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ACCCIM WELCOMES NEAC MOVE TO CONSIDER LOWERING INTEREST RATES

KUALA LUMPUR, April 22 (Bernama) -- The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) has welcomed the announcement by Prime Minister Datuk Seri Dr Mahathir Mohamad that the National Economic Action Council (NEAC) is considering measures to bring down interest rates.

"Interest rates have been on the escalating trend since the second half of 1997 and the persistent increase has been burdensome to the business community owing to higher costs of doing business, both in operation and production," it said in a statement.

They have contributed to increased costs of goods and services and will inevitably create inflationary pressures, it added.

It said high interest rates are not conducive to economic recovery as many entrepreneurs will tend to adopt a "wait and see" attitude, refrain from borrowing and withhold business expansion projects to reduce the financial risks.

"The move by NEAC to take a balanced approach and keep interest rates at an acceptable level will certainly help to alleviate the financial burden of companies and boost confidence among the business community in re-energising their business activities and expansion.

"In order to bring about a gradual downward adjustment of interest rates, apart from the need to moderate deposit rates and cost of funds, financial institutions should also devise ways and means to enhance efficiency in operation so as to achieve an effective decrease in the base lending rate (BLR)," it said.

ACCCIM added financial institutions should also reduce the margin or spread over and above the BLR so that the interest rate can be lowered to stimulate business growth. -- BERNAMA

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