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## Regaining confidence

HOW sentiments have changed. A year ago, Malaysia's attempts to launch a bond issue was thwarted when international rating agencies downgraded its credit ratings. This time around, the launch of its US\$ 1 billion Global Fund has met with overwhelming response. Despite difficult market conditions, the global fund was oversubscribed by 300 per cent. This is certainly a heartening reflection of global investors' confidence in Malaysia's credit standing, and a testimony to its strong prospects for economic recovery.

As Prime Minister Datuk Seri Dr Mahathir Mohamad said, 'People have accepted that our economy has turned around and they are confident about the future of Malaysia.'

Indeed, the fact that the government has been able to access the international bond market successfully is 'a powerful endorsement' of its policies over the past year. Despite the earlier criticisms and adverse ratings, there is now a growing realisation among the international community that the government's initiatives, including the imposition of selective capital and exchange controls last September, have worked. On the local front, these controls are also proving to be beneficial in another area - the manufacturing sector. The pegging of the ringgit to the US dollar has given local manufacturers a competitive edge over their regional counterparts whose currencies have since appreciated. Hence, it is not surprising that the manufacturing sector, especially those in export-oriented industries, have started to increase their production. For two consecutive months - February and March - the manufacturing production index has risen by 11.7 per cent and 3.5 per cent month-on-month respectively. These figures are encouraging signs, and it is hoped that this uptrend momentum will be sustained. Obviously, a stronger recovery in the manufacturing sector will boost economic growth since manufacturing has, prior to the financial crisis, been a major engine of growth.

Thus far, the government has taken the lead in restoring confidence and turning around the economy. It is time the private sector gears up to help drive the recovery process.

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