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PM: We will not be affected by downturn

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THE diversity of Malaysia's economy would cushion any adverse impact that could take place due to the global slowdown in the electronic sector, said Prime Minister Datuk Seri Dr Mahathir Mohamad.

He said unlike Singapore, which has gone into a recession with the announcement last week that the republic's second quarter growth had contracted by 0.8 per cent, Malaysia's situation is quite different.

"We do not depend entirely on the electronic industry. We are more diversified than Singapore. We have quite a lot of other businesses ... the palm oil business, the services sector and a lot of fabrication companies.

"So unlike Singapore, we will not be as affected because of the downturn in the electronic industry," Dr Mahathir said yesterday.

Asked if he was ruling out the likelihood that Malaysia will fall into a recession, he said, "Unless something catastrophic happens...

"As far as we can read, the figures do not show that we are going into recession."

Singapore is highly dependent on high-tech exports and demand from the United States, its second largest trading partner.

The island republic has revised downwards its estimated economic growth this year to 0.5 per cent from 1.5 per cent earlier.

Malaysia registered GDP growth of 3.2 per cent in the first quarter of this year. The second quarter figures are expected to be announced next month.

Dr Mahathir was speaking to the Press in Kuala Lumpur after officiating at the Malaysian Electric Power 2001 Forum. The two-day event is jointly organised by Tenaga Nasional Bhd and Asian Strategy and Leadership Incorporated (Asli).

Asked how much stake will be given to TNB in the multi-billion ringgit Bakun hydroelectric project, the Prime Minister said no decision has been made.

"At the moment, the project belongs to the Government. If there are private parties wanting to take some share in Bakun, they are welcome."

On the size of the deficit in the 2002 Budget, Dr Mahathir said it would not be very big.

"We do have the money ... even if we reduce import duties, we would still have sufficient funds."

He said that with companies in Malaysia performing quite well financially despite the economic slowdown "we do expect to collect quite a lot of company tax and income tax.

"There are companies with profits of RM100 million and some with more than RM1 billion".

Asked on his meeting with fund managers, Dr Mahathir said they asked questions that were of interest to all fund managers.

"They wanted to know about the situation in Malaysia as they want to bring in more foreign direct investment, et cetera."

He said the fund managers asked the Government not to impose so many conditions on allowing them to own a 100 per cent interest in Malaysian entities.

On the appointment of another Finance Minister, Dr Mahathir said in jest, "I have been looking around but there are still no suitable candidates.

"Some actually applied but I have not considered them yet."