

02 DEC 1997

M'SIA TO TALK WITH WTO ON CURRENCY TRADING

KUALA LUMPUR, Dec 2 (Bernama) -- Malaysia wants to refer to the World Trade Organisation (WTO) on a suggestion to put currency trading under the purview of that organisation, Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim said today.

"It is something which is still new and we'll have to refer to the WTO for its immediate comments before I could even suggest that Asean or Asean Plus 6 consider that at a later stage," he said.

Speaking at a news conference here at the end of the two-day special Asean finance ministers and Asean Plus 6 meeting here, Anwar said he would take up the matter with the WTO.

Prime Minister Datuk Seri Dr Mahathir Mohamad yesterday said as international trade was being regulated by principles, policies and regulations agreed in the WTO, it should also be the case for currency trading.

"And I'll certainly take this up with the WTO separately," said Anwar.

To a question whether the ministers were satisfied with IMF's preliminary study on currency trading, Anwar said the ministers had urged IMF managing director Michel Camdessus to expand the scope of its study like greater transparency and information technology in currency trading and ensure international consensus on measures to be taken to check the problem.

Camdessus had briefed the ministers on the preliminary findings of the study.

Philippine finance secretary Roberto de Ocampo took the opportunity to clarify confusion surrounding the type of fund or aid being discussed by the ministers to help economies hit by currency problems.

He said: "We talked about a standby facility because unlike the notion of a fund, it is not on a continuing, permanent basis but is called upon as needed.

He said the facility could be drawn on when a country found itself in temporary economic difficulty to the point that it would need International Monetary Fund (IMF) assistance to initiate moves towards economic reforms.

"If it turns out that IMF resources are not sufficient to cover the requirements of that particular economy, then this special or standby facility could be called upon just like in the cases of Thailand and Indonesia and now South Korea," said Ocampo.

Ocampo added that the standby facility extended to the countries concerned would provide a model of how it would operate in the future.

He said institutionally speaking, this arrangement was not part of the organisation chart of the IMF and it did not have to go through the approval process of the IMF board of directors.

"Operationally, it does not come into play unless there is an IMF programme...it does not have its own set of conditionalities and it is co-ordinated closely with an IMF programme," he said.

On the same issue, Anwar said the standby facility should not be misconstrued as the finance ministers' support for any bailout or rescue arrangement.

To a question whether China would oppose Taiwan's contribution to the standby facility, Anwar said Asean finance ministers and their counterparts, including China had no objection as long as it was done on a non-governmental basis.

"Taiwan is allowed to do what it wants to do as long as it is non-governmental," said Chinese first vice minister of finance, Liu Jibin, through an interpreter.

On Hong Kong's proposal for a private debt market to support Asian currencies from the assault of currency traders, Anwar told a separate press conference later that funds would be raised from the private sector to help to shore up Asian currencies.

Anwar said this fund from regional resources would not be used for speculative purposes but for commercial reasons while at the same time support any Asian currency.

"It is a commercial arrangement with long term intention to protect Asia's economy," he explained.

Asean officials and other technical experts would meet in Hong Kong in two weeks' time to further discuss this idea, Anwar said.

The Hong Kong idea would be studied for possible introduction early next year, added Anwar.--BERNAMA

TEAM SHY