

10/10/1997

DPM: We'll not hinder WTO talks

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IT WILL not serve Malaysia's interests to frustrate World Trade Organisation (WTO) negotiations in financial services liberalisation but this liberalisation should not hurt developing countries, said Deputy Prime Minister Datuk Seri Anwar Ibrahim.

"The International Monetary Fund (IMF), World Bank and WTO chiefs have asked us to give proposals on concrete measures so that negotiations on financial services are not jeopardised by Malaysia's stand," he said at the launch of Syarikat Perumahan Negara Bhd in Kuala Lumpur yesterday.

He told reporters that WTO director-general Renato Ruggiero had contacted him on Wednesday evening and suggested that negotiations on financial services liberalisation continue.

"I told him in no uncertain terms that we are committed to liberalisation and there should not be a reversal in policy."

He said Malaysia's concern has been voiced by many other developing countries which view "financial liberalisation as one-way traffic", allowing only rich industrialised countries to benefit.

"It does not provide any avenue for developing economies to mature, progress and protect their interests," he said.

Earlier this month, Ruggiero had said negotiations on the liberalisation of financial services must not be allowed to fail.

WTO member countries have until December 12 to complete protracted talks on rules to open up banking, insurance and securities markets to foreign competition.

Anwar said Ruggiero will be coming to Malaysia at the end of the month to discuss Malaysia's proposals on ways to curb currency manipulation and speculation.

This, he said, is an encouraging move, and as pointed out by Prime Minister Datuk Seri Dr Mahathir Mohamad on Wednesday, Malaysia's struggle against currency speculation has finally gained world attention.

Before the IMF had their meeting this week, Malaysia was the first country to be consulted and asked to present views and proposals, he said, stressing that this is an honour never before granted to a developing nation.

"We presented two proposals. The first was the need for a full disclosure base, giving information on currency trading and hedge funds' movement," he said.

While admitting this is not an easy move, he said if currency speculation is left unchecked it will affect the stability of a developing country.

In calling for greater transparency in currency trading, he said it should be similar to stock market operations where the identities of all players, both local or foreign are disclosed.

"The second proposal is for prudential regulations for currency and money markets," he said.

"Two days ago, I received a fax from a World Bank representative and President Bill Clinton's chief economic adviser, also a World Bank consultant, saying they wish to visit Malaysia to discuss what we mean by disclosure and prudential regulations," he said.

He added information has been obtained from the IMF on about 15 points relating to banking supervision or prudent management of financial institutions.

"If this can be instituted for banks, then why not do the same for hedge funds and currency trading," he queried.

He said currency trading is not limited to national boundaries. As such, necessary mechanisms cannot be decided unilaterally or through regional groupings. It can only be carried out on an international basis.

"This will partly involve IMF competence, while the WTO round of negotiations on financial services is pursued," he said.

He stressed that this has to be an international effort.

While he did not suggest that Malaysia should take the lead, it could help in coordinating efforts to see that negotiations end successfully.

Meetings and discussions with World Bank officials arriving next week, he added, will be coordinated by Bank Negara and the Treasury.

He said while Indonesia had said on Wednesday it would seek help from the IMF and other institutions to bolster its foreign exchange reserves, Malaysia would not do so.

"At this stage, I do not think we require the intervention of IMF. We are taking some of their views seriously but do not need assistance as we are capable of dealing with the situation."

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