

Dr M: We'll

STAR - 8 SEP 2005

survive oil crisis

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KUALA LUMPUR: The impact of high oil prices on Malaysia will "not be too bad" and the country will "fare quite well" after it adjusts to the situation, said Tun Dr Mahathir Mohamad.

He pointed out that Malaysia produced its own oil and exported some as well, and this "sort of balances" the increase in the crude oil price.

"I think the Government knows what to do. It has a lot of experience. I am optimistic. I think it is a question of management," he said during a question-and-answer session at the Global Leadership Forum.

Dr Mahathir noted that Malaysia was a big producer of palm oil and in the future there would be more demand for palm diesel.

"Europe is already importing 400,000 tonnes of palm diesel. I imagine that in the future, countries in the tropical belt would be producing more palm oil because this is replaceable," he added.

Speaking on challenges, Dr Mahathir said compared with China, Malaysia's labour cost no longer had the competitive edge.

Thus, he said, to remain competitive the country should move into industries like bioscience and information technology.

"We can go into the business of replacing human parts. Our scientists are already inventing artificial skins for the treatment of burns. They can develop replacements for specialised tissues and bones," he added.

Dr Mahathir also said that when the Government spent money on projects through its development expenditure, it stimulated the economy, consumption and imports.

There would be a growth, he said, in government revenues from taxes

on individual and corporate incomes.

He said the Government got involved in big projects as the private sector was initially hesitant.

"These projects have given the Government and the country a lot of benefits. Without that, the country will not grow," he said.

"If you take away all the mega projects. What do you have? You won't have the KL twin towers, the Penang bridge and Proton. Then Malaysia would be just like any other country."

The Government's spending, he said, was "sort of a stimulant" for the private sector.

"Now the Malaysian private sector dares to go into big projects not

only in Malaysia but also in other countries. This is because the Government has shown them they can do it," he added.

Dr Mahathir cautioned Malaysia to be careful about globalisation.

Citing Enron, World.Com, Arthur Andersen and multi-million American and British car manufacturers as examples, he said that even the giants cheated and top management lined their pockets. Some companies had also collapsed.

Asked by reporters later about Proton's comments that it was abandoning plans to go into China, Dr Mahathir, who is Proton adviser, said: "I don't know. I have not been told about these things."