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Pressing on with call for regulations

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MALAYSIA will continue to press its case on the need to regulate currency trading, which has resulted in the depreciation of several Asian currencies, at upcoming international meetings of Finance Ministers.

The meetings, called in response to the resulting financial problems, would be between members of Asean, the Asia Pacific Economic Co-operation forum, as well the group of 15 developing countries (G-15).

Asean Finance Ministers will gather on Dec 1 and on Dec 2 will meet their counterparts from South Korea, China, Japan, Australia and the United States.

There will also be a meeting of G-15 Finance Ministers which will be followed by an Apec Finance Ministers' conference in February, which was brought forward from May.

The outcomes of the meetings will allow the ministers to be in a better position to discuss regional currency problems when the IMF holds its spring meeting in May.

Prime Minister Datuk Seri Dr Mahathir Mohamad speaking at the end of the Apec leaders meeting here on Tuesday said: "We will continue to make our presentation and hope they accept our proposal."

During the Apec meeting, there was a general feeling that Malaysia was alone in calling for currency trading regulations, but this was dispelled when it was found that other leaders shared the view.

Although no one uttered the word "regulation", none of the leaders had objected to an on-going IMF study on the role of currency traders in the difficulties.

"I didn't think I was alone, and I didn't feel very lonely either," Dr Mahathir said.

Almost all leaders of Apec's 18 member economies agreed that currency trading could be harmful, and almost all Asean leaders spoke on the need to make it less disruptive.

The IMF study, together with the outcomes of the various meetings of Finance Ministers, could be used to determine whether regulations are necessary.

Dr Mahathir said he was given ample time to explain Malaysia's position on the matter during the leaders' meeting, which dealt with the issue all morning and part of the afternoon.

Currency problems had, after all, dominated this year's Apec meeting and had been on almost everyone's mind as news spread that South Korea had become the latest victim of currency traders.

The Prime Minister said Malaysia was not against a free market nor was it calling for a ban on currency trading, but it believed that a free market did not mean an end to rules or that currency trading could be irresponsible.

"Everywhere they go they leave a trail of shattered economies," he said, adding that to say that countries were vulnerable because of weak economic fundamentals was not totally true, as some countries with strong fundamentals were also not spared.

"We may have some weaknesses in our economy, by those weaknesses need not influence our currency or the currencies of other countries," he said.

Transparency in currency trading could be a solution, so that traders do not abuse the system and manipulate currencies.

Currency trading should be modelled after stocks and share or commodity

markets which are governed by rules.

Dr Mahathir also said that with the size of currency trading eclipsing actual trade in goods and services by as much as 20 times, it was logical that it should fall within the ambit of multilateral trading arrangements, such as the World Trade Organisation.

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