

14 NOV 1998

MAHATHIR-RECOVERY

DR M: BUSINESS ACTIVITY HAS PICKED UP IN MALAYSIA

KUALA LUMPUR, Nov 14 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad says that business activity has picked up in the country.

This follows the positive contribution from various economic measures undertaken by the government, including the imposition of selective exchange controls imposed from Sept 2 this year.

The controls have contributed positively towards the country's march towards economic recovery, he said in an interview with Bernama TV.

This, he said, could be seen from the rise in the Kuala Lumpur Stock Exchange Composite Index (KLSE CI) to more than 400 points now from just 262 points at one time as well as the improved position of the country's foreign exchange reserves. The KLSE CI closed at 465.08 points on Nov 13 while Malaysia's foreign reserves rose to US\$22.99 billion as at Oct 22, 1998 from US\$20.2 billion in August this year.

The trade balance was also in Malaysia's favour and sales of motor vehicles and houses had risen, said Dr Mahathir.

In the first nine months of this year, Malaysia recorded a trade surplus of RM38.75 billion compared with a deficit of RM1.5 billion in the January-September 1997 period.

Asked how should Malaysians react to capitalise on the rebound, he said, "They should be happy to go about their business in the normal way, to spend in the normal way because we have reduced interest rates.

"There is plenty of money in the banks which they can borrow for legitimate business. Generally, they should also make full use in the stability in the exchange rates."

On how soon can the people expect to see light at the end of the tunnel, he said there would be "if we continue to be prudent and carry out our tasks well."

Dr Mahathir said the Malaysian economy would recover next year although it would take some time to achieve the previous growth levels of 8.0 percent.

The Malaysian economy is expected to record a negative growth of 4.8 percent this year while next year's growth is anticipated at 1.0 percent.

"Growth does not only depend on what we do in the country. If our trading partners face problems, they would not be in a position to buy from us and this would affect economic growth."

Asked on Thai Prime Minister Chuan Lekpai's call for Malaysia to relax currency controls because they were affecting border trade and tourism with Malaysia, Dr Mahathir said he would have to get more details before he could decide.

On calls by certain quarters for some adjustments and administrative relaxation to currency controls now that the ringgit had stabilised, especially with regard to filling the Customs declaration forms, he said form-filling was not an inconvenience.

"This kind of form-filling is general throughout the world. It is only in Malaysia that we have been very relaxed before. I have met a lot of travellers and I asked them whether they found it difficult. They said no."

-- BERNAMA

SHY SJ