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Mahathir-Plan

GOVT TO ADOPT NEAC RECOMMENDATIONS IN FULL

KUALA LUMPUR, July 23 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today the government will adopt the recommendations of the National Economic Action Council (NEAC) in full unless there are specific objections.

Several of the recommendations had already been implemented, he told reporters after a two-hour dialogue with chief executive officers of local companies here.

The NEAC today released its National Economic Recovery Plan which spells out various measures to lift the country out of the current economic downturn.

The prime minister also said he had received encouraging response from the CEOs and they had agreed to support the government's recovery plan.

Dr Mahathir also said Bank Negara had worked out a format for the setting up of a clearing house for trade settlement between countries.

However, he said, details would be announced by the central bank later.

Among others, the settlement house would record the import and export transactions in the country.

Dr Mahathir said the effective interest rates in the country had been reduced.

He said the rates were high not because of the higher base lending rate but the spread which sometimes reached 4 per cent when it should be around 0.5 per cent.

Banks had to do that (have higher spread) to reduce their risks and some had added cost because of reduced deposits and had to borrow from the interbank market, he said.

On the reduction of the Statutory Reserve requirement by financial institutions, he said the government had managed to reduce the cost of money to banks and this had enabled them to reduce their spreads and in turn lower the effective interest rates.

-- BERNAMA

SHO MFJ SHY/RM