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Mahathir-business

M'SIA BACK IN BUSINESS, FOREIGN INVESTORS RETURN, SAYS DR MAHATHIR

KUALA LUMPUR, June 3 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said that Malaysia is back in business with the return of foreign investors bringing in capital to create industries and jobs.

He said these investors appreciate the government's clear and consistent rules of doing business.

They are also assured of a friendly business environment and a stable currency, he said in his address at the official launching of the 1st Union Network International-Asia Pacific Regional Organisation (UNI-APRO) regional conference here today.

In line with this encouraging development, the government is more optimistic over economic growth to the extent of raising this year's gross domestic product (GDP) growth forecast to more than four per cent from 3.5 percent earlier.

He said that a lot of people said the government was being too conservative in predicting a 3.5 per cent growth when others, including experts, predicted over six per cent.

"I think I'm entitled to be a little bit more optimistic," he said, attributing the forecast to the growing business activities as well as the rising number of tourists coming to Malaysia.

He said tourist arrivals showed a rising curve.

For example, he said the number dropped after Sept 11 from one million a month previously to 500,000 tourists but had been gradually rising between 700,000 and 900,000 in the months that followed before registering 1.2 million arrivals in March this year.

Turning to Malaysia's move to apply selective brakes on capital flows in 1998 at the height of the Asian financial crisis to curb currency speculators wreaking havoc on regional currencies, he said:

"I am happy to inform you that we in Malaysia managed to stop the bleeding of the ringgit and stabilised the economy. This we achieved by not doing the right thing (but) by doing things our own way instead," he said.

He said that many today, including experts in finance, seemed to agree that what Malaysia did was right after all and that there was more than just one way to tackle a financial problem.

The Prime Minister also stressed that the currency market was not sacred nor was it reserved for the currency traders only.

"Governments have a role in it and are concerned in not just about making profits as are the traders. They are concerned with the welfare of the people and the performance of companies," he said.

Asked at a press conference later whether every country should have their own controls and regulate their own currencies, he said: "We believe each country must have their own strategy. I don't think it will work for many countries to have capital controls but for Malaysia it has worked because we have huge savings of about 40 percent of our GDP. We can carry this out effectively."

He said Argentina had their controls much earlier but that did not work. "It is not so easy to say merely that by pegging currencies, it will solve your problems as a lot more needs to be done."

Countries should also be given a chance to give their opinions at international conferences and organisations, he said.

He said that people today in the World Trade Organisation (WTO) were brow beaten by countries which have big and strong delegations with

powerful influence over other countries simply because the latter owes money or receive aid from them.

"So, it is not a fair negotiation, negotiations should be fair and everybody be given a hearing," he said.

In Malaysia's case, he said the country suffered when capital flowed out drastically. "Hence, when the inflow of capital is welcomed, it must be remembered that it will be disastrous if they are pulled out," he said.

Therefore, there was a need to regulate and to stop undue outflows of capital, he said.

To a question that Indonesia was hoping for foreigners to buy assets from its restructuring agency or banks, he said that "Malaysia is entitled to buy if it wants to but one must be prudent when making investments."

-- BERNAMA

SHO MR ABG