

10/03/2000

Dr M: Abdurrahman will lead country to recovery

Hardev Kaur in Jakarta

JAKARTA, Thurs: Prime Minister Datuk Seri Dr Mahathir Mohamad expressed confidence yesterday that Indonesia's economy under President Abdurrahman Wahid will recover fully.

The economic structure has been improved and political stability restored which allows Indonesia once again to administer its national assets effectively, he said.

Before the Asian crisis, Indonesia's economy had registered an average growth rate of 7 per cent a year for a quarter of a century and this had given rise to a middle class of some 20 million people, which is almost as big as the whole population of Malaysia, the Prime Minister noted.

Full economic recovery can be expected because Indonesia is participating in the world economy and diversifying its economic activities.

The country also has rich natural resources and the people are united, Dr Mahathir said in a luncheon address to political and business leaders from both Malaysia and Indonesia at the Istana.

The Prime Minister also assured his Indonesian hosts that Malaysia will maintain its foreign policy with regards to the republic despite the changes taking place in Indonesia.

Recent developments in Indonesia do not change the fact that it 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, he said.

This was also stressed by Dr Mahathir at the joint press conference with Abdurrahman after their hour-long meeting.

Ministers accompanying the Prime Minister - Finance Minister Tun Daim Zainuddin, Minister of International Trade and Industry Datuk Seri Rafidah Aziz, Minister of Primary Industries Datuk Seri Dr Lim Keng Yaik and Foreign Minister Datuk Seri Syed Hamid Albar - also held parallel meetings with their Indonesian counterparts.

Dr Mahathir said Indonesia will grow in importance as a trading partner of Malaysia, and there will be ever more opportunities to further develop the country, improve the livelihood of its people and strengthen relations between the two countries.

Malaysia is Indonesia's third largest trading partner within Asean. On a global basis, it ranked 13th among Malaysia's trading partners last year, with long-term prospects remaining good.

Dr Mahathir said a number of Malaysian companies are evaluating their operations in Indonesia and many of them are committed for the long term, which reflects their confidence in the country.

The Prime Minister also said Jakarta has agreed to facilitate Malaysian foreign direct investments and help with Malaysia's sourcing of raw materials, such as sand, from Indonesia. Procedures will be rationalised to expedite trade transactions.

He said East Asian economies will recover, and economic and political conditions become more "open, transparent and flexible".

Not only will there be increased opportunities but business transactions will also be easier.

The business communities of both countries have worked hard to revive their operations and to find ways to expand trade and investment.

These efforts will surely yield results in the new environment,

especially when the two governments and business communities enjoy such close relations, Dr Mahathir said.

While intra-Asean trade was affected by the economic and financial crisis, it still recorded a 90 per cent increase to US\$156 billion in 1997 from US\$82 billion in 1993. With economic recovery, it should reach pre-crisis levels soon.

On the 1997 regional financial and economic crisis, Dr Mahathir said there are clear signs of improvement in a number of the severely affected East Asian economies.

On Malaysia, Dr Mahathir told the participants that the country had for the first time in 13 years experienced a recession which also affected trading relations with Indonesia.

At the press conference, Dr Mahathir said Malaysia has asked for increased landing rights for Malaysia Airlines into Jakarta and a number of other points in Indonesia.

Other matters raised were shipping services between Tanjung Periuk in Indonesia and Port Klang and other ports in Malaysia; the possibility of a road link between Brunei and Indonesia to help increase tourist traffic; and the setting up of a financial centre, possibly in Bandar Seri Begawan, to facilitate financial transactions among Malaysia, Indonesia and Brunei.

(END)