

# 'We are not facing recession'

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KUALA LUMPUR: Malaysia is not going into recession, Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday.

Unlike Singapore, which had been hit by the prevailing downturn in the electronics sector, Malaysia was not slipping into recession as it had a well diversified economy, he said.

"We are much more diversified than Singapore. We do not depend entirely on the electronics industry. We have palm oil, some services (industry), a lot of fabrication companies and quite a lot of other businesses. So, we will not be as affected as Singapore," he added.

Dr Mahathir was responding to a question on whether Malaysia would go the way of Singapore which was reported to have slipped into recession.

He said unless something catastrophic happened, Malaysia would not go into recession.

"As far as we can read (the situation), the figures do not show that we are going into recession. It is different in Singapore," he said after launching the Malaysian Electric Power 2001 Forum and witnessing an agreement signing between Tenaga Nasional Bhd and four power companies.

Dr Mahathir, who is also Finance Minister, said the Government had not made any decision on Tenaga's equity par-

ticipation in the Bakun dam project.

"The project now belongs to the Government. The Government will develop it but if there are people from the private sector wanting to take up shares in Bakun, they are welcome," he said.

He said the agreement (by Tenaga) to buy power from private companies must take into consideration the needs for a spare power capacity to be maintained.

He said if Tenaga were to maintain the spare capacity and at the same time buy power from private companies, the utility company would be burdened with power plants which had to be maintained but did not produce any power at all.

"This will be a cost to Tenaga. So, we have to take this into consideration, probably by reducing the price of power bought by Tenaga," he said.

Dr Mahathir said the Government had decided to review its plan to restructure the power industry in the light of recent experiences in other countries.

He said the power pooling model, where electric power generators could bid for and sell bulk power to distribution companies or large customers, need not be the best solution for the country in the short or medium term.

The introduction of independent power producers (IPPs) in Malaysia was to instil competition in the industry, he

said, adding that as the IPP industry matured, costs must come down.

"What we need now is to evolve and refine our present model. We are ready to introduce a more transparent competitive bidding process where IPPs can be expected to compete for new power projects," he said.

On his meeting with fund managers after the signing ceremony, Dr Mahathir said they wanted to know the situation in Malaysia.

"They want to bring in more foreign direct investments. They also want us to be more open. They want foreign companies to be allowed to own 100% stake in Malaysian companies," he said.