

PROFITS IN PAST YEARS

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PM: Country's financial position remains strong

KOTA KINABALU: Bank Negara's RM5.7 billion forex losses last year are from the profits made in foreign exchange dealings over the past years, the Prime Minister said yesterday.

Datuk Seri Dr Mahathir Mohamad said the financial position of the country was not weakened because of the losses.

"On the whole, we made a profit and our losses actually came from profits made in forex dealings in preceding years.

"If that is not the case, how can we have a strong reserve of RM70 billion which can sustain our country's imports for up to eight months," he said in reply to questions at a press conference at the end of his two-day official visit to Sabah.

On Friday, Bank Negara Governor Tan Sri Jaffar Hussein, who presented the central bank's 1993 annual report at a press conference, accepted responsibility for the losses after admitting mistakes were made in the forex dealings.

Jaffar, who was appointed the fourth Bank Negara Governor in June 1985 following the resignation of Tan Sri Aziz Taha, opted for early retirement.

Jaffar will relinquish his post effective May 1 — two years before the end of his term after his contract was renewed last June for three years.

Dr Mahathir said no decision had been made on who would be the next Bank Negara Governor.

Asked whether a committee would be set up to look into the forex dealings losses, Dr Mahathir said no discussion had been held on the matter.

"Since this (Bank Negara losses) announcement was made, the Cabinet has not met. I've been away," he said. Dr Mahathir was in New Delhi to attend the summit of the Group of 15 developing countries.

Asked if action might be taken against those responsible for the losses, he said that any action taken must be justified and fair.

In doing business, he said, profits and losses would be made. "At times we make profits and at times we make losses.

"I cannot just pick on the year when we record losses without taking into consideration the years we make profits.

"I think that will be unfair. We must consider all factors before deciding," he said.