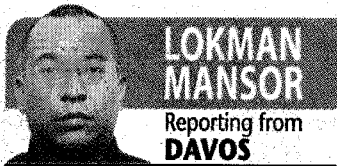


PM: We can ride out US recession

NS7-27/1/2008



MALAYSIA'S strong fundamentals and diversified trade links will shield it from a slowdown or recession in the United States, Prime Minister Datuk Seri Abdullah Ahmad Badawi said.

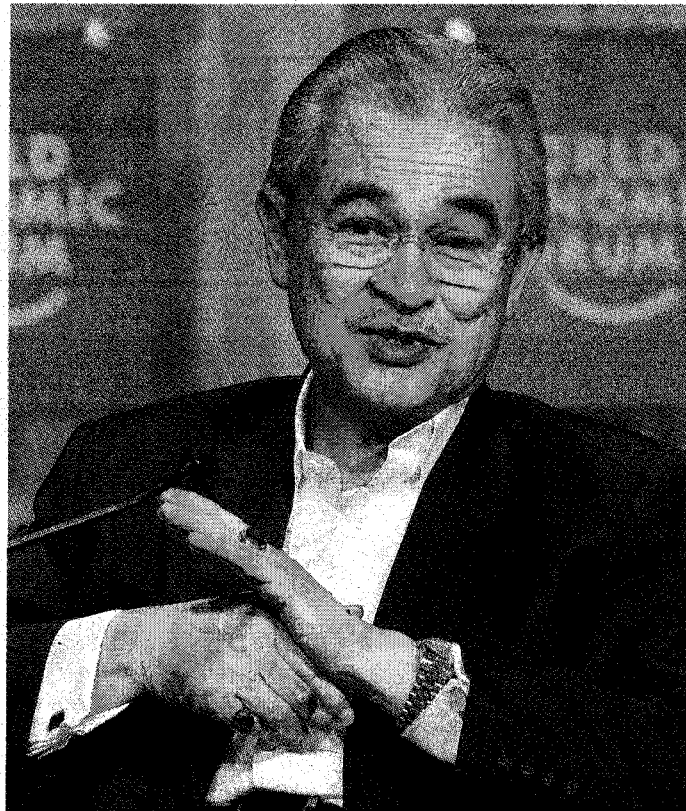
"Yes, at one time we were very dependent on the US, but following our diversification efforts, Malaysia has started to export to other countries and is not as dependent on the US as before," he told Malaysian reporters here yesterday.

Fears of a recession in the US sent shock waves through global markets in the days leading up to the annual World Economic Forum (WEF) and overshadowed talks which were supposed to centre around the theme "The Power of Collaborative Innovation".

Bursa Malaysia was not spared, but fared better than other markets in Asia and has since recovered, closing on Friday at 1,405.40 points, after a roller-coaster week.

The prime minister said Malaysia's trade with Asean was much bigger than that with the US, and it continued to expand trade links with China, Japan, South Korea and India.

"Our economy is also showing signs of resilience. Total trade is



Prime Minister Datuk Seri Abdullah Ahmad Badawi at the World Economic Forum in Davos on Friday. — AFP picture

more than RM1 trillion, we have large reserves of US\$101 billion (RM327 billion) and some 86 per cent of our GDP (gross domestic product) is from the strength of the domestic economy."

Abdullah said Malaysia's services sector was growing, the

ringgit stable and the stock market strong with a market capitalisation of more than RM1 trillion.

"Our economy is strong due to our forward-looking policies. If indeed there is a recession in the US, we can withstand it. And for this, we need a strong government.

Abdullah expresses condolences

PRIME Minister Datuk Seri Abdullah Ahmad Badawi and Datin Seri Jeanne Abdullah have conveyed their condolences to Datin Seri Rosmah Mansor and her family on the death of her mother, Fatimah Kedah.

Abdullah said they had phoned Rosmah from Davos upon hearing the news.

"I am confident that this government can take appropriate measures (when the need arises)," he said.

Asked if the government planned to introduce new measures in preparation for a slowdown in the US economy, Abdullah said the current approach was already effective.

"If there is a need to make policy changes, we will decide if and when a recession in the US happens."

Abdullah said Davos 2008 had proven that it was prepared to take on any issue or challenge facing the world.

"When this year's WEF was planned, the US economy was not on the agenda, but it has become part of the talks. This shows that the WEF is a responsive forum.

"Attendance has also increased, which has allowed for many bilateral meetings and much networking; not just for government leaders, but also corporate leaders and non-governmental organisations."

Abdullah said he also took the opportunity in Davos to promote the 16th World Congress on Information Technology which will be held in Kuala Lumpur in May.