

18/11/1997

### Unexpected French connection

MR JACQUES Chirac, as the new President of France in 1995, made international headlines when he chose to go ahead with his country's nuclear testing programme on the Mururoa atolls in French Polynesia. People across the globe reacted with fury as it was a time when the world was working towards obtaining a consensus for a comprehensive nuclear test ban treaty. Chirac was criticised and condemned across six continents, by children and politicians alike, for not respecting the views of the international community.

This week though, he will be making headlines of a different sort in Malaysia. His support for Prime Minister Datuk Seri Dr Mahathir Mohamad's call for regulations in currency trading as well as his decision to defy the US threat of sanctions under the Iran-Libya Act 1996 will compel many Malaysians to review their opinion of this man. Chirac's opposition to the Iran-Libya Act is easy to understand, since Total, the French petroleum firm, is involved with Malaysia's Petronas, Russia's Gazprom, Canada's Bow Valley and Indonesia's Bakrie Group in a RM6.6 billion joint venture project with Iran to develop part of the South Pars gas field. The US has threatened sanctions against these companies for the alleged contravention of the Iran-Libya Act 1996 which threatens sanctions against any nation the US feels is supporting terrorism. Under the Act, Washington is empowered to impose sanctions or penalties upon any company that invests more than US\$20 million (US\$1 = RM3.33) a year in Iran's oil and gas sectors.

Chirac's support for Dr Mahathir's untiring efforts to impose regulations on currency trading was a bit of a surprise, and signals a global acceptance of Malaysia's point that currency trading in its current form is potentially harmful to economies. So far, strong support for regulating currency trading has come only from groupings representing developing countries, such as the Group of Fifteen and the Association of South-East Asian Nations. Finance ministers from both the G-15 and Asean will meet in Kuala Lumpur next month to firm up proposals on how currency trading should be regulated to safeguard weak currencies and economies. The Commonwealth has also recognised the need for regulation in currency trading, although its summit in Edinburgh recently did not make as forceful a statement as the G-15 leaders. At the Asia-Europe finance ministers meeting in Bangkok, European delegates made token acknowledgements to the idea which, at the time, had been ridiculed by economists, government leaders and currency traders.

With French support, Malaysia's efforts to obtain an international consensus on what needs to be done following the South-East Asian financial crisis should be that much easier. France, after all, is a powerful member of the European Union, the G-7, the United Nations Security Council, and the OECD. France is also Malaysia's key trading partner and a source of foreign investment. Its contribution towards Malaysia's nation building has increased in recent years with, for example, the establishment of the Malaysia-France Institute in Bangi. Its presence in the region, along with a greater emphasis by the EU, is also substantial. The position that France has taken will undoubtedly compel many countries to rethink their own positions vis-a-vis the currency trading and the US Iran-Libya Act issues. The US will now be forced to take notice of its ally's views that run against its own on both these

matters.

After Japan's sudden about-turn on the Asian Fund proposal, however, we must be forgiven if we are a little wary. We have no cause to doubt Chirac, but Malaysians will be watching him and his government closely to see if France will do a Japan on Malaysia and Asia on the subject of currency trading and the Iran venture. We hope Chirac will display the same single-mindedness when dealing with these issues as he did when he ordered the nuclear experiments on the atolls to go ahead despite the world's wrath. At least, with the current issues, we can assure him that it is for a good cause.

(END)