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ELECTIONS-PRO BUSINESS

BN'S 2/3 WIN WILL ENSURE CONTINUITY OF PRO-BUSINESS POLICIES

KUALA LUMPUR, Nov 30 (Bernama) -- Analysts and commentators, in hailing the two-thirds majority attained by Barisan Nasional in the 10th general elections, stress that the resounding win will ensure continuity of the government's pro-business stance.

With the ruling coalition retaining its hold on the reins of the government, analysts also believed that pragmatic economic policies will continue to roll out for the benefit of businesses as well as other sections of the population.

They also say that with the clear mandate given to BN, the uncertainties previously prevailing with regard to the people's support for it, have been eliminated entirely.

Franklin Tan, head of research at OCBC Securities (Melaka) Sdn Bhd, said, "It is good that the elections are out of the way. With the elections behind us, any political uncertainty previously looming in the market has been removed."

He said this improved state of affairs should give rise to more opportunities to accumulate shares in the equities market.

Teoh Kok Lin, managing director of HSBC (Research) Malaysia, said he believed that economic progress would continue and there would not be any let up in the country's growth momentum.

Saying that he was not surprised at the two-thirds majority secured by BN, he said it reflected the people's continued desire for stability.

"This will be good for business. For the corporate sector, it will be business as usual and that is very essential."

Neil Saker, regional economist with SG Securities in Singapore, said the two-thirds majority was predictable except for a few surprises like losing Terengannu to PAS.

He also said the defeat of second finance minister Datuk Mustapa Mohd, viewed as a strongman in Kelantan, has come as a total shock.

"He (Mustapa) is well-respected in the market, so I am certain he would be made a senator and brought into the Cabinet line up again," said Saker. "Mustafa knew his subject well and he is also good at explaining things. He was generally a good minister."

HSBC's Teoh felt that there would not be any problems as far as economic policies were concerned, especially with first finance minister Tun Daim Zainuddin winning with a big majority in the Merbok parliamentary seat.

"He (Daim) is going to be back in office and therefore things would be very much intact as far as financial and fiscal policies are concerned," he said, adding it would be interesting to see if Mustapa was brought back into the Cabinet.

PK Basu, an economist at the Singapore-based Credit Suisse First Boston, said the two-thirds majority win would not have any immediate impact on the economy.

But he said by being re-elected, it would ensure continuity of the economic policies.

Citing an example, he said the bank merger and consolidation programme would proceed while monetary policies would remain easier coupled with a moderately expansionary fiscal policy.

Teoh said the market would wait for the formation of a new Cabinet and the 2000 Budget to be re-tabled by the end of this year.

The analysts said the elections had removed the succession issue of who was going to rule but said BN has to realise that its strength in areas like Kedah, Perlis and Terengganu has weakened.

"It goes to show that people are not pleased with developments in some areas," said Saker.

On PAS taking over the Terengganu state government and its impact on foreign investment, Saker said investors may see this only as a short-term issue.

"Foreign investors should not worry about PAS as they are only governing at the state level. I can't see it as a big issue," he added.

He also said some serious questions on the economy needed to be sorted out for the next century and they included how to create new growth on the software side.

"How to bring in high-tech to businesses into Malaysia is one area that should be addressed. They (government) has also done a lot to bring in multinational companies into the country. It is now time to bring back Malaysian talent home from abroad," he said.

Datuk Mohamad Izat Emir, President of the Malaysian Malay Businessmen and Industrialists Association and a director of Faber Bhd, said the victory of the Barisan Nasional party with a majority would mean the continuity of stability, progress and peace in the country.

He said the business community was confident that Prime Minister Datuk Seri Dr Mahathir Mohamad would be able to come up with a new and effective Cabinet line. -- BERNAMA

TM SHY