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Mahathir-bank

BANK NEGARA'S LOSS WAS ONLY PROFITS MADE EARLIER, SAYS PM

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KOTA KINABALU, April 3 (Bernama) -- Bank Negara's loss of RM5.7 billion last year in foreign exchange dealings was only part of the profits which the central bank had made in the preceding years, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

Therefore, the financial position of the country remained strong and unaffected, he told a news conference here at the end of his two-day visit to Sabah.

He said the loss was nothing to be concerned about in view of the fact that the central bank had recorded profits previously.

"If we take into account the year 1993, there is definitely a loss but if we look at the preceding years, there were periods when we made profits. What we lost is only the profits we had made previously," he said.

Dr Mahathir said the profits the bank made in the past were big, and as a result the country has a reserve exceeding RM70 billion.

"If we had actually suffered a loss, there is no way for us to have a reserve of more than RM70 billion which can sustain imports for eight months," he said. -- more

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Mahathir-bank 2 Kota Kinabalu

Bank Negara Governor Tan Sri Jaffar Hussein, when releasing the central bank's annual report for last year, had full responsibility for the loss. He had also opted to retire early, on May 1.

Dr Mahathir said the foreign exchange dealings of the central bank was not a constantly losing business.

On Jaffar's successor, he said a decision had not been made yet.

Asked whether the government proposed to set up a special committee to investigate the loss, he said the Cabinet had not made any decision on the matter.

He said he had also been abroad. Dr Mahathir was in New Delhi to attend the summit of the Group of 15 (G-15) developing countries.

On whether the government would take action against anyone, Dr Mahathir said that if action was taken, it must be fair.

"In business, there are times when we make profits and there are times we suffer losses. If we pick only on the losses and take action and do nothing when we make profits, I feel that is being unfair.

"Therefore, we have to take into consideration the whole period of the transactions by an individual ... whether profits were made during that period," he said.

At the news conference, Dr Mahathir was also asked whether the number of Sabah Cabinet members would be increased. He said the government would look into the matter if it was necessary.

The Sabah Cabinet has nine members at present, including the chief minister. -- Bernama

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