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Malaysia will not slip into recession: Mahathir

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DATUK Seri Dr Mahathir Mohamad yesterday assured that Malaysia will not slip into recession as currently experienced by Singapore whose gross domestic product (GDP) growth contracted in the first and second quarters of the year.

The Prime Minister said Malaysia's situation can not be equated with that of Singapore since Malaysia's economic base is diversified than the island state.

"We are much more diversified than Singapore. We have palm oil, services, fabrications and so forth.

"We will not be as affected as Singapore because of the downturn in the electronic sector," he told reporters after opening the Malaysian Electric Power Forum 2001 in Kuala Lumpur yesterday.

Singapore's GDP growth was at 10 per cent in the first quarter of 2000 but plunged by a negative 11 per cent in the first quarter of 2001. The second quarter GDP contracted by 0.8 per cent compared to the same period last year.

The Singaporean Government has revised once again its economic forecast estimates for 2001 to between 0.5 per cent and 1.5 per cent from the previous revision of 3.5 per cent-5.5 per cent. It projected an economic growth of 5 per cent to 7 per cent for 2001 at the beginning of the year.

Dr Mahathir said present economic indicators point that Malaysia would avert recession.

"Unless something catastrophic happened, as far as we can read the figures we are not in recession. We are not like Singapore," he added.

On the Government's financial strength Dr Mahathir said the Government is able to continue collect substantial revenue from taxes even though import duties were to be reduced.

To a question on this year's budget deficit Dr Mahathir said it would not be very large.

In his opening speech to the forum the Prime Minister said Malaysia will continue to advocate the promotion of the renewable energy and energy efficiency as the fifth fuel in its diversification strategy.

He said there was a vast potential for substantial recovery of energy from biomass wastes.

"Malaysia can quite easily assume leadership positions in the export of new technologies and consultancy services in renewable energy and energy efficiency," he said.

Dr Mahathir added that the electricity peak demand is expected to grow by more than 117 per cent to 21,668 MW in the year 2010 compared to 3447 MW in 1990 and 9,948 MW in 2001.

"With such huge demand growth expected in the future it is imperative that we achieve greater energy efficiency.

"If we were to encourage our industrial and commercial sectors to improve their energy use efficiency by a mere 10 per cent the resultant total national benefit will be more than RM5.8 billion over five years," he explained.

To ensure that the electric power industry remains competitive and efficient the government would introduce a more transparent competitive bidding process where independent power producers can be expected to compete for new power projects.

He also said transmission and distribution capacities must be carried

out effectively and independent of the industry players to ensure adequacy, reliability and future growth in new generation.

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