

10 DEC 1999

CABINET-REACTION

INVESTORS WELCOME RETENTION OF INCUMBENTS IN FINANCE & TRADE

KUALA LUMPUR, Dec 10 (Bernama) -- The retention of Tun Daim Zainuddin and Datuk Seri Rafidah Aziz as finance and international trade and industry ministers respectively in the new Cabinet line-up has been hailed as significant in ensuring continuity in the government's pro-business policies, said analysts and commentators.

They said the selection by Prime Minister Datuk Seri Dr Mahathir Mohamad also reflected his desire to have stability in the administration.

The announcement of the Cabinet team today following the Barisan Nasional's win in the 10th general elections also removed uncertainties which had been lingering about for some time, they said.

Standard & Poor's MMS International analyst Sani Hamid said the line-up meant that economic policies would remain the same and that investors would be happy with them.

The Singapore-based Sani also said there were no surprises in the line-up despite speculation Tengku Razaleigh Hamzah may return to the Cabinet.

Dr Mahathir put the speculation to rest when he said in a reply to reporters, "Well, we have taken into consideration various criteria in the appointment of ministers and if a person does not fit in with the criteria, of course we cannot appoint him no matter who he is."

Sani said there was no change to the economic team except for the absence of former Second Finance Minister Datuk Mustapa Mohamed who lost his Jeli parliamentary seat.

Malaysian Investors' Association (MIA) president Dr PHS Lim said by retaining Daim, who has been instrumental in turning the economy around, there would be continuity in the country's economic policies.

"The old horse (Daim) is still good for the ministry," he said.

Dr Lim also said the re-appointment of Rafidah, a minister familiar with the areas under her purview, was a right move.

"If you put new faces (in international trade and industry) he or she may not find it easy to be familiar with various trade issues," he said.

Sani said the message of continuity was strong with Daim and Rafidah retaining the finance and international trade and industry portfolios.

A commodity analyst Daim had twice helped Malaysia to ride out the economic recession, one in the mid-80s and the other recently.

He said it was also a wise step by Dr Mahathir to retain Datuk Seri Dr Lim Keng Yaik as Primary Industries Minister.

He said Dr Lim's credibility was proven by the palm oil industry's achievements internationally.

He also said Dr Lim was a hard working minister who was very involved in many issues related to the country's commodity sectors. During the recent economic downturn, the palm oil industry had done well by fetching strong earnings.

The president of the Malay Traders and Entrepreneurs Association of Malaysia (Perdasama), Datuk Moehamad Izat Emir, said Rafidah's re-appointment was due to her expertise in trade issues.

He felt that the appointment of Datuk Mohd Nazri Abdul Aziz as Entrepreneurs Development Minister would revitalise bumiputera entrepreneurs, especially the younger ones.

Jupiter Securities head of research, Phua Lee Kerk, said the line-up

was a continuation of the pre-election Cabinet except for those who lost in the elections.

He felt that the prime minister did not want to change the key economic posts in the Cabinet as he wanted the economic recovery to be on track.

On Tengku Razaleigh Hamzah's omission, Phua said Dr Mahathir and Tengku Razaleigh may have felt that was not the right time yet for the Kelantan prince after the failure of Barisan Nasional to capture Kelantan.

He said there was no disappointment in the stock market regarding the appointments although there was some selling at around 4.00 p.m. when the new Cabinet was announced.

He said it was normal for investors to buy on anticipation of an announcement and sell after that to take profits.

At 4.00 p.m., the benchmark Composite Index on the Kuala Lumpur Stock Exchange stood at 745.44 but profit taking during the announcement of Cabinet line-up saw the index fall to 740.63 before recovering.

The Composite Index ended the day 6.47 points higher at 743.60 after racing to intra day high of 747.47 -- BERNAMA

TM SHY