

28 AUG 1999

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INVESTORS' ASSOCIATION PREDICTS 3.8 PCT GROWTH THIS YEAR

KUALA LUMPUR, Aug 28 (Bernama) -- The Malaysian Investors' Association is predicting a more bullish outlook for the country's economy this year than the government, projecting the Growth Domestic Product (GDP) to touch 3.8 per cent by year end.

Its president, Dr PHS Lim said the overall improvement of regional economies once battered by the contagion effects of financial crisis and strong United States market, contributed to the positive growth.

"There are possibilities for Malaysia to have strong GDP growth of around 3.8 per cent for the whole year," he said after attending the Koperasi Serbaguna Malaysia (KSM) annual general meeting at Wisma MCA, here today.

On Wednesday, Bank Negara Malaysia Governor Tan Sri Ali Abul Hassan announced that the country's second quarter GDP grew by 4.1 per cent after a 1.3 per cent contraction in the first quarter.

Ali also said that as a result, Malaysia was comfortably out of the economic recession, but maintained the growth forecast of one per cent for this year and five per cent for next year.

For next year, Lim projected the Malaysian economy to continue growing at six to seven per cent.

He said the economy would experience better growth towards December when the domestic consumption during the Chinese New Year, Hari Raya and Christmas celebrations provided the much needed boost for the manufacturing sector.

Despite all the positive projections, he cautioned that the Malaysian economy is still fragile to outside instability and insisted that the world heeds Prime Minister Datuk Seri Dr Mahathir Mohamad's call to revamp the world's financial architecture.

Asked if it was high time for the government to ease the capital controls, Lim said, "Right now, we may need the capital controls, but as the economy recovers, the Malaysian government might totally remove the capital controls."

He said people overseas should not be overcritical about the country's capital controls as China, Chile, India and Taiwan have practised the regime in their economies long before Malaysia.

Furthermore, Lim said he saw the financial controls imposed as a temporary measure and when the situation improved, the liberalised economic system would be put in place again.

He also said, next year's interest rate would move up as the present level "is already touching the bottom".

--BERNAMA

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