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Free market policy and capital flow still the key

MALAYSIA is still dependent on free market and capital flow to revitalise its economy, Deputy Finance Minister Datuk Dr Affifuddin Omar told the Dewan Negara yesterday.

He urged the people not to send the "wrong signal" to the world economic powers as the new measures introduced by the Government to revive and stimulate the economy were not intended to obstruct Malaysia's open market policy.

"Such a move will be detrimental to the Government's efforts to encourage foreign investment.

"As stressed by Prime Minister Datuk Seri Dr Mahathir Mohamad, we are only undertaking exchange control measures and not capital control measures," he said when winding up points raised by senators on the Futures Industry (Amendment) Bill 1998.

Affifuddin said contrary to general perception, the measures were only aimed at preventing excessive capitalism from ruining Malaysia's free market economy.

Meanwhile, in his reply to Senator Datuk Abdul Aziz Abdul Rahman, Affifuddin explained that the proposal to establish the Asian Fund had been shelved following a rejection by the United States.

He said Japan was prepared to contribute RM100 million. "We can only proceed with the fund when Japan has the political will to spearhead the fund."

To a call by Abdul Aziz for the authorities to look into ways to increase the low trading volume at the Kuala Lumpur Options and Financial Futures Exchange, Affifuddin said:

"It was true that when KLOFFE was first established, daily trading only amounted to between 150 and 230 contracts.

"But the situation has improved with August figures showing 4,646 contracts were sealed in a day or 92,927 contracts in that month."

(END)