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MAHATHIR-RECOVERY

CARS SALES JUMP, FIRST SIGN OF RECOVERY, SAYS MAHATHIR

KUALA LUMPUR, Sept 24 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad says that the first signs of an economic recovery in Malaysia are evident by car sales having risen from 5,000 units per month to 12,000 units.

He said it also showed that the measures to ease lending by reducing interest rates were beginning to bear fruit as the downpayment for hire purchase of vehicles have declined.

"This is the first sign of a recovery," he told a media conference at the Prime Minister's Department here today.

He said that the 8.0 percent interest rates level was good as "people can now do business."

Lending rates for business loans were hovering as high as 20-21 percent as at end-1997 which made them very expensive, which in the process severely curtailed business activity.

Although rates declined further to between 16-17 percent, the government decided to opt for a more liberal monetary policy in efforts to stimulate the economy with the economy slipping into a recession in the second quarter.

On growth projections for 1999, Dr Mahathir did not dismiss negative growth for the year.

He said: "It would be better (than this year) but we don't want to be optimistic, we want to be conservative."

"We are confident (of growth) with the actions we have taken to tackle our economic problems," he said.

Dr Mahathir also said that Malaysia would maintain the ringgit peg at RM3.80 to the U.S. dollar for as long as possible to remain competitive.

He said that unless other countries devalue their currencies, "then we need to lower our value."

"But as long as possible, we would try to maintain the peg to make it possible (for companies) to plan and set up their budgets without worrying about currency volatility," he said.

Asked whether there would be problems in drawing up the 1999 budget, he said "there was no problem."

The Prime Minister also confirmed that there was a delay in the World Bank disbursing a further US\$700 million loan to Malaysia as it wanted a clearer picture on the exchange controls imposed by Malaysia.

On a call by Australian Deputy Prime Minister Tim Fischer for the the Asia Pacific Economic Cooperation (Apec) summit to be moved away from Malaysia, he said it was a solitary voice.

"If Apec members agreed to that (moving the venue), there was no stopping (them), but if only one deputy prime minister disagreed, then he can stay away," said Dr Mahathir.

He cited how similar calls were made by certain parties in Australia over the Commonwealth games with criticism that the haze and lack of water would hamper the games.

However, he said the fact stands that the games held here were the best organised and attended and others were willing to come.--BERNAMA

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