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Mahathir-Economy

M'SIA NOT GOING INTO RECESSION, SAYS DR MAHATHIR

KUALA LUMPUR, June 27 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today dispelled any perception that Malaysia was heading into recession following its expectation of a lower second quarter economic growth.

"No. We are not going into recession. Unless you have two consecutive quarters of negative growth, only then you can talk about recession," he told a press conference after delivering a keynote address at the World Economic Development Congress here.

Dr Mahathir, who is also acting Finance Minister, said the country posted a positive Gross Domestic Product (GDP) growth in the first quarter of this year compared with the first quarter of 2000 and another growth was expected in the second quarter of 2001.

Malaysia recorded a 3.2 per cent growth for the January-March 2001 period.

The Prime Minister had on Monday said that the GDP for the second quarter would not be as good as it should be and would be quite similar to that of the first quarter.

Despite measures taken to reduce economic contraction, Dr Mahathir said the recession in the US economy was affecting Malaysia as the US was its big trading partner, accounting for 20 per cent of Malaysia's total trade.

"They are not buying as much as they used to while our other trading partners are also suffering from the US economic downturn, which in turn is also affecting us.

"But still Malaysia was able to achieve growth in the first quarter, which is commendable, and three per cent is still growth," explained Dr Mahathir.

Asked whether the New Finance Minister would be able to manage the economy as well as former Finance Minister, Tun Daim Zainuddin, Dr Mahathir, now holding the post on an interim period until a new one is appointed, said: "I'm quite sure he will be able to manage it. We don't work alone, we work together. We have the National Economic Action Council (NEAC)."

As to whether the new Finance Minister would be able to match Tun Daim's ability to revive the economy within a short span of time, Dr Mahathir said the decisions made by Tun Daim before were not his alone.

"We have the NEAC committee which discuss ways and means to manage the economy. It's a joint effort and not a one-person effort. We are all in the same committee and that committee is still here and we meet every week," he said.

Asked whether Malaysia might want to cut its interest rates if the US cut its rates tonight, Dr Mahathir said: "I don't think interest rates alone will affect the performance of the economy."

Malaysia had other tools to prop up the economy and the decision on this would fall on the shoulders of those in the NEAC committee, he said.

To a question, Dr Mahathir said the government would ensure that Intrakota's decision to stop servicing 16 bus routes in the Klang Valley effective July 15 was not because it was losing money due to inefficiency.

He said the government acknowledged the fact that as a business concern, Intrakota could not be asked to provide charitable service even when it was losing money due to low ridership.

-- BERNAMA

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