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PM: MALAYSIA'S CONSISTENCY HELPS IT SUCCEED IN ATTRACTING INVESTMENTS

By: KC Leong

SANTIAGO, Oct 1 (Bernama) -- Malaysia has succeeded in attracting foreign long-term investments much more than other countries because it is consistent in its policies, Datuk Seri Dr Mahathir Mohamad said Tuesday.

When Malaysia started inviting foreign direct investments (FDI) one of the things it assured investors was that there would be no surprises in Malaysia, the Prime Minister added.

"We know that it takes time for investments to yield a return. If three years, five years or ten years down the road you are likely to find the rules of the game changed, you will not invest," he told a gala dinner of the 12th general meeting of the Pacific Economic Co-operation Council (PECC) here.

The prime minister arrived here Sunday for an official visit to Chile, the second leg of his four-nation Latin American tour which has already taken him on trail-blazing visit to Cuba and will include stops in Uruguay and Argentina.

Dr Mahathir said currency manipulators created uncertainty and the costings of investors could be adversely affected by revaluation or devaluation of the currency.

"If we want to see world trade grow then we should not support the abuse of free trade caused by trade in currencies as a commodity," he said.

He added that the US dollar, the current standard for comparing the value of different currencies, was an unstable currency and there was need to devise a standard which was less volatile,

The prime minister suggested that a basket of currencies could be used for this purpose as fluctuations in the currencies in the basket were likely to cancel each other.

"The basket, if wisely chosen, is likely to remain stable. We would then be able to make a comparison of the relative value with a stable standard," he said.

However, as the basket is only a standard, it could not be traded as currency was now traded, he added.

He said real traders were not gamblers and wanted to buy and sell at known prices. "If they hedge today it is not from choice, it is from lack of choice and I don't think traders like it even if, on and off, they make windfall profits."

Referring to the blame being placed on governments of Asian countries for the recent turmoil in financial markets in these countries, he said that while he would not say that they were totally blameless, their financial situation would never be this bad if it had not been for currency manipulators.

Free trade was not perfect and was in fact defective, he said, adding that time and again, the freedom of the market place had been abused.

"Free trade has never been truly free. There are any number of laws and regulations even now to ensure that free trade works," he said.

"Without laws and regulation, all that we will get will be anarchic markets in which the strong, the ruthless, the irresponsible will exploit and abuse the trading. -- BERNAMA

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