

19 AUG 1999

Ling-China

RADICAL MEASURES HELP M'SIA RECOVER, SAYS LING

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

As a result of these measures, signs of recovery in terms of private consumption, investment and exports had emerged, he said.

Malaysia's international reserves had also increased and share prices on the Kuala Lumpur Stock Exchange (KLSE) had stabilised and strengthened, he said in a 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 the establishment 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 urgent reforms on the international front, saying that they were needed in the international financial architecture to achieve a comprehensive resolution to the (economic) crisis.

To highlight these concerns, Dr Mahathir had been very vocal at international fora to build a consensus on the need for reforms, said Dr Ling.

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 said.

Dr Ling, who is MCA president, also said that Malaysia would continue with its selective control measures until there was an apparent change in the global financial environment.

He attributed the country's economic recovery to the radical measures as well as the peace and stability 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 are paramount," he said.

Dr Ling also praised the role China played 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," he added.

-- BERNAMA

RV FR ryn