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MAHATHIR - CURRENCY

KUALA LUMPUR, NOV 5 (BERNAMA) -- BANK NEGARA'S CURRENCY DEALINGS IN THE FOREIGN EXCHANGE MARKET WERE AIMED AT PROTECTING AND STABILISING THE RINGGIT, PRIME MINISTER DATUK SERI DR MAHATHIR MOHAMAD SAID TODAY.

THE DEALINGS WERE NOT MEANT TO MAKE PROFITS, HE ADDED, POINTING OUT THAT THE REVALUATION AND DEVALUATION OF FOREIGN CURRENCIES HAD CAUSED MALAYSIA TO SUFFER HUGE LOSSES PREVIOUSLY.

DATUK SERI DR MAHATHIR WAS COMMENTING ON A NEWS REPORT THAT BANK NEGARA'S AGGRESSIVE DEALING IN POUND STERLING COULD CAUSE A DIPLOMATIC ROW BETWEEN BRITAIN AND MALAYSIA.

ACCORDING TO THE REPORT, BANK NEGARA WAS THE MAIN 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.

IT SAID THE CENTRAL BANK HAD BUILT UP A HUGE POSITION IN POUND STERLING AS IT APPRECIATED IN ANTICIPATION OF BRITAIN'S ENTRY INTO THE EXCHANGE RATE MECHANISM (ERM).

AFTER THE ERM ENTRY, BANK NEGARA CALCULATED STERLING HAD PEAKED AGAINST THE DOLLAR AND, ON SEPT 21, IT LIQUIDATED ITS POSITION AND A NUMBER OF BANKS HOLDING POUND STERLING, INCLUDING BRITISH CLEARING BANKS, GOT STUCK WITH BIG LOSSES, IT ADDED. -- MORE
1555MST 05 11 90

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MAHATHIR - CURRENCY 2 KUALA LUMPUR

SPEAKING TO REPORTERS AFTER DELIVERING A KEY-NOTE ADDRESS AT THE 17TH ASIAN ADVERTISING CONGRESS HERE, DATUK SERI DR MAHATHIR SAID:
+WE ARE STABILISING OUR OWN CURRENCY.

+WHEN THEY DO SOMETHING IT IS ALWAYS ALRIGHT. WE ARE TRYING TO PROTECT OUR CURRENCY.

+WE HAVE LOST A LOT OF MONEY BEFORE. WHEN THEY REVALUED THEIR CURRENCY LIKE THE YEN, WE LOST A LOT OF MONEY BECAUSE WE BORROWED YEN. WHEN THEY DEVALUED THEIR CURRENCY WE ALSO LOST MONEY.

+SO, WHAT IS WRONG WITH OUR PROTECTING OUR OWN INTEREST. WHY IS IT WHEN THEY CAN PROTECT THEIR INTEREST AND WE CANNOT, I CAN'T UNDERSTAND THIS.+ -- BERNAMA
1556MST 05 11 90