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Our interest rates are still attractive, says Dr M

Dzulkarnain Taib

MALAYSIA'S interest rates are still attractive for both depositors and borrowers, Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday.

"Our rates are low enough. People are borrowing and the rates are sufficiently high for people to keep money," he told reporters in Kuala Lumpur after delivering a keynote address at the Malaysian Capital Market Summit 2001 yesterday.

Dr Mahathir said Malaysia does not solely depend on interest and exchange rates' revision or pump-priming to stimulate growth to the country's economy. The Government studies every segment of the economy to keep it on the right track.

"We don't fiddle around with interest rates as a mean of solving economic problems. In Malaysia, we look at every aspect of the economy and we take corrective actions. We don't depend on just one factor," he added.

Dr Mahathir also said despite the slowdown in the US economy and also the bearish global economy, there is enough resilience in the Malaysian economy to mitigate the adverse impact.

He said the Government has drawn up various strategies to stimulate domestic demand that are expected to compensate for the slower external demand without creating new risks.

"Increased allocations are also directed towards projects and programmes that would lead to a strengthening of long-term productivity. The monetary policy stance will continue to remain accomodative to support growth," he said.

Dr Mahathir also criticised proponents of the devaluation of the ringgit as having "casual and shallow thinking".

He said it is wrong to assess a country's competitiveness solely on the basis of the currency's value against the currencies of competing countries.

"When all the other factors which contribute to productivity are taken into consideration, the claim that Malaysia's competitiveness is fast eroding does not really hold water," he said.

On the restructuring of corporate debts by the Corporate Debt Restructuring Committee (CDRC), the Prime Minister, who is also Finance Minister, said to date CDRC has helped restructure 37 ailing companies by resolving debts amounting to RM28.5 billion.

Bernama reports: Meanwhile, Dr Mahathir said that Malaysia does not discriminate against foreign companies investing in the country.

Responding to comments that there were occasions in the past where Umno or part of the Government were not very supportive of Singapore Telecommunications Ltd (SingTel) for example, Dr Mahathir who is Umno president said that Singapore's investment in Malaysia is large.

"Singapore's investment in Malaysia is very big, but our policy is the same for all foreign companies," he said after chairing the monthly meeting of the Umno Supreme Council at the party's headquarter in Kuala Lumpur.

"We don't want our companies which are doing business within the country to be dominated by foreigners. It is the same policy with Singapore also," he said.

Last year, SingTel had made a move to buy a 14.5 per cent stake in Time Engineering and 20.59 per cent in the latter's subsidiary, Time dotCom.

The Time-SingTel's proposal was aborted after Time informed the Kuala

Lumpur Stock Exchange that it had cancelled talks with SingTel on the matter.

Asked if there were any efforts taken to allow more Singaporean companies to invest in Malaysia, Dr Mahathir said: "It depends on our national interest".

On his meeting with Singapore Senior Minister Lee Kuan Yew to be held today, he said it would basically be on the relationship between Malaysia and Singapore.

Asked whether he would talk about the issue on the militant group, Dr Mahathir said "I don't know, if he asks me I will try to explain".

Lee arrived on Sunday for a four-day visit aimed at enhancing ties between Malaysia and Singapore.

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