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Revised ratings expected, says Anwar

Kamarul Yunus

DEPUTY Prime Minister Datuk Seri Anwar Ibrahim said the downgrading of ratings for the ringgit and local banks by international agencies is expected but that they are still far better than those given to other East Asian countries.

Speaking to reporters after meeting Chinese Deputy Premier Wei Jianxing in Kuala Lumpur yesterday, Anwar said this was foreseen due to the currency and stock market turmoil experienced by the region.

"This is not surprising ... international rating institutions will tend to revise ratings due to present economic problems. We expect constant reviews by these institutions, including local ones.

"However, while the ratings are not as positive, they are far better than those given to other countries in the East Asian region. It depends on how you perceive them (the ratings)," he added.

Anwar, who was asked to comment on the revised ratings for the ringgit and local banks, said nevertheless the Government has taken tough and adequate measures to resolve the country's economic problems.

"Although this is just a temporary development, we are taking tough measures ... we are doing everything possible to make sure the problems do not worsen. We are optimistic the measures will work," he added.

One of the measures, he said, is to stress to the finance companies and banks to exercise prudence in their business activities to ensure that the sector remains strong.

Anwar, who is also Finance Minister, said in the present circumstances where companies are facing difficulties, what is required of the financial institutions is wisdom when conducting their business.

While the banks should be cautious, they should not be overly so, to the extent of taking action at the expense of the companies' operations, he added.

"The is one thing which the banks will have to grapple with," he said, adding that officials of Bank Negara and several banks and companies had met yesterday with a view to addressing the issue.

The Deputy Prime Minister also said it is appropriate for Tun Daim Zainuddin to be appointed as executive director of the proposed National Economic Action Council (NEAC).

"I believe the announcement of Daim's appointment will be well-received by all and will boost the effectiveness of the programmes that we are undertaking to resolve the problems and revitalise the economy.

"Furthermore, Daim has been working closely with the Government on the measures over the past several months.

"He (Daim) will gather inputs from the private sector and submit them to the Prime Minister and me to assist the council in making decisions and implementing them," he said.

The appointment of Daim to the NEAC, who is the Economic Adviser to the Government, was announced by Prime Minister Datuk Seri Dr Mahathir Mohamad after he chaired the Umno Supreme Council meeting last Saturday.

Dr Mahathir, who is also Umno president, had said that Daim will be given full powers to implement the council's directives.

Anwar also said he is pleased that government agencies are taking the austerity drive seriously.

"Some of the institutions, agencies and ministries are even extending beyond the (cost-saving) guidelines endorsed by the Cabinet ... they are

really tight, and I think it is difficult to expect the Government to do much more than this."

Last month, Anwar announced that a 20 per cent across the board cut in Federal Government expenditure, including a pay cut for ministers, deputy ministers, top civil servants and a salary increment freeze for Group A and B civil servants.

Other measures also include postponing some big projects and directing financial institutions to lend only to the productive sectors.

On his meeting with the Chinese Deputy Premier, Anwar said they discussed the possibility of enhancing economic cooperation, including trade and investment, between Malaysia and China.

He said Wei is in Kuala Lumpur as a follow-up to the visits by Chinese Premier Li Peng and President Jiang Zemin to Malaysia recently.

"The visit was at the invitation of the Barisan Nasional because the Chinese Communist Party had conveyed its intention to forge closer relations between the two ruling parties," Anwar said.

He added that the two leaders also discussed current developments like the economic problems in East Asia.

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