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Govt may take new steps to defend RM: Daim

MALAYSIA is considering new measures to shore up the ringgit which remains under pressure due to problems in Indonesia, Economic Adviser to the Government Tun Daim Zainuddin said yesterday.

He told Reuters in an interview that Malaysia had taken tough measures and was going to follow up with new ones based on recommendations of the National Economic Action Council (NEAC).

The NEAC was set up at the start of this year to devise strategies to combat a regional financial crisis. Daim is the NEAC's executive director.

"The NEAC has made recommendations to the Cabinet and I hope they will implement them quickly," he said.

Daim, a former finance minister credited with bringing Malaysia out of its last recession in 1985, said the Government had taken measures since last December in response to demands from the market. "This is proof that we are biting the bullet and taking hard measures to set the economy on the right path."

Daim, who has proposed that Bumiputeras be allowed to sell stakes in their companies to non-Bumiputeras, also said: "If they don't sell, the banks will sell."

He said the crisis had taught major lessons in economic management. "We have to export our way out, we have to become very competitive, productivity has to go up. After this we are going to be very efficient."

He acknowledged that Malaysia's economy was highly leveraged. He said high loan growth in the last couple of years, mainly due to borrowing by the property sector and to finance share purchases, had added to the indebtedness.

Daim, concurring with Prime Minister Datuk Seri Dr Mahathir Mohamad, also said: "Speculators by their irresponsible actions precipitated the present crisis."

He said the ringgit, which has declined by more than 37 per cent against the US dollar since last July, was grossly undervalued.

Daim added that the situation in Indonesia was "very serious" and causing an impact on Malaysia.

"Fund managers have been seeing me. They want to know when we will be able to overcome all these things. I said, depending number one (on) what happens in Indonesia."

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