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Mahathir-measures

MORE MEASURES TO STRENGTHEN ECONOMY, SAYS MAHATHIR

KUALA LUMPUR, Sept 25 (Bernama) -- The government will implement more measures to place the country's economy on a stronger footing although signs of a recovery are already there, Prime Minister Datuk Seri Dr Mahathir Mohamad said here today.

While declining to reveal them, Dr Mahathir, who is also First Finance Minister, said the economy was recovering and businesses were no longer under pressure.

"Exports have exceeded RM26 billion and we have successfully reduced imports which have placed us in a surplus balance of payments position," the prime minister said.

He said the country now had sufficient foreign exchange reserves to service its foreign debts.

"The situation is now stable especially with the ringgit pegged at RM3.80 and with the lowering of interest rates," he said opening the Malaysian Franchise Exhibition and Conference.

Dr Mahathir said the move to peg the ringgit was to prevent current volatility and prevent financial turmoil.

"Although the ringgit was traded at RM2.50 to the dollar before the currency crisis, we cannot peg it at the same value like before because if we did so, the cost will be high and we will not be able to compete with the other regional currencies," he said.

He said it was right for Malaysia to peg the ringgit at RM3.80 because "it is not too strong and we can compete with the regional currencies whose values have (also) come down."

Most importantly, foreign speculators cannot trade in the ringgit and cause volatility in the currency.

With the peg, the government was also able to bring interest rates down to 8.0 per cent as well as enable businessmen to obtain loans easily.

Dr Mahathir said the inflation rate also remained steady and this contributed towards stability.

The prime minister said that the stock market has also recovered although not as strong as before.

-- BERNAMA

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