

22 APR 1999
MAHATHIR-ECONOMY
WORST IS OVER, SAYS MAHATHIR

KUALA LUMPUR, April 22 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said the worst is over for the Malaysian economy and that all economic indicators point towards recovery.

He told reporters after tabling the Mid-Term Review of the Seventh Malaysia Plan (7MP) in Parliament here that the economy has already bottomed out and "we are on our road to recovery."

This recovery is reflective in indicators such as higher savings, improved stock market index and the reduced incidence of bounced cheques, he said.

Dr Mahathir also said the 1.0 percent and 5.0 percent growth projections for 1999 and 2000 could be achieved.

But he cautioned that growth is also dependent on the world economy.

In the meantime, he said the world economy is not growing as fast as the international financial system is not conducive towards growth.

But then, he said Malaysia could manage the crisis, easily the most severe it ever faced.

On the turnaround in sentiment of foreign research houses and rating agencies towards the Malaysian economy, he said, "I would not like to go so far as to say they have vested interest. They have to admit that things are looking better now because they will do themselves a disservice if they keep saying no, no, no (to Malaysia)."

Dr Mahathir said the Malaysian economy is doing well and that ratings by rating agencies "sometimes do not reflect the true situation."

However, he said investment funds had chosen to ignore the ratings.

He said while there are some parties who are still negative on Malaysia, on the whole, people are beginning to recognise that Malaysia has adopted the right measures.

"People recognised what we have done is right and the signs and indicators showed that we have done the right thing," he added.

On the additional RM22 billion needed to fund the 7MP's development programmes, he said financing would come from both internal and external sources.

He said Malaysia would hold a roadshow abroad in conjunction with efforts to raise funds from international markets. It was earlier reported that the government wanted to raise RM8 billion through bond issues.

The prime minister said the government sees no problem in financing the 7MP as "we have sufficient resources."

On the creditworthiness of the country when trying to raise foreign funds, he said this depended on the willingness of foreign lenders to subscribe to the bonds.

Asked on recent comments by US treasury officials on reforms to the international monetary system, he said they had finally accepted the view expounded by Malaysia since 1997.

He said their admission showed that Malaysia had been right all along.

"The need for reforms is essential as it is not the purpose of the international monetary system to allow unscrupulous people to impoverish countries and throw people out of jobs," Dr Mahathir said.

He said Malaysia would have to participate in the discussions on reforming the international monetary system as not taking part would allow others to devise rules for their own advantage.

On the Central Limit Order Book (CLOB) issue, he said the Kuala Lumpur

Stock Exchange (KLSE) is looking at it as well as the National Economic Action Council (NEAC).

He said they hope to manage the issue without disrupting the stock market and are close towards finding a solution. -- BERNAMA

SHO SHY