

20 SEP 1997

PROPOSAL FOR CLOSE WATCH ON SPECULATORS GAINS SUPPORT

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BANGKOK, Sept 20 (Bernama) -- The inaugural Asia-Europe Meeting (ASEM) of finance ministers, which ended here yesterday, discussed at length issues and proposals to cope with possible future currency turmoil, with Malaysia wanting "financial gunslingers" tamed.

The meeting of finance ministers from 10 Asian countries and 15 European Union member states has agreed to keep Asian proposals for increased market supervision of currency speculation on their agenda.

It, however, stopped short of adopting measures against "financial gunslingers", who Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim had wanted to check and keep out of the financial markets.

Taking the lead in coping with possible future currency crisis, Malaysia pushed for both regional and global mechanisms to protect against currency speculation.

Anwar had said Malaysia will propose a global mechanism to regulate financial liberalisation programmes undertaken by Asian economies to protect themselves against excessive and abusive speculators.

Malaysia believed that the regional financial crisis was partly due to speculative attacks on currencies and the absence of regulatory framework at regional and global levels.

Anwar had called on the international community to come together to police the market so that its freedom was not abused and to protect it from being tyrannised by "financial gunslingers".

He was echoing the tough line taken by Prime Minister Datuk Seri Dr Mahathir Mohamad against international currency speculators such as U.S financier George Soros and other hedge fund managers, who have allegedly been behind recent attacks on Southeast Asian currencies.

Western governments and international financial organisations have generally responded that the best protection against currency speculation is sound macroeconomic management.

The Malaysian proposal had received positive response from several Asian economies at the Bangkok meeting with most EU participants reserving their reactions.

Malaysia will drum up the proposal for further support at the World Bank-International Monetary Fund annual conference in Hong Kong this week.

Anwar will raise the issue with IMF director Michel Camdessus with the hope that IMF, being the sole international monetary supervisory agency, will regulate a framework for the mechanism.

Malaysia wants such a mechanism since the existing supervisory regulations are limited to the banking sector.

It wants such guidelines to cover other areas such as hedge funds which are vulnerable and unprotected. -- BERNAMA

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