

□ Reports by FOO YEE PING, LEE YUK PENG, SIM LEOI LEOI and AUDREY EDWARDS

# ***Economy still strong, says PM***

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THE country's economic fundamentals are still strong despite recent developments in the United States, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

Dr Mahathir added that Malaysia's foreign reserves until Sept 29 stood at US\$29.7bil (RM112.86bil) which was capable of financing 4.6 months of retained imports.

"Inflation pressure is low and so is the producer's price index. This means that Malaysia is a competitive country," he said to a question from Ronald Kiandee (BN - Beluran).

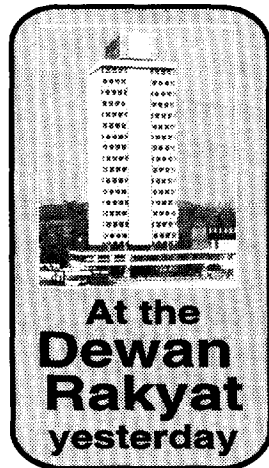
"The Government is capable of overcoming this new crisis but government efforts are not enough. All citizens must play their role.

"Whatever our political beliefs, we must be responsible in protecting national unity and work towards defending the nation's dignity," said Dr Mahathir, who is also Finance Minister.

He added that the country's growth rate this year was expected to be lower than the 7% predicted when Budget 2001 was tabled and was only between 5% and 6% in March due to recent developments.

"The country's exports are expected to lessen due to discouraging outside demand. It is the same with foreign investment.

"Transport, insurance and



tourism industries will be affected. Trade costs will increase because of additional freight and insurance charges," he added.

To another question from Ronald on the RM4.3bil stimulus package as a short-term measure, Dr Mahathir said it was needed since the downturn in the US economy and attacks on the superpower were unexpected.

He said that further allocations, which would take into account the recent developments in the United States, would be tabled in the next Budget on Oct 19.

"I think our plan will overcome, not all, but part of the problem which has hit our country because of the US and world recession," he said.