

17 NOV 1997

Mahathir-Chirac

FRENCH PRESIDENT SUPPORTS CURRENCY TRADING REGULATION

LANGKAWI, Nov 17 (Bernama) -- French President Jacques Chirac today gave full support to Malaysia's proposal for regulations to be introduced for currency trading, Prime Minister Datuk Seri Dr Mahathir Mohamad said here today.

Dr Mahathir said that Chirac agreed there should be regulations in currency trading so that there would not be an anarchy.

"Chirac is not saying that we should restrict but there should not be an anarchy, this is being able to raise 20 times your capital through leverage. That's something that needs to be investigated by the IMF," he told local reporters after meeting Chirac who flew in yesterday for a working visit.

Dr Mahathir said Chirac had informed him that he (Chirac) had spoken to International Monetary Fund (IMF) managing director Michel Camdessus over the telephone last night.

Chirac also agreed that the Group of 15 (G15) developing countries be represented when the Group of Seven (G7) industrialised countries discussed the currency issue.

Chirac believed that the G15 and G7 must have a closer relation because whatever the G7 decided had an implication on the G15, Dr Mahathir said.

Dr Mahathir said that Chirac was in favour of having a G15 representative in the G7 and had asked Malaysia to initiate efforts towards that.

On the US probe into Petronas and France's Total SA's gas deal in Iran, Dr Mahathir said France's stand was similar to Malaysia's and that is, no country should decide for another.

Dr Mahathir said: "Even France is against sanctions like us. These are not the World Trade Organisation's rules but merely one country's decision (US)".

Dr Mahathir said Chirac, in fact, wanted further cooperation with Petronas in other areas and not just confined to Iran.

At a joint press conference earlier, Chirac expressed full confidence in the economic future of Southeast Asia, particularly Malaysia.

"I indicated to the Prime Minister that whatever damaging economic and social consequences of the currency fluctuation, I, for my part, consider that there are not of the nature that can put into question the capacity of growth of Southeast Asia.

"And even as we asked ourselves on the origin and consequences of the present situation, I am extremely confident of the economic future of this region," he said.

Chirac said compared to other countries affected by the currency crisis, Malaysia had the advantage of being managed in such a manner that it had a very solid future.

Chirac shared Camdessus' view that Malaysia did not need outside help and even if it was affected by problems faced by its neighbours, it was evident that Malaysia was not in a precarious situation.

Chirac also told Dr Mahathir that the G7 was "extremely favourable" to active contact with G15.

"France has been saying since two years ago that it is very difficult to talk about international monetary and financial problems of the world without having representatives from an important group such as Asia particularly Southeast Asia," he said.

He said there was a need to regulate currency trading to enable countries to benefit from its positive aspects and that excessive speculations by certain parties must be controlled.

"That is to say prudential rules must be found to avoid the law of the jungle in the interest of everybody especially the poor of the world," he said.

"I hope the collaboration between the IMF, Malaysia and other countries concerned will be able to control it (currency speculations)" he said.

The French president also hoped that Total SA and Petronas would further enhance and develop their cooperation which had been very good so far.

At the joint press conference, Dr Mahathir said he had explained to Chirac that from now on, it was up to Malaysia, Asean and the G15 to discuss in detail and give support or modify the proposal made by Malaysia to the IMF on currency trading regulations.

He said Malaysia had conveyed to Camdessus the need for transparency in currency trading and the setting up of a proper market for currency trading, sources of fund and extent of leverage currency traders can have access to.

Dr Mahathir also said he had explained in detail to Chirac what had happened to the countries of Southeast Asia and the need to have some control over the practices of the currency traders.

He said he had even conveyed similar information to Camdessus on the need for regulations so that such trading would not be destructive to growing economies. -- BERNAMA

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