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MAHATHIR-GDP

GOVT WILL NOT REVISE FORECAST OF 1 PCT GDP GROWTH FOR '99

KUALA LUMPUR, June 24 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today that the government would retain its forecast of a one percent growth in the Gross Domestic Product (GDP) for 1999, although several foreign research houses have been placing a higher GDP figure for Malaysia.

He said the government cannot revise the forecast growth figure for the year, just yet, as there was still another half year to go.

Bank Negara governor Tan Sri Ali Abul Hassan Sulaiman said Malaysia's GDP growth contracted 1.3 percent in the first quarter of this year, from a year earlier, based on a new base year of 1987.

He said first quarter GDP would have contracted by 1.6 percent, as mentioned by Dr Mahathir Mohamad recently, using a previous methodology and statistical base year of 1978.

Ali Abul also reassured that the country is already out of its recession, judging from the GDP growth of 1.4 percent registered in the February to March period compared to the year-earlier period.

Dr Mahathir also said although the second quarter seems to have shown good figures, it was nevertheless too early to say what's in store for the rest of the year.

"So, we are watching very carefully to make sure the growth continues," he told newsmen after chairing the Barisan Nasional Supreme Council meeting, here.

He added chances are, economic growth will continue to remain very good but Malaysia was not totally in control of the economy as external forces and their action might affect economic growth.

On the reluctance of commercial banks to disburse loans speedily, he said the central bank was looking into the matter.

"It seems these banks are not keen to lend money. Every now and then, we receive appeals from people who want to borrow money, but they have not been given loans by banks.

"We don't want to be the people to decide for such loans, ... banks must make decisions on their own," he said, adding that "we have to intervene to ask them to lend."

But, Dr Mahathir added that if they (the banks) are incapable of making decisions, then "we might have to think of some way of finding more capable people." -- BERNAMA

MK SA/DVS