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BUDGET-INCENTIVES

BUDGET TO PROVIDE FURTHER INCENTIVES, SAYS RAM CEO

By: Leslean Arshad

PETALING JAYA, Oct 15 (Bernama) -- Datuk C. Rajandram, chief executive officer of Rating Agency Malaysia Bhd (RAM), says the 1999 Budget to be tabled on Oct 23 may provide further incentives for the country's economic recovery.

"Certainly actions have been taken and will continue to be taken," he told a press conference in conjunction with the announcement of a soon-to-be held conference entitled, "Managing the Asian Financial Crisis: Lesson and Challenges."

Rajandram hoped that the forthcoming budgetary measures would also address certain areas such as the stock market and promote more liquidity into the system.

He noted that the recent series of actions taken by the government were intended to revive the economy.

Saying that it is vital "to look at our own structure and put our structure right in order to participate in future growth", he added that it is now up to the workings of the economic system for the recovery plan to have its impact.

Rajandram also wants the measures to be in line with the international framework.

On the selective exchange control measures, he said Malaysia's major concerns are to control short-term funds which could have a destabilising effect on the economy.

But he said there should be progressive flexibility "as we go about" the matter.

Flexibility in this case would perhaps depend on how the economy recovers in the third and last quarters of this year as well as next year.

"They (the authorities) will have to keep adjusting capital controls," he said.

Saying that he believed that the investment funds would ultimately flow back to Malaysia, he added, "People will have confidence. Malaysia is a good place to invest. And world will say +yes that Malaysia has a stable economy to put money here.+"

But Rajandram said it is important to see what sort of money that the country can accept in the future and direct investment funds appear to be the preferred form.

"For portfolio money, if it intends to come in, there is a need to see how this portfolio money could be managed," he said, adding that Malaysia needs to be flexible to maintain its position as a trading nation.

The chief executive officer/director of Asean Strategic and Leadership Institute (Asli), Datuk Michael Yeoh, said the 1999 Budget needs to be expansionary and provide a substantial increase in government spending to provide the fiscal stimulus.

Saying that such spending is part of the overall measures to revive the economy and restore confidence in the country's economic system, he hopes that the government could re-emerge as the engine of growth during these crucial times.

"Every economy needs the engine of growth," he said, adding the local private sector, which used to be the engine of growth, is now facing difficulty.

In the last recession, he said there were also "external locomotives" through investments from Japan and Taiwan but "this is not going to happen

this time around as they are also facing problems."

The conference will be held on Nov 2-3 at the Palace of the Golden Horses Hotel. It will bring together policymakers and financial leaders around the world to debate and discuss the Asian financial crisis.

Prime Minister Datuk Seri Dr Mahathir Mohamad will deliver a keynote address and conduct a dialogue with delegates at the opening and closing sessions.

Between 250 and 300 local and overseas participations are expected to attend the conference jointly organised by ASLI, RAM and Limkokwing Integrated Sdn Bhd.--BERNAMA

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