

26 SEP 2000

MAHATHIR-BUDGET

BETTER 2001 BUDGET EXPECTED, A SURPLUS ONE IS POSSIBLE, SAYS DR MAHATHIR

KUALA LUMPUR, Sept 26 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad expects the 2001 Budget to be a good one with the potential of being a surplus budget.

"I think we have done very well this year. Actually, we have earned sufficient money.

"So, we hope we can achieve a surplus budget. If we can't, it would not be too bad," he told a press conference after opening the Kedah Trade Centre here today.

The Prime Minister said the economy has performed very well. "Trade has gone up quite a lot. Movement of containers have increased and more ships are coming here to pick up or unload containers. So, the general picture is very good."

Hoping that the economic progress will continue, he said the government will do everything possible to maintain the growth momentum.

On the proposed hike in petrol prices, Dr Mahathir said the government has studied the price of petrol and had found out that since local petrol was cheaper because of the subsidy, some people were found to be smuggling the fuel.

"I am told that in some countries the price of one litre of petrol is at RM12 compared with RM1.10 per litre here. You can see that the disparity is ridiculous."

Dr Mahathir said the government is aware that an increase in petrol prices will affect transportation costs.

He assured that the government will make sure the increase in transportation costs will not be passed on to consumers unnecessarily.

When asked on Malaysia Airlines' proposal to increase its domestic fares, Dr Mahathir said: "Malaysia Airlines has been asking for that. We will try to find a way to get around it."

He said that the problem with Malaysia Airlines was that the company had to buy fuel at international prices which are currently very high whereas motorists buy fuel at a subsidised price.

Even before the rise in the petroleum price, Malaysia Airlines was not making money in domestic routes, Dr Mahathir said.

"When the price of oil rises too high, Malaysia Airlines is going to lose a lot of money. We don't want the company to lose, neither do I."

On the performance of the Kuala Lumpur Stock Exchange (KLSE) with its benchmark Composite Index now hovering around the 730-point level, Dr Mahathir said: "I do not know if the 10 percent (repatriation levy on profits) or what else is causing the erratic performance of the stock market."

He said the government wants to identify the actual cause that is adversely affecting the market.

The Prime Minister pointed out that the minimal 10 percent levy was only imposed on dividends and not on capital gains.

"I think (when) people come to our country to make money, they should pay us something. In other countries including developed nations, they have taxes on capital gains but not here."

Dr Mahathir said that if Malaysia did not impose tax on capital gains, dividends or on anything at all, the country would not gain anything while investors benefit from their investments here.

"Suddenly, if they decide to pull out all together, our economy

collapses. So, we are taking a lot of risks," he added. -- BERNAMA
MK MFJ FR