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PM warns of six major risks

ALTHOUGH the country's economy is expected to recover by the end of 1998, there are risks which can lead to renewed volatility in regional and global markets, Datuk Seri Dr Mahathir Mohamad said yesterday.

The Prime Minister and First Finance Minister said the risks included renewed volatility in regional financial markets which might affect the economy and the external demand for exports.

He listed six major risks:

- * The financial crisis spreading to nearly the whole world, thus making it difficult for trading partners to buy Malaysian exports;

- * Countries facing economic problems to increase trade barriers to protect their products;

- * If the crisis continues to spread, thus forcing more developing countries to look for loans, Malaysia will be forced to compete for external loans;

- * The US experiencing a financial meltdown, making it a weak market;

- * Japanese consumers still not confident that its economy will recover; and this has weakened demand in Japan, one of Malaysia's largest markets; and

- * Continuing pressure on the Hong Kong and Chinese economies. The Hong Kong dollar has come under severe attack from currency traders. In efforts to defend the Hong Kong dollar, the economy has been adversely affected and weakened. China also faces problems of competitiveness because of a strong yuan.

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