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Wolfensohn-Malaysia

MSIA CAN EMERGE STRONGER FROM CRISIS, BUT WORLD BANK PREPARED TO HELP

PETALING JAYA, Feb 3 (Bernama) -- The World Bank sees Malaysia emerging on a stronger footing from the regional economic crisis compared with other countries, but does not rule out the possibility of extending financial aid or advice if necessary.

Its president, James Wolfensohn, also said that Malaysia should be distinguished from other countries in the region, particularly Thailand, South Korea and Indonesia, because it was not exposed excessively to unhedged or risky funds borrowing.

Malaysia had also "exhibited admirable economic growth and variably very good economic management," he told a news conference at the end of his two-day visit to Malaysia.

Wolfensohn, who had meetings with Prime Minister Datuk Seri Dr Mahathir Mohamad and his deputy Datuk Seri Anwar Ibrahim, was here as part of a week-long tour of six East Asian countries aimed at assessing the impact of the economic crisis and offering help to affected countries.

He said although Malaysia had had some problems as a consequence of a property boom and some other aspects of economic management, the problems could be dealt with.

Wolfensohn, who also met business executives and officials from Bank Negara, the Treasury and trade unions, said he was "impressed" with the meeting with Malaysian leaders and their realism (in dealing with) the current problems and the solutions (taken).

He also expressed confidence that Malaysia would be able to address its social programmes while keeping the engine of business going.

The World Bank was prepared to help Malaysia should it be needed, he said.

"I have not ruled out anything. What I am saying is I am not peddling anything. I simply offer to them all the help that the bank could give should they ever need it," he said.

"What I want to reassure the government is that first, we understand the difference between Malaysia and other countries and that secondly...that if at any time we can be of help either in advice or in funding, we will be glad to make ourselves available," he said.

On Malaysia's proposal to have world organisations and institutions discuss the possibility of introducing regulations for currency trading, which was said to be among the causes of the regional currency crisis, Wolfensohn said:

"I think many people, including (US financier) George Soros, have taken the view that massive flows of financial funds which are unregulated can be very disturbing to the market."

He said the turnover of the foreign exchange market in a single day was roughly four times the volume needed for trade and investment.

"While speculation in the foreign exchange alone is not a single cause of the crisis, it can exacerbate the crisis," he said, adding that there was a general agreement that some regulations in currency trading must be looked at.

He also said that there was merit in the proposal made by Dr Mahathir during the International Monetary Fund/World Bank annual meetings in Hong Kong last year, to regulate currency trading.

"We and the bank are very happy to look at contributing to the solution," he said, adding that the bank's team of economists had visited

Malaysia to discuss the issue.

However, he added: "I am not personally anxious to be a regulator of international flows of funds. So, I hope everybody agrees with George Soros that we are not the people to do it."

"But we are ready to discuss it and ready to make the contributions on it and hopefully to find someone who will regulate it."

He also said he felt strongly that it would be difficult to have currency trading regulation on a single country basis. An international agreement was needed, he said.

"From my experience those things do not happen very quickly but I think the direction is now clear and hopefully something will emerge," he added.

-- BERNAMA
JR MR JK