

Malaysia can counter US slump

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Abdullah says economic fundamentals, policies and ringgit strong enough

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DAVOS (Switzerland): Malaysia's economic fundamentals are strong enough to withstand a recession in the United States, said Datuk Seri Abdullah Ahmad Badawi.

The Prime Minister said he did not foresee any major effects on the economy due to the country's long-term and forward-looking policies.

"We can face it because of our strong and stable government," he told Malaysian journalists before flying home yesterday after attending the World Economic Forum annual meeting.

Abdullah's remarks came in the wake of Wall Street stocks tumbling on Friday after two days of solid rises amid fears of trouble by a major hedge fund.

European markets ended mostly lower while Asian bourses posted big gains, with share prices on Bursa Malaysia closing sharply higher for the second consecutive day.

The Prime Minister said Malaysia's economic fundamentals were intact although it had at one time depended heavily on the US.

With the diversification of its exports to other countries, he said, Malaysia no longer relied on the US market but traded more with its

Asean partners.

"In fact, our total exports to Asean countries are higher than to the US," he said, adding that Malaysia also had strong economic relations with China, Japan and Korea while expanding ties with India.

Abdullah said the Malaysian economy had shown signs of resilience during times of uncertainty.

He said 86% of the country's GDP were also derived from the strength of the domestic economy.

"Our ringgit is stable and so are our markets," he added.

He expressed confidence in the people's ability to face the recession and take measures to cushion its effects.

On any new measures to reduce its impact, Abdullah said the existing policies had proven to be effective and would continue to be implemented.

"We will see whether it's necessary to take any new action when the situation arises," he added.

Abdullah also said the Davos meeting had become a responsive forum to discuss the latest developments linked to economic or political issues.

It also provided the opportunity for participants not just to meet government leaders but also the private sector, including corporate giants, he added.