

24 JUL 1997

Mahathir-Currency

ASEAN MAY INTRODUCE LAWS TO CURB CURRENCY SPECULATION, SAYS MAHATHIR

KUALA LUMPUR, July 24 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today Asean may consider formulating laws to curb speculative attacks on the region's currencies.

"In the first place, (we'll) have a common stand on how to deal with this issue and if there is a necessity to formulate some laws regarding our currencies, we will do so.

"We are examining areas of possible cooperation," he told a news conference after opening the 30th Asean Ministerial Meeting (AMM), near here.

While no exact measure to overcome the problem had been identified, Dr Mahathir said that in general Asean would use its cooperative spirit to combat the speculative assault.

"Certainly by working together we can increase our clout and we would be able to deal with this kind of problem which is common to us," he said.

Calling for stronger cooperation among Asean's central banks, Dr Mahathir said although at present the level of relationship among Asean central banks was sufficient, it could be further expanded.

Asked whether Malaysia planned to propose a formal concerted effort on the matter, he said: "We already have some kind of cooperation or arrangement but obviously (it is) not sufficient and not effective enough to deal with the kind of situation we are facing now."

Mahathir reiterated that poor economic fundamentals could not be the basis for speculative funds to pile pressure on Asean currencies, but pure profiteering motives could.

"Problems like export slowdown and over-exposure of property lending are bound to happen to any country but I would not say our fundamental is not good...in fact, most Asean companies are doing rather well in comparison with those in Europe," he added.

When asked who the speculators were, Dr Mahathir said: " I think you know what it means as much as I do. I don't want to name them."

The prime minister had in his keynote address at the conference, warned his Asean partners that there was a well-planned effort to destabilise their economies by undermining their currencies.

Branding these currency speculators as "rogues" and their assault as "brigandage", he also asked the Asean partners to re-examine their position in the open economic market system and a "borderless" world.

To a question, Dr Mahathir reiterated that Asean's economic cooperation would not be turned into a trade bloc.

"We do not want to be a trade bloc. We have always said that we are not a trade bloc but we do have certain privileges among ourselves."

He said the Asean Free Trade Area (Afta) arrangement would reduce the import duties between Asean countries but would not force any conditions on its members to trade with other countries.

"So it is not our intention to become a trade bloc," he added.--

BERNAMA

AD JK