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NEAC to restore investor confidence (HL)

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KUALA LUMPUR, Thurs. - The National Economic Action Council, which held its first meeting today, will formulate policies and strategies to restore investor confidence and ensure that the country does not enter into a recession as a result of the current economic problems.

The 3 1/2-hour meeting at the Economic Planning Unit was chaired by Prime Minister Datuk Seri Dr Mahathir Mohamad who is also the NEAC chairman.

It was attended by Deputy Prime Minister Datuk Seri Anwar Ibrahim who is deputy chairman, Economic Adviser to the Government Tun Daim Zainuddin who is executive director of the council and its 21 other members (Please see list on Page 2).

A statement issued by the EPU today said the NEAC would assist in formulating policies and implementing short and medium-term strategies to:

- * restore public and investor confidence, particularly that of foreign investors with regard to the economy which is still fundamentally strong;
- * ensure that the country does not enter into an economic recession as a result of a decline in the value of the ringgit and the fall in the share market;

- * revive the national economy and make it competitive globally by implementing decisions of the NEAC with regard to enhancing international competitiveness; and,

- * strengthen the economic base of the country so as to achieve a developed nation status through rapid and sustainable economic growth.

The NEAC will comprise an executive council, a working committee and a secretariat.

The executive council, which will ensure that the current economic problems can be resolved expeditiously and decisions of the NEAC implemented effectively, will be represented by the Prime Minister, Deputy Prime Minister and Finance Minister, executive director and two members to be appointed by the Prime Minister later.

Daim is empowered to co-ordinate all activities of the relevant authorities in reviving the national economy, formulate and implement strategies to ensure that objectives of the NEAC are attained as well as chair the working committee on aspects critical to reviving investor confidence and strengthening the national economy.

The working committee, chaired by Daim, will assist the executive council and will study issues closely linked to the economy.

They are Direct Foreign Investment, banking and finance, capital market, currency, current account deficit, development of key economic sectors, including Petronas as well as social issues caused by the current economic problems.

The NEAC will guide the secretariat, to be set up at the EPU, and the working committee in studying all economic issues.

It will also propose effective and efficient strategies to address short, medium and long-term issues and challenges as well as prepare detailed action plans for the proposals submitted.

The NEAC will discuss, scrutinise and decide on proposals that have been submitted, monitor the implementation of the decisions and make amendments if necessary. The NEAC will submit to the Cabinet all its important decisions.

At a Press conference later, Dr Mahathir said several problem areas were

identified at the meeting and action would be taken to overcome them.

Asked if the NEAC discussed the increase in the prices of goods, particularly essential items, he said the Government had yet to decide whether or not to allow price increases.

He added although the council discussed the matter, it did not make any decision.

"But we feel it is important for us not to cause traders to stop trading because they will lose," he said.

To a question on what Malaysia would do to improve ties with Australia during the visit by its Prime Minister John Howard to Malaysia on Feb 22-24, Dr Mahathir said: "Be friendly, I suppose."

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