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REGIONAL ECONOMIES WILL RECOVER IN TWO TO 2 1/2 YRS TIME

KUALA LUMPUR, Jan 16 (Bernama) -- Regional economies which have taken tough reforms to deal with the crisis precipitated by the currency attacks in July last year are expected to recover in at least two years' time.

International Monetary Fund (IMF) Managing Director Michel Camdessus said he was pretty certain that it would take about two and a half years for the countries in the region to recover back their high growth in a more sustainable way and eventually put them in a better position.

Speaking at a press conference after consultations with Treasury and Bank Negara officials here today, he said the current period of adjustment though painful would in the long run ensure a healthy recovery of these economies which have been posting superlative growth rates over the past decade.

He paid tribute to President Suharto for having taken tough reforms including abolishing monopolies in areas such as the car manufacture and the plywood industry and abolishing special credit privileges, which would raise efficiency and in the process ensure more competitive prices.

Indonesia, along with South Korea, have received aid from the IMF while Camdessus said Malaysia does not need such financial assistance as it was taking appropriate measures to deal with the crisis.

Prime Minister Datuk Seri Dr Mahathir Mohamad, who also had talks with Camdessus early today, said last week the Malaysian economy could stage a moderate recovery within the next six to 12 months if the people rallied together with the government to support austerity measures.

On Malaysia, Camdessus said it was strong enough to weather the current storm given the reforms announced last December, adding that the country was more a victim of the contagion effect rather than any major structural weaknesses.

Turning to South Korea, he said the government was slow in addressing the problems and that it took them some time to realise the gravity of the economic fallout before resorting to the Washington-based agency for aid.

As for Thailand, he said there are some signs that progress has been made through their financial reforms, but added that Bangkok has not requested for further aid.

However, he said there would be a further review of the reforms undertaken by the IMF in February whereby a team from the IMF would analyse the country's fiscal position and ascertain whether more reforms were needed.

On the Philippines, he said it has so far weathered the crisis, but added the country too needed to undertake belt-tightening measures.

As for Singapore, he said it did not need IMF help, while China was suffering a moderate economic slowdown which the government can deal with if undertakes pre-emptive measures like the others. -- BERNAMA

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