

15 JAN 1998

IMF TO MAKE DEFINITIVE JUDGEMENT AFTER ASSESSING MALAYSIA'S POLICIES

KUALA LUMPUR, Jan 15 (Bernama) -- The International Monetary Fund (IMF) will make a definitive judgement on Malaysia only after it has assessed its fiscal and monetary policies, its managing director Michel Camdessus, said today.

To this end, an IMF team is currently in town for annual consultations with Malaysian finance officials, Camdessus told reporters after a one-hour meeting with Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim at the latter's office here this evening.

"At the end of the consultations, we will be able to pass a definitive judgement," he said referring to wire service reports originating from Singapore yesterday quoting him as saying that Malaysia needed a better policy.

Camdessus, who flew in from Indonesia, said it did not mean that Malaysia did not have the right policy mix.

On the contrary, he said the Washington-based agency welcomed steps taken by Malaysia announced by Anwar last year to address the fiscal situation.

Some of the measures include deferring large projects, cutting government expenditure by 18 percent and reducing loan growth with emphasis on lending to productive sectors.

On his meeting with Anwar, he said they discussed how the situation since the attack on regional currencies began and the how policies adopted by countries affected by the crisis have evolved, particularly in South Korea and Indonesia.

He also sought Malaysia's perspective on the issue, whose currency had depreciated by almost 96 percent to 4.88 against the U.S. dollar last week, but had since recovered moderately to the 4.18 level.

On South Korea and Indonesia's further commitment to undertake policy reforms, especially the letter of intent signed this morning by Jakarta to liberalise its financial sector further, he said it was a very important development and could have a positive impact on the international market.

Anwar, when approached by reporters on his meeting with Camdessus, said "it was good meeting" and that Malaysia would always use the opportunity to have adequate consultations and explain the country's position to the IMF.

Camdessus is expected to call on Prime Minister Datuk Seri Dr Mahathir Mohamad tomorrow as well as have meetings with Treasury and Bank Negara officials after which he will give a press conference in the afternoon.--

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