

16 JULY 2001

Mahathir-Recession

M'SIA NOT SLIPPING INTO RECESSION LIKE S'PORE, SAYS PRIME MINISTER

KUALA LUMPUR, July 16 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today ruled out the possibility of Malaysia slipping into recession like Singapore.

"As far as we can read, the figures don't show we are going into recession. We are different from Singapore," he told reporters after opening the Malaysian Electric Power Forum 2001 here.

The sharp slowdown in major and regional economies and the rapid decline in the global electronics industry dragged Singapore's gross domestic product (GDP) down in the second quarter with a contraction of about 0.8 per cent year-on-year.

The worse-than-expected second quarter, a negative growth for the second consecutive quarter, meant that the export-driven island state has slipped into technical recession.

Dr Mahathir said that compared with Singapore, which was dependent on the electronics industry, the Malaysian economy was more diversified, making it less vulnerable to the downturn in the electronics sector.

"We don't depend entirely on electronics. We have palm oil, some services, a lot of fabrication companies, and quite a lot of other businesses," he said.

Malaysia recorded a 3.2 per cent growth for the first quarter of 2001.

Dr Mahathir said last month that the GDP for the second quarter would not be as good as it should be and would be similar to that of the first quarter.

To a question, Dr Mahathir, who is also Finance Minister, said the 2002 Budget would not see a large deficit.

"We do have the money and we do expect to collect quite a lot of corporate tax and income tax. Even if we reduce import duties, we still will have sufficient funds," he added.

The prime minister said last week that the government would try to reduce the budget deficit to control the government finances.

-- BERNAMA

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