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Dr M upbeat about Indon economy

PRIME Minister Datuk Seri Dr Mahathir Mohamad expressed confidence that Indonesia's economy under President Abdurrahman Wahid will recover fully. With improvements in the economic structure coupled with political stability, Indonesia will once again be able to administer its national assets well and fully.

Dr Mahathir said before the crisis, Indonesia's economy registered an average growth of seven per cent for 25 years.

This had given rise to a middle class of some 20 million people - a figure that is large in comparison with Malaysia's.

In a luncheon address to political and business leaders from both Malaysia and Indonesia at the Istana, Dr Mahathir said this was possible as Indonesia participated in the world economy, diversified its economic activities, with a population that was united and with rich natural resources.

The Prime Minister assured his Indonesian hosts that Malaysia's foreign policy regarding the republic would not change despite the changes taking place in Indonesia.

Malaysia's foreign policy would remain unchanged as Indonesia's strategic position and geography would not change.

Developments taking place in Indonesia do not change the fact that the country remains an important country in the region and that its policies and actions have contributed to regional cooperation and stability in South East Asia and in the Asia Pacific region.

This point was also stressed by Dr Mahathir during the joint Press conference at the Istana after an hour-long bilateral meeting.

Touching on bilateral relations, Dr Mahathir said Indonesia's increasing importance as Malaysia's trading partner would not be reduced in the medium and long term.

He expressed confidence that even more opportunities would emerge to further develop Indonesia, improve the livelihood of its people and further strengthen relations between Malaysia and Indonesia.

Malaysia remains Indonesia's third largest trading partner within Asean. On a global basis, Indonesia was Malaysia's 13th largest trading partner last year.

Even though the immediate and medium term prospects cannot be determined, the long term prospects remain good.

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