

ECONEWS

PM SAYS HE WILL NOT REMOVE ANYONE FROM BANK NEGARA

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SHAH ALAM, April 20 (Bernama)-- Prime Minister, Datuk Seri Dr Mahathir Mohamad says, he will not take any action on anyone from Bank Negara following the RM9.3 billion losses from the foreign exchange market.

"I don't see why I should take action by removing this and that person as this is not the right way," he said adding that when Bank Negara made profits from the forex market in the past, it did not make any announcement.

Speaking to newsmen after launching Perusahaan Otomobil Nasional Bhd's research and development centre here today, Dr Mahathir said that the foreign exchange losses were being exaggerated by certain groups who had always been critical of Bank Negara's role in the foreign exchange market.

Prime Minister said these critics aired their views when Bank Negara made profits from the foreign exchange market, when the value of the ringgit appreciated and they also commented on the losses.

He said, in short, those who criticised the losses had assumed that Malaysians do not know how to manage their economy.

Dr Mahathir said although not all central banks participated in foreign exchange markets, he believed Bank Negara had the ability in this field.

This was reflected in the country's economic resilience and Bank Negara now had total reserves of RM46 billion, a figure which could allow the government to import for seven months compared to four months in the past, he added.

Dr Mahathir said, as explained by Bank Negara Governor, Tan Sri Jaffar Hussein yesterday, the losses were incurred as a result of the stronger ringgit last year.

"If we keep the foreign exchange reserves in the foreign exchange market, and the value of the currency depreciates, there would certainly be a loss for the ringgit, but this would only be a book loss," he said.

Citing an example, Prime Minister said, if in the past one pound sterling was valued at five ringgit, and if 1,000 pound British sterling are kept as savings, the total deposits would be worth RM5,000.

"But if the value of the pound drops to four ringgit for every pound and if we still maintain our pound savings, 1,000 pounds would have depreciated to RM4,000 and this would mean we have lost RM1,000," he said.

The Prime Minister said there were certain groups who felt that Malaysia should not use money to support the value of the ringgit.

"But it is the same group also asked why the value of the ringgit appreciated and why we suffered losses in reserves," he added.

The Prime Minister said it was easy to expect an increase in the ringgit's deposits.

This could be done through the devaluation of the ringgit, he added.

As an example, he said, if the value of the pound falls to eight ringgit for every pound, this would mean that the 1,000 pound deposits would rise to RM8,000. --Bernama