

PM: Achieving 8pc growth is possible

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'Country is comfortable with pegging of RM3.80 to US\$1'

By Ramlan Said

KUALA LUMPUR, Fri. — Prime Minister Datuk Seri Dr Mahathir Mohamad said there is a possibility that Malaysia may return to its pre-crisis growth rate of eight per cent as the economy has fully recovered.

He said the GDP for 1999 was earlier forecast at only one per cent but this was revised to 4.3 per cent, and again to 5.4 per cent as announced by Finance Minister Tun Daim Zainuddin during the re-tabling of the 2000 Budget at the Dewan Rakyat today.

"It is possible because you can see last year we predicted one per cent, then revised it to 4.3 per cent... but we achieved 5.4 per cent which is very good growth compared to other countries."

On whether this year's revised forecast growth of 5.8 per cent could be considered conservative considering the growth achieved so far, Dr Mahathir said one had to remember that this year's growth would have to be compared to that of 1999.

"Whereas last year's GDP was based on 1998's which was a minus growth. So the growth was easier... but now we have to grow by comparison to 1999," he said at a Press conference after the re-tabling of the 2000 Budget.

Asked about the position of the ringgit, the Prime Minister replied that the country was comfortable with the current pegging of RM3.80 to one US dollar.

"We don't see any reason to review the rate unless we become uncompetitive with our neighbours or competitors, then we may have to consider, but only if we come under very heavy pressure.

"If the (Thailand) baht suddenly depreciates by 50 per cent, this means they are much more competitive, so we may have to consider. But I don't think that is going to happen any time soon," he said when asked to elaborate on what he meant by the ringgit coming under heavy pressure.

To a question on the impasse over the frozen shares of Singapore's over-the-counter market or Central Limit Order Book, Dr Mahathir advised the shareholders to consider one of the proposals that had been made.

He said they should realise that the profit now was made possible because of the selective capital controls introduced by Malaysia in 1998 which had led to a revival of the Kuala Lumpur Stock Exchange.

"Had we not stopped CLOB, the index would still be down and they would not get as much money as now. It (the index) is 280 per cent higher now . . . how much more profits do they want?" he asked.

In seeking to resolve the impasse, Dr Mahathir felt shareholders should be reasonable and not expect to get everything for themselves.

"You must expect to give a discount... or accept a lower price because whoever gets the shares, they cannot release (all) into the market."

Whoever took control of the shares was taking a risk as the market could go down and he would stand to lose, he added.

On inflation, Dr Mahathir said he did not think the rate would increase very much because the Government oversaw prices, especially those of essential goods.

"There is also a price control on essential items, so if there is inflation, it would not be very high because prices of essential goods are controlled... then any increase must be justified."

Asked about his proposed meeting with Singapore Prime Minister Goh Chok Tong, Dr Mahathir said no date had been fixed yet.

To a query on the 65 per cent increase in the scholarship of students studying overseas announced in the 2000 Budget, he said this was due to the depreciation of the ringgit and increasing costs.

Because of adequate facilities in the country, most of the students were also being brought back.