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ECONOMY-COMMENTARY

GROWING CHORUS OF FOREIGN ENDORSEMENT FOR MALAYSIA'S ECONOMIC REBOUND

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KUALA LUMPUR, April 21 (Bernama) -- The chorus of optimism and support from foreign investment bankers and analysts for Malaysia's economic recovery has begun in earnest and is growing.

This is certainly a far cry from the gloom and doom they had predicted as recent as seven months ago.

At the height of the economic crisis, Malaysia was told that the International Monetary Fund's (IMF) prescription of a tight monetary regime coupled with higher interest rates were the best available options open.

But Malaysia did not succumb to such mounting pressure and decided to strike out on its own to find less disruptive solutions.

When Malaysia imposed selective exchange controls on Sept 1 last year to insulate the economy from the global economic turbulence, many foreign analysts were quick to say that the authorities had taken an isolationist attitude. Something akin to an ostrich burying its head in the sand!

There was even a joke on the Internet which said Malaysia's economic woes and malaise even moved God to tears.

But as they say, it's a different ball game right now. Almost everyone is now singing praises of Malaysia and its execution of various economic policies.

It is pertinent to note that when the financial crisis first hit Malaysia in the second half of 1997, Prime Minister Datuk Seri Dr Mahathir Mohamad said it was important not to despair and panic.

And panic the country's financial and economic strategists did not.

The formation of the National Economic Action Council early last year to tackle the problems head on and the introduction of the National Economic Recovery Plan (NERP) six months later only served to demonstrate that the government really meant business in terms of economic recovery.

The NERP has since been hailed as a no-nonsense road map to jump-start the economy. And jump-start it did.

After the reduction of 6.7 percent in economic growth last year, the Malaysian economy is poised to register at least a 1.0 percent growth this year. But some analysts are even more optimistic and generous as they cite higher heart-warming levels of 2.0 percent or more.

Salomon Smith Barney, the government's financial adviser, was the first of the foreign investment houses to predict that the Malaysian economy was right on track towards recovery in January this year.

Prior to Bank Negara Malaysia's prediction of a conservative gross domestic product growth of 1.0 percent for this year, three foreign investment houses gave a glowing account of their outlook on the Malaysian economy last month.

Credit Suisse First Boston was the first among them and said that Malaysia would record a growth of 3.0 percent after saying that there had been swift progress in tackling non-performing loans and restructuring the banking system.

Then Merrill Lynch said the Malaysian economy would grow by 2.0 percent this year amidst a backdrop of strong exports and rebound in consumer spending.

SG Securities also issued a forecast of a growth of 2.5 percent this year now that the recession-hit economy had reached a turning point.

Last week, Goldman Sachs said the economy would grow by 2.0 percent this year and that Malaysia could afford to raise funds from abroad now

that its ratings had improved. Rating agencies Standard & Poor's and Moody's had now revised their outlook on Malaysian bonds to stable from negative.

Yesterday, the Asian Development Bank said Malaysia would grow by 0.7 percent this year and today the IMF projected an even higher figure -- 0.9 percent.

These forecasts are certainly gratifying as Malaysia bounces back from the brink. We did not panic. -- BERNAMA

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