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PM: KL willing to host meeting on currency trading

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KUALA LUMPUR, Thurs. - Prime Minister Datuk Seri Dr Mahathir Mohamad today said Malaysia is willing to host a meeting on regulating currency trading, if requested to by the international monetary bodies.

The meeting should be held "as soon as possible" and that Deputy Prime Minister Datuk Seri Anwar Ibrahim was handling the matter, he said after opening a MCA seminar on strategic thinking.

At a separate function, Anwar said Malaysia has submitted two proposals to the International Monetary Fund and the World Bank to curb foreign exchange manipulation and defend economies of developing countries from manipulators.

"The proposals concern transparency and prudential regulation and both organisations were informed of the proposals last Saturday," he said after launching Syarikat Perumahan Negara Bhd at the Petronas headquarters.

Anwar, who is also Finance Minister, explained that the proposal on transparency would require a full disclosure of currency trading and movement of hedge funds.

"Just like stock exchange trading, we have suggested for transparency so that we know who is the buyer and seller, whether they are local or foreign," he added.

On the proposal concerning prudential regulation of currency trading, Anwar said the Government has proposed that the movement of currency should be monitored.

"Even the New York Stock Exchange has a circuit breaker to regulate stocks and to monitor any sudden upsurge or downsurge in stock movements.

"We understand the IMF has a 14 or 15 point guideline on banking supervision which is termed as prudent management, and if this can be done for banks, why not for hedge funds and currency trading," he said.

Following recent currency developments in the region, Anwar said both the IMF and World Bank were equally concerned and have taken heed of Dr Mahathir's recent statement in Hong Kong.

He added that World Trade Organisation director-general Renato Ruggiero is expected to lead a delegation to Malaysia by the month's end to seek further details following the Prime Minister's statement.

"He (Ruggiero) expressed his views that we should also take the concern of many of the developing economies," Anwar said when describing the telephone conversation with Ruggiero.

"I also stressed that Malaysia is committed to liberalisation and there shouldn't be a reversal of policies."

However, the Deputy Prime Minister added, Malaysia's concern, similar to that expressed by fellow developing economies, was that financial liberalisation allows rich industrialised countries to come in but not giving any avenue for the developing economies to ensure their progress and interests.

Anwar said the World Bank delegation was expected in the country by next Friday to further discuss the suggestions.

Anwar said the world financial community have begun to realise the wisdom behind the Prime Minister's suggestions.

Anwar also stressed the Government's stand would, in no way, disrupt international negotiations to liberalise financial services, to be held in December.

WTO member countries have until Dec 12 to complete protracted talks on

rules to open up their banking, insurance and securities markets to foreign competition.

Last week, Ruggiero had said the liberalisation of financial services was "the third pillar" of a global trade system for the coming century.

The other pillars are telecommunications and information technology, which most countries have agreed to liberalise.

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