

PM: We're not doing too bad

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KUALA LUMPUR: Malaysia's economic growth this year may go down to 4% or 5% without the pre-emptive measures announced yesterday, Datuk Seri Dr Mahathir Mohamad said.

"This is not too bad an achievement but we are used to high growth and we would like to maintain that," the Prime Minister said.

With the new measures planned now, he said the growth rate might reach 6% but would still not hit 7% as projected.

"Things are quite weak at the moment. The fall in Dow Jones is much more than expected. After Nasdaq, it is now the Dow Jones. This is bound to affect us," he said.

He said that without the new measures, the growth rate

would go down but it would not be so bad and Malaysia was still better off than most countries in the region.

To a question on how the Government planned to finance the RM3bil package, Dr Mahathir said the details would be worked out by the Finance Ministry.

"But we know we can raise that money," he told a press conference in Parliament yesterday.

Dr Mahathir said exports from the electronics sector to the United States had already been affected.

"Some companies are restructuring, some moving off to cheaper places and so on," he said.

However, the outlook so far remains good although there were bound to be retrench-

ments, he added.

Dr Mahathir acknowledged that some companies preferred to lay off locals first because these people were paid more.

"The Government will find some ways to take action. But we will advise them first," he said.

On the reduction in EPF contribution from employees, he said there would be people who were uneasy with the decision.

"But this is a minimal reduction. Besides, our EPF collection is among the biggest in the world. Every month, we collect RM1.6bil," he said.

Before the end of the year, he said EPF was expected to have funds exceeding RM200bil.

To a question, Dr Mahathir

said Malaysia's interest rate was quite low so there was no necessity now to reduce it further.

He also said that the Government was aware that banks might be reluctant to offer loans during a slowdown.

"I am quite sure they will be overprudent. Bank Negara will oversee their performance," he said.

On the proposed changes to the Foreign Investment Committee's (FIC) rules, Dr Mahathir said this was being worked out by the Government.

The changes would involve matters which had no bearing on the economy, he said, citing the example of foreigners buying property belonging to other foreigners in which there was no necessity for the

FIC to be involved.

"There are many things that FIC is required to do which is actually superfluous and not really necessary," he said.

Asked whether the Government would issue sovereign bonds, he said: "That is possible."

Dr Mahathir said the practice had begun where the ministries report to him weekly on how the funds allocated to them had been expended.

"If they are slow, we will look at the reasons for this," he said, adding however, that the ministries had been proactive.

To another question, he said there would not be a massive repatriation of foreign workers.

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