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MUSTAPA-WORLD BANK

MUSTAPA TO ATTEND WORLD BANK MEETINGS

By: Nuryushida Laily Yusof

KUALA LUMPUR, Sept 24 (Bernama) -- Second Finance Minister Datuk Mustapa Mohamed will explain to the World Bank Malaysia's new exchange control measures when he attends the World Bank meeting of finance ministers and central bank governors from Oct 3-8 in Washington.

He said that many people including officials from the World Bank did not understand the measures leading to much misconception and misintepretation including one that it was a total control on the outflow of funds.

In contrast, he said that Malayia only imposed selective capital controls aimed at defending the ringgit against manipulative attacks and reducing speculation in the stock market.

"So, such an assumption is not encouraging so we are using this opportunity to give a true picture of the controls taken," he told reporters here today after visting the exhibition site of the Malaysian Franchise Association.

The exhibition would be officially opened tomorrow by Prime Minister Datuk Seri Dr Mahathir Mohamad, who is also First Finance Minister.

For Mustapa, the World Bank meeting would be his first official meeting overseas since being appointed Second Finance Minister more than two weeks ago.

Asked why a World Bank loan of US\$700 million to Malaysia was delayed, Mustapa said he did not know the reason for the delay.

Dr Mahathir had earlier confirmed that there was a delay in the World Bank disbursing the loan to Malaysia as it wanted a clearer picture on the exchange controls imposed by Malaysia.

"They (officials) are not sure of what is meant by currency controls. They think it is total and we are cutting ourselves from the rest of the world. But this is not true," the Prime Minister had said.

On the agenda for the World Bank meeting, Mustapa said that on October 3, there would be a Southeast Asian finance seminar, followed by an informal meeting of Asean Finance Ministers the next day, and the bank's development committee meeting plus the 5th Asean-Japan Finance Ministers meeting on Oct 5.

Besides this, there would a meeting of finance ministers and central bank governors of the Group of 22 (G-22) developing countries, while the annual meeting of the board of governors of the World Bank/International Monetary Fund (IMF) and a meeting of the Willard group would be held on Oct 6.

Asked whether liquidity in the banking system had improved with the easing of monetary policies, he said "Oh yes, the Statutory Reserve Requirement has already been lowered and the situation has changed a lot since then."

As to the reclassification of non-performing loans from three months to six months, he said it was nothing new but just a reversal to an earlier ruling.--BERNAMA

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