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DAIM-ECONOMY

MSIA MAY POST ONE PCT POSITIVE GROWTH IN 1999, SAYS DAIM

KUALA LUMPUR, Aug 27 (Bernama) -- Malaysia, expected to record negative economic growth this year, could possibly chalk up a positive growth of one percent next year, Special Functions Minister Tun Daim Zainuddin said here today.

He said while growth in the second quarter of this year was expected to be worse than the first quarter growth of -1.8 percent, growth in the third quarter between July and September could be better.

"That would be a sign of a recovery," he said in comments made during a question-and answer session and in his keynote address at the Roundtable Discussion on the National Economic Recovery Plan (Nerp) organised by The Oxford and Cambridge Society.

Bank Negara Malaysia is to release detailed figures on the second quarter gross domestic product (gdp) later today.

For this year, "we are definitely going to be negative as the damage has been done to the economy, next year, maybe, we would see a one percent growth but not negative," said the former Finance Minister.

He said that although Malaysia was forecast to record a growth of -1.0 to -2.0 percent for this year, "the slide could be deeper if we fail to get the NERP package of measures implemented."

"The unfortunate thing is that we can be sucked deeper into the regional crisis as new events in the international economy unfold."

He said the only shocking thing now is that the contraction in the GDP is really big and Malaysians are not used to this, adding "the government is really facing a serious problem in ways to restore growth."

"External events are out of our control, the devaluation of the Chinese yuan, the further deepening of the crisis in Russia and worldwide deflation are not remote impossibilities," he said.

Daim, who was a former finance minister, also said China is an important factor and a devaluation of the yuan will have potential adverse effects on the export competitiveness of South-east Asian countries.

"To protect ourselves from the downside risks, we need to put our house in order, quickly resume growth and put the past behind us as soon as possible," he said.

"We therefore need to recapitalise our banks, ease credit lines, strengthen our capital market, restore market confidence re-invigorate economic sectors and address structural problems that impede growth," he added.

Daim said the high growth of the "good old days" would not return (that quickly) but the government had gotten smarter from the experience of the economic downturn.

Referring to the drastic measures to revive the economy announced by Prime Minister Datuk Seri Dr Mahathir Mohamad, he said the statement was a wake up call to Malaysians, especially those who had not experienced or realised the severe impact of the downturn.

He said the Nerp should be implemented fast as it now has become everyone's plan, adding the government has set in place a mechanism for coordination and implementation of decisions made.

The government is more than concerned that the success of the plan, which depends on effective coordination, cooperation and decisive action by the government and the support of the people.

"Please have no fear on our sense of urgency, the government is

committed towards getting the economy back on track again," he said.

"There is a good chance that we can come out of this crisis stronger if we work for it," he said.

"The Malaysian economy can and must recover fast," said Daim.--BERNAMA  
DVS/TEAM MR/SHY