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LID-MALAYSIA

MSIA'S ECONOMIC RECOVERY REAL, SAYS LID PARTICIPANTS

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LANGKAWI, July 26 (Bernama) -- The Malaysian economy has been given a clean bill of health by participants at the fourth Langkawi International Dialogue (LID) here, who admitted that the country's economic recovery is real.

Focusing their attention on Malaysia's experience in handling the Asian financial crisis in their first closed session of the dialogue, they agreed that Malaysia has successfully tackled the crisis.

Backing their arguments with facts and figures, the participants comprising some of the world's top politicians, captains of industries, economists and academicians said Malaysia has an effective crisis management system.

"The political stability has also helped Malaysia to weather the crisis," said Associate Prof Dr Zulkifli Senteri from the Content Expert Group, formed to monitor and brief on the day's proceedings of the LID.

Briefing reporters on the first half of today's sessions, Dr Zulkifli, a lecturer at Universiti Putra Malaysia, said the participants felt that the crisis which began two years ago was related to internal and external factors.

The four-day LID commenced yesterday with a keynote address by Prime Minister Datuk Seri Dr Mahathir Mohamad.

Dr Zulkifli said that the internal factor was related to the "corporate problems" which was then influenced by the external factor which was the currency crisis, and the inflow of a lot of short-term capital.

"They felt that the government's initiative in handling the crisis through fiscal and monetary controls had helped to put the economy on the path to recovery," he said.

Dr Zulkifli said they admitted that the economic recovery was real based on several factors including the increase in production and the use of energy.

The participants also stressed the importance of a "home grown formula" for all countries to tackle the crisis such as the one adopted by Malaysia.

In September last year, the government had introduced selective exchange control measures to insulate the country's economy from further economic turbulence.

The measures included pegging the ringgit at RM3.80 to a US dollar to reduce the impact of the currency exchange volatility, boost economic growth and sustain economic recovery.

Also introduced was the one-year moratorium on the repatriation of funds by foreigners from Sept 1 last year. This would be lifted come Sept 1.

These measures had led to an economic recovery which could be seen from statistics released by the government.

For instance, Malaysia's foreign reserves had improved by 50 percent from US\$20 billion to US\$31 billion and able to finance seven months of imports, while trade surplus between January and May this year stood at RM28.2 billion or US\$7.4 billion. -- BERNAMA

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