

03/02/1998

World Bank chief: Malaysia's measures effective

SINGAPORE, Mon. - World Bank president James Wolfensohn has given the thumbs up to the programmes undertaken by Malaysia to deal with the country's financial and economic problems, saying they have been "effective".

"Malaysia has got the capacity to deal with the crisis," he told Bernama before leaving for Kuala Lumpur.

Wolfensohn said Malaysia was "not one of the countries I'm deeply concerned about now."

The World Bank chief is on a tour of six East Asian nations from Jan 30 to Feb 8.

He said Malaysia, which did not turn to the International Monetary Fund for help in dealing with the economic problems, has had effective economic management.

His statement comes as Asian markets roared into the Year of the Tiger with evidence that foreign confidence in the region was returning.

All the region's major stock markets - Tokyo, Hong Kong, Sydney, Singapore - gained today, as did smaller markets in Bangkok, Jakarta and Manila. The Kuala Lumpur Stock Exchange was closed today in view of the public holiday which fell yesterday.

Asian currencies were also stronger, firming or consolidating at higher levels as confidence seemed to reappear.

Wolfensohn said Malaysia, in putting in its own programmes, had also reassured concerned investors by deferring the planned big projects.

He added that in previous meetings with the Malaysian leaders some three months ago, he (already) had the impression that Malaysia could control the situation.

Asked if the worst was over, Wolfensohn said nobody could tell but the steps taken by the various countries concerned "have diminished the chance of further eruptions".

In Kuala Lumpur, on arrival at the Sultan Abdul Aziz Shah International Airport in Subang, Wolfensohn said the impact of the current financial problems on society would be the main topic of discussion when he meets Prime Minister Datuk Seri Dr Mahathir Mohamad and Finance Minister Datuk Seri Anwar Ibrahim.

He will be in Malaysia for two days.

"I am here to get the advice of the Prime Minister and Minister of Finance... and generally to exchange views," Wolfensohn said.

When asked if the World Bank would extend loans to Malaysia, Wolfensohn replied: "I am not here to talk about loans. Obviously, we are prepared at any time to talk to the Government here should they need it, but that's not the purpose of my visit."

Elaborating on his trip to East Asia, Wolfensohn stressed that there was no standard topic of discussion with leaders of the various countries other than the stability of financial systems.

"We are also looking at how we can assist governments in corporate laws and supervision of banking systems.

"Another very important issue was the question of the impact of the current problem on poor people," he said.

Describing it as a very strong social agenda, Wolfensohn placed importance on reversing the impact of the financial problems on the most vulnerable ... children and elderly people.

(END)