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DAIM-IMF

DAIM: IMF FINANCIAL AID ONLY TO BAIL OUT FOREIGN BANKS

KUALA LUMPUR, July 23 (Bernama) -- The Minister for Special Functions, Tun Daim Zainuddin, today said he did not believe that the International Monetary Fund (IMF) would want to help Malaysia even if the country needed financially assistance.

"I do not think the IMF is interested in Malaysia. The IMF will go to countries where foreign banks have been lending to those countries...to bail out foreign banks.

"Whether in (South) Korea, Thailand and Indonesia, it was the foreign banks that had lent recklessly," he told a press briefing in conjunction with the release of the National Economic Recovery Plan by the National Economic Action Council here.

The three countries were recipients of the IMF-administered fund to bring their economies out of the regional crisis.

Borrowings in Malaysia were mainly from the local banks, he said, adding "Why should the IMF come and help our locals banks? They are not interested in our local banks."

Asked whether he believed that the IMF would not come in should Malaysia ask for help, Daim replied, "I doubt that very much. Unless they want to save our banks (and) we are very thankful."

Daim said he did not foresee systemic risks although borrowings had not been evenly spread between local and foreign banks.

"That is why we say we want to recapitalise (local) banks quickly. That is why we have the Asset Management Company (Danaharta Nasional Bhd) to take away non-performing loans," he said.

Stressing that the present tight liquidity was choking businesses, he said once the recapitalisation of banks and Danaharta had been put in place, banks could start lending and offer lower interest rates as they had done in the past.

Answering a question, he said the overseas trips by Prime Minister Datuk Seri Dr Mahathir, Deputy Prime Minister Datuk Seri Anwar Ibrahim and himself were to ensure that foreign investors have continued faith in the country and not to raise funds.

"At least, I went to Taiwan to get Taiwanese companies to continue to invest in Malaysia," he added.

He also disclosed that in his meeting with Australian foreign minister Alexander Downer earlier, the latter had asked what could Australia offer.

Daim said Australians could help by investing in Malaysia and come to Malaysia as tourists because the depreciation of the ringgit had made the country a much cheaper place compared to most other countries in the region.--BERNAMA

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