

# PM: We're protecting the ringgit

BANK Negara Malaysia is dealing in foreign currencies to protect the ringgit, Prime Minister Datuk Seri Dr Mahathir Mohamad said in Kuala Lumpur yesterday.

"The revaluation and devaluation of foreign currencies had caused Malaysia to suffer huge losses previously," he said.

He was commenting on a news report that a diplomatic row could emerge between Malaysia and Britain over Bank Negara's aggressive dealings in pound sterling for profits.

The report said Bank Negara was the spur to London banks setting up an effective cartel in the foreign exchange market, which is now under investigation by the Office of Fair Trading.

The banks met late last month after the pound sterling plummeted four US cents (10.76 sen) from

US\$1.88 (\$5.06) to US\$1.84 (\$4.95). Three currency traders and one European central banker attributed this drop to massive sale of the pound sterling by Bank Negara.

"When they do something it is always right. Now they have formed a cartel of banks," said Datuk Seri Dr Mahathir.

"We are only trying to protect our currency. So what is wrong with our protecting our own interest?" he told reporters after presenting a keynote address at the 17th Asian Advertising Congress.

Datuk Seri Dr Mahathir noted an example where Malaysia had lost lots of money when there was revaluation of the yen.

"We lost a lot of money because we borrowed (in) yen. When they devalued their currency we lost the money," he added.