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LEAD Mahathir-Chirac

PROPOSAL FOR CURRENCY TRADING RULES GETS FRENCH BACKING

LANGKAWI, Nov 17 (Bernama) -- Malaysia's proposal to regulate currency trading to prevent speculators from wrecking economies today received a strong backing from French President Jacques Chirac.

Chirac, who held informal talks with Dr Mahathir here, said currency trading had to be regulated to enable countries to benefit from its positive aspects.

" Excessive speculations must be controlled. That is to say prudential rules must be sound to avoid the law of the jungle in the interest of everybody especially the poor of the world," said Chirac, whose overnight visit to this resort island made him the first French President to visit Malaysia.

At a joint press conference with Dr Mahathir after the talks, Chirac, who also became the first leader of the powerful Group of Seven (G7) economies to support the proposal said: " What we should do is to avoid anarchy".

The currencies of several countries in Southeast Asia like Malaysia, Indonesia, the Philippines and Thailand have been plunging to record lows since July due to excessive speculations.

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 fluctuations, I, for my part, consider that they are not of the nature that can put into question the capacity of growth of Southeast Asia," he said.

Chirac shared International Monetary Fund (IMF) managing director Michel Camdessus' view that Malaysia did not need outside help to stabilise its economy, adding that even if it was hit by problems faced by its neighbours, it was not in a precarious situation.

He agreed with Camdessus that a study be done based on Malaysia's proposal on how currency traders should conduct their activities.

" It was without doubt something which must be done," he said.

Dr Mahathir, who appeared pleased with Chirac's remarks, said he had explained in detail on the consequences of uncontrolled currency trading to the region.

" I hope the collaboration between the IMF, Malaysia and other countries concerned will be able to control it (currency speculation) ," said Chirac who made a stop-over here after attending a conference of French-speaking countries in Hanoi, Vietnam.

Chirac also said France was keen to step up industrial cooperation with Malaysia in civil or military projects.

"I told Dr Mahathir that we are very keen to strengthen industrial cooperation including the construction of sophisticated civil or military products," he said.

The French President said while Franco-Malaysia political relations were good, economic linkages between the two countries could be enhanced.

He said there were 235 French companies in Malaysia now and the number was on the increase, adding that France and Europe hoped to increase ties with Asia and within a broader context of the Asia-Europe-United States triangle.

Dr Mahathir told the news conference that Chirac's visit to Malaysia had upgraded both countries' relations to a new level.

"We are now very much closer with each other and understand and supportive of each other. A lot of goodwill will come from this enhancing of relationship," he said.

Dr Mahathir said on Malaysia's part, it would like to do its best in bringing about some fruitful relations and some "fruitful results".

The Prime Minister was also happy over French confidence in Malaysia's economic management that would enable it to recover from the financial turmoil.

He said other commitments of France towards Malaysia included participation in the teaching of French language in the country, transfer of technology to Malaysia and investment in the Multimedia Super Corridor.

He also said he had explained to Chirac that from now on, it was up to Malaysia, the Group of 15 (G15) developing countries and ASEAN to discuss in detail and give support or modify the proposal made by Malaysia to the IMF on currency trading regulations.

"I have explained in detail what is happening in Southeast Asia and the need to control the practices of the currency traders. I have conveyed similar information to the IMF managing director and the necessity for some kind of regulations so that such trading will not be too destructive to growing economies," he said.

Dr Mahathir said he had stressed to Chirac the importance for G15 to be represented at G7 meetings especially when discussing financial problems of Southeast Asia and the developing world.

The G7 industrialised nations comprise the United States, Britain, France, Italy, Canada, Japan and Germany.

Speaking to Malaysian reporters after news conference, Dr Mahathir said Chirac agreed that G15 developing countries be represented when the G7 discussed the currency issue.

According to Chirac, the French position was that it was very difficult to talk about monetary problems in the world without having representatives from an important group such as Asia, particularly Southeast Asia.

Asked on the joint venture involving Malaysia's Petronas and France's Total SA in gas field project in Iran, Chirac hoped the two oil companies would further enhance and develop their cooperation which had been very good so far.

Petronas and Total SA along with Russia's Gazprom are currently undertaking a US\$2 billion joint venture in developing part of the South Pars gas field in Iran.

However, the deal has come under probe by the United States on claims that it is against its Iran-Libya Sanctions Act under which sanctions can be applied against firms or countries which have business dealings with Iran or Libya.

Dr Mahathir said Malaysia and France had a similar stand on the matter and both were against another country deciding on which countries they could or could do business with.

"Even France is against sanctions like us. These are not the World Trade Organisation's rules but merely one country's decision," he said.--

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