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Affifuddin: Appropriate action taken against currency's slide

THE Government has taken the proper steps to handle the effects of the ringgit's depreciation by postponing all major projects and cutting Government spending by two per cent for each ministry.

Deputy Finance Minister Datuk Dr Affifuddin Omar said the Government was also taking other steps.

"We are all aware that the depreciation in the currency was because of the weakening of the Thai baht," he said when replying to Lim Kit Siang (DAP-Tanjong).

Affifuddin said at the same time the Government was constantly monitoring the country's economic situation and taking steps relevant to the current growth rate.

He said the International Monetary Fund was also satisfied with Malaysia's economic situation and its reasons for drawing up macro-economic plans.

To a supplementary question from Lim, Affifuddin said Malaysia had followed IMF's advice on how to handle the problems associated with the ringgit's depreciation.

He said the mega projects had to be postponed to prevent a widening of the current account deficit.

Thus, the Government also did not encourage any private companies to carry on with their mega projects because even if they spent their own money, in reality they would be bunching payments in a year or two after their projects had started.

This would in turn affect the current account deficit and the Government's plan to reduce it to five per cent of the country's gross domestic product.

To a supplementary question from Karpal Singh (DAP-Jelutong) on Prime Minister Datuk Seri Dr Mahathir Mohamad's accusation of American speculator George Soros for the ringgit's depreciation, Affifuddin said Dr Mahathir would not make accusations without concrete proof.

Replying to Akbarkhan Abdul Rahman (BN-Libaran), he said the Seventh Malaysia Plan would not be greatly affected by the ringgit's weakening.

"This is because Malaysia's foreign loans were minimal and were expected to reduce further next year. Foreign loans were usually taken for infrastructure development."

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