

03 NOV 1997

G15-Rafidah

"FIND A HOME" FOR CURRENCY TRADING, SAYS RAFIDAH

KUALA LUMPUR, Nov 3 (Bernama) -- Malaysia and other G15 members will not unilaterally take steps to curb currency speculation but will push forward to world bodies the idea of "finding a home" for currency trading.

International Trade and Industry Minister Datuk Seri Rafidah Aziz said today any system to guide currency trading should be multilateral and one that was universally applied.

"We have to find where the home is for this kind of trading. So far (there's) no home... it's a homeless commodity," she told reporters after the opening of the seventh G15 Summit here.

Rafidah said even international financier George Soros appeared to agree with Prime Minister Datuk Seri Dr Mahathir Mohamad that trading without any rules and proper discipline could "wreak a lot of havoc".

She said Malaysia was not against fluctuations in currency value due to normal market forces, but it was opposed to the movement of "hot money" by speculators that could result in currencies to be devalued by as much as 30 to 40 per cent within a short period.

"Money coming in and coming out causing this very sharp down turn and very sharp up turns is not something that the world needs," she said.

The minister said that for a certain system to be developed for currency trading it must receive the agreement of a majority of countries.

"There must be a discipline for currency trading but we are not saying what the discipline is. It's for the experts to decide," she said.

Rafidah said by taking the issue in a multilateral level, world financial experts from the World Trade Organisation, International Monetary Fund and World Bank for example could get together to study on the appropriate discipline for currency trading.

She said India had proposed for a group of financial experts among the G15 members to study the situation and also called for a meeting among governors of the central banks to discuss the matter.

On the timeframe for putting a system in place for currency trading, Rafidah said while proper attention should be given, there must be a sense of urgency to resolve the issue.

"...it must not be done in the normal bureaucratic way which takes three or four years down the line because it will be taken over by events.

"But we are not talking about tomorrow either, we will have to do it properly," she said.-- BERNAMA

NI SK