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PM: Ringgit to stay at 3.80 to the dollar for now

PRIME Minister Datuk Seri Dr Mahathir Mohamad said yesterday the ringgit would remain pegged at 3.80 to the US dollar as long as Malaysian goods were competitive in the foreign market.

However, he said, if other countries decided to devalue their currencies to increase competitiveness, Malaysia might have to do the same.

"But as long as possible, we would try to maintain the peg to make it possible (for companies) to plan and set up their budgets without worrying about currency volatility," he told a Press conference after chairing the National Information Technology Council meeting at the Prime Minister's Department.

Dr Mahathir also said signs of an economic recovery in Malaysia were evident by car sales having risen from 5,000 units per month to 12,000 units.

He said it also showed that the measures to ease lending by reducing interest rates were beginning to bear fruit as the down payment for hire-purchase of vehicles had declined.

"This is the first sign of a recovery."

Dr Mahathir who is First Finance Minister said the eight per cent interest rate level was good as people could now carry out business dealings.

Lending rates for business loans were as high as 20-21 per cent at the end of last year, severely curtailing business activities.

Although rates declined further to between 16-17 per cent, the Government decided to opt for a more liberal monetary policy in efforts to stimulate the economy.

On growth projections for 1999, Dr Mahathir did not dismiss negative growth for the year.

"It will be better (than this year) but we don't want to be optimistic, we want to be conservative.

"We are confident (of growth) with the actions we have taken to tackle our economic problems."

Dr Mahathir also said there was no problem in drawing up the 1999 Budget which would be tabled in Parliament next month.

He also confirmed that there was a delay in the World Bank disbursing a further US\$700 million (RM2.7 billion) loan to Malaysia as it wanted a clearer picture on the exchange controls imposed by Malaysia.

On a call by Australian Deputy Prime Minister Tim Fischer for the Asia Pacific Economic Co-operation (Apec) summit to be moved away from Malaysia due to what he described as political uncertainties, Dr Mahathir said that was his own opinion.

"If all Apec members agree to that (moving the venue), then we can't stop them. But if only one Deputy Prime Minister disagrees, then he can stay away," said Dr Mahathir.

He cited how similar calls were made by certain parties in Australia over the Commonwealth Games who said that haze and lack of water supply would hamper the Games.

However, the fact remained that the Games held here in Malaysia were the best organised and attended.

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