

17/06/1999

A lesson in manners for the western media

Lyn Chai

DEAR Mr Soong,

Thank you for participating in the briefing held by our Prime Minister, YAB Datuk Seri Dr. Mahathir Mohamad, for visiting foreign business journalists last week.

As you are aware, CNBC Asia was the only media granted an exclusive interview with the Prime Minister. As such, we were extremely disappointed that CNBC Asia decided to sensationalise the Prime Minister's interview by airing Mr David Roche's derisive commentary on Malaysian economic policy immediately after - the subjectivity of which is obviously plagued by his known personal enmity of the Prime Minister.

If this programme scheduling was aimed simply at improving CNBC's audience ratings, we can only conclude that our sincere efforts to accomodate your interview request was returned by intentions of deliberate ridicule and ill-will.

Roche's derogatory views on the Malaysian leadership and its handling of the economic crisis have been tediously repeated. His bias has been challenged in the past, but the best rebuttal by far, lies in the current performance of the Malaysian economy and third party endorsements by foreign banking and investment analysts.

Morgan Stanley Dean Witter stated that "Malaysia's policy mix is sound and sustainable." "The current economic environment of low interest rates and inflation, made possible by selective capital controls and the Ringgit peg, has seen export and import figures rise, the latter turning positive in April for the first time since July 1998, indicating a return in consumer confidence and domestic demand," said SG Securities. This has also helped Malaysia register a significant increase in external reserves, from US\$20.5 billion (US\$1 = RM3.80) at end June 1998 to US\$31,2 billion as at 7 June 1999.

Following recommendations in the National Economic Recovery Plan, measures to strengthen and enforce enhanced standards of corporate governance, transparency and disclosure are being vigorously implemented through new statutory regulations. The establishment and operation of Danaharta, Danamodal and the Corporate Debt Restructuring Committee were also envisaged under the Recovery Plan and Malaysia's efforts in bank recapitalisation and restructuring have been described as being "ahead of all its South-East Asian peers," by HSBC Research.

The phased and systematic approach of these special agencies does not mean that Malaysia is ignoring inherent weaknesses in the system. Rather, the pre-requisite of providing a solid financial base lies in allowing restructuring and management reforms to be undertaken in a less destabilising manner for a greater chance of success.

Even the International Monetary Fund (IMF) has admitted that Malaysia "has certainly moved quite far ahead in terms of restructurbig their financial sector and their macro-economic policies are good." Margaret Kelly, senior advisor in the IMF's Asia-Pacific Department said that Malaysia, "has wisely used the breathing space provided by the controls." It should be noted that since the introduction of selective capital controls, foreign direct investment has continued unaffected and portfolio investment flows have increased, fuelling a rebound in the Kuala Lumpur Stock Exchange from 262 points on 1 Septsinber 1998 to 783 points as of yesterday.