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Mahathir-World Bank

MALAYSIA ASKED TO SEND OFFICER TO WORLD BANK, SAYS PM

KUALA LUMPUR, Oct 9 (Bernama) -- The World Bank has asked for a Malaysian to be seconded to the organisation to assist it in looking into ways to regulate currency trading, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

Dr Mahathir said that Malaysia also hopes to play host to a meeting here as soon as possible to study its proposal for prudential regulations for currency trading, particularly in relation to hedge trading.

He said when he was in Hong Kong recently, the heads of the World Bank, the International Monetary Fund (IMF) and the World Trade Organisation (WTO) were supportive of Malaysia's proposal.

An officer has already been identified to be seconded to the World Bank, he told reporters after presenting a keynote address at a seminar on "Strategic Thinking-Lessons From Three Great Asian Civilisations For Today's Modern Management" here

Malaysia made the proposal following unwarranted speculative and manipulative attacks on Asean currencies starting with the Thai Baht last July which adversely affected their economies.

Dr Mahathir said that even last night, WTO director-general Renato Ruggiero had phoned Deputy Prime Minister Datuk Seri Anwar Ibrahim informing him of the trade's body support for Malaysia to initiate controls on currency trading.

On Malaysia initiating such a study, he said: "We do not mind, we can initiate...we have some ideas and of course we can debate on these matters."

He said that all the ideas were mostly contained in his speeches delivered in Hong Kong and Chile recently.

In Hong Kong, IMF managing director Michel Camdessus, World Bank president James Wolfensohn and Ruggiero were supportive of the ideas as hedge trading disrupts global trade which would make it difficult for the multilateral agencies to undertake their development plans, he said.

Hedge funds are international funds subscribed by wealthy individuals who aimed for above-average returns by betting heavily on global currencies, a move which could destabilise currency markets.

On Malaysia's suggestion that a specific and transparent market be set for currency trading, he said: "The currency trading market could be physically located in Malaysia or anywhere in the world...we do not care where it is, as long as it is a proper market."

Asked whether any time-frame was given for the setting up of such a market, Dr Mahathir said: "Well, much depends upon them (IMF, World Bank and WTO). I have no control over the decision...we only give opinions."

The Prime Minister had contended that currency markets were currently not transparent, to the extent that they allow for abuses in trading for manipulative and speculative purposes, as that which happened to the Asean markets.

On an offer by Malaysia Airlines executive chairman Tan Sri Tajudin Ramli for the government to use the airlines' revenue to invest in and curb the ringgit from weakening further, Dr Mahathir said: "He (Tajudin) is not donating his revenue but he says that we can use whatever he has in trying to fight against the currency traders. In other words, his company earns a lot of foreign exchange."

Tajudin, who has a 32 per cent stake in the national carrier, has

written a letter to the Prime Minister offering the use of all MAS' revenue from overseas dealings, which are paid in hard currency like the US dollar.

The money could be invested in the ringgit to head off currency traders' attempts to weaken the currency, Dr Mahathir said.

However, he said that Malaysia at the moment does not need the foreign exchange as the country was not in the market to try to defend the ringgit.

"If we really need it, he (Tajudin) is quite prepared to give (to the government) all his assets," he said. -- BERNAMA

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