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PM: MALAYSIA HAS NO LIQUIDITY PROBLEMS

KUALA LUMPUR, Jan 22 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir says Malaysia does not face any liquidity problems this year.

There is no credit squeeze this year, the credit squeeze was last year," he said after chairing a meeting of the National Economic Action Council here.

"We have enough liquidity, liquidity is at RM490 billion currently," he said.

"There shouldn't be a problem in getting loans," he said.

On claims that the country was facing liquidity problems, the Prime Minister said there was a misunderstanding that companies found it difficult getting loans when in fact these were companies involved in the non-productive areas. The government has directed banks to focus lending to productive sectors like manufacturing and agriculture.

Banks, he said, should take the trouble to explain this to the people and business community.

Dr Mahathir also said that there was no need to bail out companies despite the current economic difficulties.

He said today's meeting identified several areas with focus on ensuring liquidity in the banking system.

Several suggestions were made today on how to overcome liquidity problems if they arose.

"But none had been finalised, I cannot disclose it," he said.

The Prime Minister also said that the government would not single out any company...all companies should be helped.

Dr Mahathir said the government would not be protecting anybody. "If they have legitimate reasons, we will have to look at them...there is no question of a bail-out."

They should, however, not be deprived of the chance to turn around.

Asked on whether Malaysia has been transparent in currency trading, he said "in Malaysia, it is transparent."

On other measures the government would do to restore investor confidence or whether it has done enough, he said "a lot has been done to restore investor confidence...investors are quite confident but it varies between people."

"I think the investors are quite confident (about the measures) and by (us) doing the right thing," he said.

"...it depends on the reaction of investors. If the reaction is wrong, then the (measure taken) is wrong," he added.

He said: "We wouldn't really know what creates confidence...because confidence varies between people. Sometimes we may go wrong, but we would do our best to resolve (problems of) the market structure." -- BERNAMA

TEAM MR SHY