by the banks in his application for loans, he can lodged a complaint with the central bank.

"I assure you that Bank Negara will look into the matter and try to resolve the problem.

"On the part of local banks, I hope they do not allow overcautiousness to deprive genuine businesses of the opportunities to carry out productive activities which can benefit the country," he added.

Meanwhile, ACCCIM president Datuk Lim Guan Teik said the chamber had expressed the hope that the spirit of Malaysia Incorporated will be further strengthened at all levels of interaction between the civil service and private sector.

He said the nation must be more efficient and competitive in an environment of globalisation and borderless trade.

In the effort to reduce production and business operations costs, one major obstacle has been the delay in time and efforts taken to get clearances and approvals from the government departments and agencies, he said in his welcoming speech..

Lim stressed that deregulation has been identified as an effective way to minimise problems in this aspect.

To this end, ACCCIM hoped the government will continue to review and revise all the rules and regulations to cut red tape and eradicate redundancy, he said.

The business community will certainly welcome any effort by the government to further liberalise controls and cut down on bureaucracy, he added.

In his speech, Lim also commended Prime Minister Datuk Seri Dr Mahathir Mohamad and his deputy, Datuk Seri Abdullah, for their excellent performance in leading the nation towards recovery from a very serious economic crisis. -- BERNAMA

AA SA/LPS