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APEC NEEDS TO REGULATE CURRENCY TRADING, PM SAYS

By: Salmu Hashim

VANCOUVER, Nov 23 (Bernama) -- Prime Minister Datuk Seri Dr. Mahathir Mohamad Sunday has urged leaders of the Asia Pacific Economic Cooperation (Apec) Forum to reach agreement on regulating currency trading in view of the currency turbulence that has rocked a number of Asian economies.

The prime minister, who arrived here Sunday to attend the fifth Apec Leaders Summit here, said at a dinner for captain of industries, "I would like to suggest to Apec that we reach an agreement that there should be some regulations over currency trading and that currency traders should not be given unlimited funds in order to bludgeon into submission countries like Malaysia."

Apec leaders are likely to focus on the Asian currency crisis that has led Thailand, Indonesia and South Korea begging for aid from Asian neighbours and the International Monetary Fund (IMF). The Malaysian ringgit too has suffered from the currency decline.

The leaders are scheduled to come up with a leaders' declaration at the end of the two-day summit beginning Monday. Asean leaders are likely to discuss the currency problem with US President Bill Clinton when they meet him for breakfast Monday (tomorrow) morning.

Dr Mahathir proposed that market exposure to foreign exchange trade be restricted to twice the capital invested to minimise currency volatility.

"They should be limited to maybe raising only a hundred percent more than what they're putting by way of capital. Then the contest would be fairer," he said at a question and answer session following his address at the Apec CEO Summit.

Dr Mahathir called for more transparency in currency trading suggesting that traders be registered and become members of the market.

"We really don't know who is trading, how much money is being traded, where the funds are coming from, where do they trade? We do not know."

"We want to know how much money they make and if they make such money, are they being taxed? Who should tax them? Surely, we cannot allow people who make billions of dollars get away without paying any taxes," he said, pointing out that Malaysia had lost US\$30 billion of its GDP from unregulated currency trading.

"But we cannot tax people that we cannot see. They must be visible."

Dr Mahathir also hit out at the World Trade Organisation (WTO) for not regulating forex trading which he said was 20 times bigger than global trade and made up 95 percent of world trade.

"When you regulate world trade without taking into consideration currency trading you are only regulating five percent of world trade. Ninety-five percent is made up of currency trading which is outside the ambit of the WTO.

"What kind of WTO are we having if we only control five percent of world trade?" he asked.

He said that he was informed by "a very well known authority" that currency traders have between them US\$180 billion in trading and they can leverage it up to US\$3.6 trillion.

"Now, no country in the world have access to such funds, certainly not Malaysia where the central bank has only US\$20 billion. How can we defend our currency against people who have trillions of dollars to play with... they want our money. It's simple. It's greed."

The prime minister said that the crisis was far from over and could

spread to other countries.

"I would like to say that the crisis is behind us, but I fear that it is not because the forces which precipitated this crisis are still there and very much alive and are still roving around and finding new areas where they can exercise their peculiar kind of business," he said in answer to a question.

He said that the attack on currencies had a worldwide effect stretching from the Far East to Wall Street.

"Generally speaking, the world is poorer, poorer in terms of purchasing power. And if one part of the world is poor in a globalised world, the rest of the world will also suffer. So, there is at the moment no end to this," he said.

-- BERNAMA

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