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Dr M highlights remarks made by IMF on Malaysian economy

Zainul Arifin in Santiago, Chile

PRIME Minister Datuk Seri Dr Mahathir Mohamad highlighted remarks made by the head of the International Monetary Fund when he was asked to comment on the Malaysian economy by foreign journalists here.

At a Press conference for Malaysian, Chilean and foreign journalists, Dr Mahathir was asked whether the attacks on the ringgit and the local stock market were the result of inherent weakness in the economy.

Dr Mahathir said that the managing director of the IMF himself, Michel Camdessus had expressed confidence in the Malaysian fundamentals, its economy, and the management of the economy.

In his speech in June in California, Camdessus held up Malaysia as an example of a country where the authorities were well aware of the challenges of high growth as well as the need to maintain a sound financial system amid substantial capital flows into the country and a booming capital market.

In that speech Malaysia was singled out by the IMF for its ability to manage its success. Camdessus had said: "Malaysia is a good example of a country where the authorities are well aware of the challenges of managing the pressures that result from high growth and maintaining a sound financial system amid substantial capital flows and a booming property market."

"Over the last year, output growth has moderated to a more sustainable rate and inflation has remained low."

Camdessus was speaking at the World Affairs Council in Los Angeles.

He added that the current account deficit, which is primarily the result of strong investment spending, has narrowed substantially. The increase in the fiscal surplus targeted for this year is expected to make an important contribution towards consolidating these achievements, Camdessus added.

"The Malaysian authorities have also emphasised maintaining high standards of bank soundness. Non-performing loan ratios of financial institutions have fallen markedly in recent years, risk-weighted capital ratios are above Basel recommendations, and steps have been taken to restrain lending for the property and stock markets."

"In an effort to increase the flow of comprehensive, up-to-date and reliable information to the markets, Malaysia was also among the first to subscribe to the Fund's Special Data Dissemination Standard."

He quoted Bank Negara Governor Tan Sri Ahmad Don as saying "despite this positive outlook, there is no room for complacency. Given rapidly changing market conditions, there is a need to remain vigilant".

This is the type of attitude which fully justifies the confidence of the markets on the positive prospects of countries persevering in such endeavours, Camdessus said.

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