

Government aware of dangers of high

'Economy not over

growth, says Anwar

rheating'

By
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KUALA LUMPUR, Mon. — The economy is not overheating, Deputy Prime Minister Datuk Seri Anwar Ibrahim said yesterday as the Government is well aware of the dangers that come with high economic growth.

He said the Government took into consideration all factors, including the negative elements of the economy, in determining the direction of the country's economy.

He was responding to suggestions that the high economic growth recorded so far this year — 9.9 per cent for the first quarter, and 9.3 per cent in the second — could lead to an overheating of the economy.

It was suggested that foreign fund managers were of late shying away from the local stock market for fear that the country's economy could overheat by 1998.

"Investors do not buy shares now for 1998. Besides, the possibility of (strong economic growth) had already been explained five years ago," he told reporters after the tabling of amendments to the Futures Industry Act 1993 in Parliament today.

The local stock market has been depressed for the last few weeks following talk of the economy overheating.

Anwar also reminded investors that they should not interpret the current bearishness of the stock market as a reflection of the economy.

Earlier in Dewan Rakyat, when tabling the amendments to the Act, he said the changes in the Act were necessary to accommodate the systematic development of an efficient, transparent, professional, fair and competitive capital market.

The amendments will give the Securities Commission (SC) greater regulatory powers to ensure the smooth operation of the fu-

tures industry.

Under the amendments, some provisions and definitions in the Act will be tightened to prepare for the eventual operations of the country's two futures markets — the Kuala Lumpur Options and Financial Futures Exchange (Kloffe) and the Malaysia Monetary Exchange — at the end of the year.

Also tabled today were amendments to the Securities Commission Act 1993 aimed at giving the agency more power to regulate the development of the capital market, including the behaviour of listed companies and their officials. (Please see report on Page 21).

The amendments were tabled by Deputy Finance Minister Datuk Dr Affifudin Omar.

Among others, the amendments to the Futures Industry Act also empower the SC to grant licences to futures brokers, futures trading advisers, futures fund managers, futures brokers' representatives and futures fund managers' representatives. At the same time, there will also be a new class of licence, namely for futures fund managers.

Generally, Anwar said, the amendments were timely, appropriate and important to create a solid legislation as an impetus to speed up the development of the futures industry.

They are part of efforts to further liberalise the capital market and turn Kuala Lumpur into a premier financial centre in the region, he added.

Anwar said while the development of the capital market shifted to higher gear, the Government would also prepare itself to address problems that could arise from the on-going liberalisation of the financial services industry.

"We must learn from the experience of others and ensure that the negative elements in foreign futures markets do not creep into ours," he said