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MSCI-COMMENTS

MCA AND GERAKAN WELCOME REINSTATEMENT OF MALAYSIA IN MSCI INDEX

KUALA LUMPUR, Aug 13 (Bernama) -- Malaysian Chinese Association (MCA) and Parti Gerakan Rakyat Malaysia (Gerakan), which are members of the ruling National Front coalition, today welcome the reinstatement of Malaysia in the Morgan Stanley Capital International (MSCI) Emerging Markets Free Index and its all Country/Far East (except Japan) Index.

MSCI's decision puts to rest any fears of a massive outflow of funds from the country with the expiration of the one-year holding period for repatriation of speculative funds this September, said MCA vice president and its Economic Bureau chairman, Datuk Dr Fong Chan Onn.

The bureau has always reasserted that the country's fundamentals were strong and it regarded the MSCI's decision as a justification of this belief, said Dr Fong.

The net cumulative inflows of foreign capital since February this year, when the government introduced the graduated levy for the repatriation of portfolio capital, has been positive and the figure was an impressive RM4.56 billion last month, Dr Fong said.

The selective capital control measures by the government since September last year had brought much needed stability to the economy, he said, adding that reforms and restructuring in the financial sector were also on schedule.

Gerakan Vice President, Dr S. Vijayarajam, said the reinstatement is irrefutable evidence, in the face of recalcitrant critics, that economic recovery measures instituted by the Government had indeed produced results.

More importantly, the recovery had been achieved with a minimum of the disastrous side-effects of recuperation as was witnessed in some Asian nations, he said.

Vijayarajam said the exchange controls, loosening of credit and other austerity measures, deemed unconventional and sneered at by some cynical elements, have helped tremendously in turning around the fiscal standing of the country.

However, he said, the economic recovery was by no means complete and that the people should continue to help the Government by practising prudence and thrift as they had done in the past.

Thus, he urged the voting population to take heed if Prime Minister Datuk Seri Dr Mahathir Mohamed's advice not to "change horse in mid-stream" during the coming general election as the process of the economic recovery and nation building was not yet over. -- BERNAMA

MSL KTC