

05 SEP 1997

PROJECTS DELAYS GOOD TO REDUCE LONG TERM IMPORTS: ECONOMIST

KUALA LUMPUR, Sept 5 (Bernama) -- The decision by the government to delay big projects augurs well for the economy as it would reduce imports needed for the projects which in the process will help ease the current account deficit, an economist said today.

Dr. Muthi Samudram, the chief economist at MBf Northern Securities Sdn Bhd, projecting a growth of 7.5 percent in the last quarter of this year, said the move would also renew investor confidence in both the currency and stock markets.

With more faith in the country's economic fundamentals, more funds would be encouraged to return to the markets, he told a press conference to announce details of the World Economic Conference to be held here on Sept 22 to 25.

Some 80 overseas participants from various private and government agencies of 70 countries will gather here, together with about 30 local participants, to discuss on the world's economy.

The conference which will be organised by Global Economic Sdn Bhd would among others discussed on the liberalisation of the financial sector of the Asean economies in terms of the World Trade Organisation (WTO) agenda and the effect on domestic economies; and the international financial markets, exchange rate volatility and interest movements.

Prime Minister Datuk Seri Dr Mahathir Mohamad had announced that big projects, which would include the Bakun hydroelectric dam, the North Regional International Airport in Kedah and the Kuala Lumpur Linear City project, would be delayed.

"We need the Bakun project, but the income would only be in the long term compared to the purchase of ships and aircraft which reaps quicker returns, said Samudram.

"We also need to slowdown expenditure as we have been spending too much money on infrastructure and construction projects," he said.

"We must provide a sound base for the economy," he said, adding that this could be achieved "by building capacities in other value-added sectors such as the Multimedia Super Corridor (MSC) which should be able to generate income.

He said, "slower growth is okay. If it eases to seven percent, it will be good because you impose less constraints in a very moderate way." --

BERNAMA

ZMY FR