Make use of M'sia's excess reserves, says Mahathir
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Malaysia's high international reserves can be mobilised, says former prime minister Dr Mahathir Mohamad.

"Our reserves today are too high. We have over US$100 billion as reserves, which can sustain eight months of retained imports," he said.

The country only needs to have reserves up to three or four months of retained imports, he said in his address at the 'Revisiting Vision 2020' organised by the Institute of Marketing Malaysia in Kuala Lumpur today.

NONE"Out of the US$100 billion, you can actually mobilise US$50 billion, which will help the government. It is saying it does not have the money to do this and that, no money to subsidise.

"So, why not use this money," he said.

During the 1997/98 Asian financial crisis, Malaysia's foreign reserves was only US$17 billion and during recovery it was US$30 billion, he said.

Dr Mahathir however said he was not sure if the higher reserves were due to the depreciation of the US dollar or it was the actual reserves the country has.

The US dollar has depreciated about 20 per cent versus the ringgit.

Bank Negara Malaysia announced that as at Nov 15, its international reserves amounted to RM326.5 billion (equivalent to US$105.8 billion).

The reserves position is sufficient to finance 8.8 months of retained imports and is 4.5 times the short-term external debt, it said.

Dr Mahathir also said Malaysia could easily emerge as a rich nation if the ringgit strengthens to the pre-crisis level of RM2.50 to a US dollar.

Currently, the ringgit is hovering at RM3.1 versus a greenback.

More focus on domestic direct investments

"If the ringgit strengthen to the (pre-crisis) level of RM2.50, of course the country's gross domestic product growth would have become higher," he said.

Dr Mahathir said due to external factors and the crisis, Malaysia's per capita income did not grow to US$16,000 as envisaged under Vision 2020.

He said the country has a good 10 years to work to realise Vision 2020 goals provided the government very carefully manages the country's economy and its finances as well as supervise these things vigilantly.

There should also be more focus and drive towards domestic direct investments (DDIs) as compared with foreign direct investments (FDIs), said Dr Mahathir who helmed the nation for 22 years as prime minister.

"There is not much money coming in and at the same time you should remember that there are two million foreign workers who remit money home," he said.

"Hence, if the country continues to woo more foreign investments, the revenue will not be high enough to achieve Vision 2020.

"It will take much longer to achieve Vision 2020 and not in 2020.

"Therefore, the country needs more DDIs, whereby the profits remain here and achieve the seven per cent GDP growth that is needed to achieve Vision 2020.

"I am very sure that our industries will grow even faster and contribute to the nation's GDP and per capita income provided the government gives good incentives as well as free them from obstacles for their growth," he said.

Hence, the strategies to attain Vision 2020 has to be changed as "we can't follow the path we took before, which is very dependent on foreign direct investments to domestic direct investments."

"The government is already thinking about it and I hope a decision will be made (soon)," he added.

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