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Affifuddin: Thai economic recovery will benefit us

Fadzil Ghazali

THAILAND'S economic recovery will help put Malaysia on a stronger footing to overcome its own currency crisis.

Deputy Finance Minister Datuk Dr Affifuddin Omar said as such, the country's US\$1 billion (US\$1 = RM3.27) contribution to assist Thailand in solving its economic crisis, which started from baht depreciation, will benefit Malaysia as well.

"The contribution is for Malaysia's own good. When Thailand tackles its economic problems, Malaysia will benefit," he said in reply to a question by Buniyamin Yaakob (Pas-Bachok).

Affifuddin also said the total contribution to the fund amounted to US\$17.2 billion. The contributors are several Asian nations, Australia, International Monetary Fund, the World Bank, and the Asian Development Bank.

"With the establishment of such a fund, the economic recovery in Thailand will be faster," he added.

He noted the baht crisis, which started last July, had to a certain extent become one of the factors behind the sluggishness of Malaysia's stock and currency markets.

To another question by Yunof Meringking (PBS-Tuaran), Affifuddin said Malaysia's US\$1 billion contribution to Thailand is a loan, and will be paid later.

* MALAYSIA'S proposal to check unethical currency manipulation has received a favourable response from the International Monetary Fund (IMF).

Affifuddin said the IMF is studying the proposal which was tabled by Finance Minister Datuk Seri Anwar Ibrahim in Hong Kong last month.

Replying to a supplementary question by Datuk Badruddin Amiruldin (BN-Yan), he said Anwar had proposed IMF introduce regulations on hedge funds, and to give an assurance that currency trading is done on transparent basis.

Affifuddin said these two suggestions, which formed the Malaysia's radical proposal, had received favourable support from many countries and the Association of South-East Asian Nations finance ministers.

* THE Kuala Lumpur Stock Exchange (KLSE) has shed 35 per cent in market capitalisation following ringgit's depreciation.

Affifuddin said, however, it is too early to differentiate the quantum of losses suffered by both local and foreign investors.

Replying a supplementary question by Tan Kok Wai (DAP-Cheras), he said foreign investors held 12 per cent or RM70 billion equity on the KLSE.

To another question by Datuk Lim Si Cheng (BN-Senai), he noted that the Government had taken immediate and long-term measures to address problems to boost the KLSE.

Immediate-term measures include meetings between Prime Minister Datuk Seri Dr Mahathir Mohamad and his deputy Datuk Seri Anwar Ibrahim with local and foreign fund managers.

Bank Negara has also imposed a limit for non-commercial swap deals on the ringgit by foreign investors to US\$2 million to curb ringgit speculation.

Affifuddin said local fund managers have also been encouraged to buy shares on the KLSE on a large scale to support and stop further slide of the local stock market.

The long-term measures include delaying mega projects, revising all

privatized projects, curbing excessive government spending and for all Government officials to switch to Proton cars.

Other measures to reduce the current account deficit would be announced in the 1998 Budget this month, he added.

* THE Multimedia Super Corridor (MSC) project is to go ahead as planned regardless of the country's present economic condition or a weaker ringgit.

Deputy Energy, Telecommunications and Posts Minister Datuk Chan Kong Choy said on the contrary, the declining value of the ringgit will, in fact, attract more foreign investors to put their money in the MSC project.

Replying to a question by Dr Tan Seng Giaw (DAP-Kepong), he said 54 companies have received the MSC status, and are expected to invest RM1.83 billion in the next five years.

He added that none of these companies had pulled out of the MSC project.

The ministry has so far received applications from 141 companies for the MSC status.

* THE Government deported 92,545 illegal immigrants to their country of origin since 1995.

Replying to a question by Datuk Salamon Selamat (BN-Shah Alam), Deputy Home Minister Datuk Tajol Rosli Ghazali said for the first nine months of this year, 21,480 of them were deported, 35,637 in 1996 and 35,328 in 1995.

He also said the deportation did not affect the country's industries that depended on foreign labour because they are illegal.

"Our industries rely on legal foreign labour.

"The Government's advice to industries dependant on foreign labour is to try to automate," he added.

To a supplementary question by Salamon, he said the Government spent RM104 per head to deport an illegal immigrant from Indonesia.

The Government had paid RM1,003 per head to deport those from Bangladesh.

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