

19 AUG 1999

LING-CHINA

RADICAL MEASURES HELP M'SIA TO RECOVER, SAYS DR LING

KUALA LUMPUR, Aug 19 (Bernama) -- The selective exchange control measures and the fixing of the exchange rate had helped Malaysia to insulate the domestic economy from uncertainties in the international financial system, Transport Minister Datuk Seri Dr Ling Liong Sik said today.

He said that as a result of these measures, signs of recovery in terms of private consumption, investment and exports had emerged.

The country's international reserves had also increased and share prices on the Kuala Lumpur Stock Exchange (KLSE) had stabilised and strengthened, he said in his closing address on "How Malaysia Overcome the Financial Crisis and Charted the Economic Recovery" at the third Malaysia-China forum in Beijing.

His speech was made available to Bernama here.

Dr Ling said that the measures adopted by the Malaysian Government had shown positive results and contributed towards the restoration of public and investor confidence.

Dr Ling is in China, accompanying Prime Minister Datuk Seri Dr Mahathir Mohamad on a three-day visit in conjunction with the 25th anniversary of diplomatic ties between Kuala Lumpur and Beijing.

The government's bold measures had resulted in Malaysia's foreign reserves improving to US\$31 billion from US\$20 billion, a very high figure by international standards.

Malaysia pegged its ringgit at RM3.80 to a US dollar, since last September which brought about major positive impact to all sectors.

The KLSE Composite Index, which once dipped as low as 262 points in September last year, had since saw tremendous surge exceeding the 800-point level at certain stage.

On Wednesday, the 100-quality share Composite Index closed at 760.80 points.

However, Dr Ling cautioned about the need for reforms on the international front, saying that there is a need for reforms in the international financial architecture to achieve a comprehensive resolution to the (economy) crisis.

And to highlight these concerns, Dr Mahathir had been very vocal in the international fora to build a consensus on the need for reforms, he said.

Dr Ling said this was especially on the need to establish a global regulatory authority to oversee the orderly functioning of world capital markets and supervise the movement of short-term capital flows as well as prevent market manipulation and volatility.

He also said that Malaysia would continue with its selective control measures until there was an apparent change in the global financial environment.

Dr Ling, who is MCA president, attributed the country's economic recovery to the radical measures as well as the peace and stability being enjoyed by the people.

"Political stability, we believe is an important factor in our recovery. Without political and social stability we would not have succeeded. The unity and support of the people were paramount," he said.

Dr Ling also praised the role played by China to help Malaysia and other East Asian economies to recover by not devaluing its currency, saying that "this has allowed us to have breathing space to recover."

"China's decision not to devalue has brought about greater stability to the region. We are grateful to China for this decision which has given us time to recover," he said. -- BERNAMA

RV FR