

# Australia, M'sia agree on financial issues

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AUSTRALIA agrees with Malaysia that there are weaknesses in the international financial system which need to be identified and that steps need to be taken to address the problems.

Datuk Seri Kafidah Aziz said Australian Prime Minister John Howard suggested that a task force be set up to look into this.

"Australia agreed with Malaysia that the G22 forum should be the main group which will work at charting a direction and changes needed in the international financial system," she said after the bilateral meeting between Howard and Prime Minister Datuk Seri Dr Mahathir Mohamad.

Rafidah said Howard had asked Dr Mahathir about the capital control measures adopted by Malaysia since Sept 1 to prevent speculative attacks on the ringgit.

"Australia agreed that the situation (volatility in the capital and currency markets) had caused problems to Malaysia.

"They took into account the fact that Malaysia had continuous economic growth for a long term and that the problem (financial and economic crisis) had come about, due to distortions (manipulation) in the financial market," she said.

She added that Australia agreed that there was a need to regulate the short term capital flows and hedge funds.

"This is consistent with Malaysia's own thinking," she said.

Rafidah also noted that Australia said it was going to offer an economic governance package to help Apec economies in need to restructure and enhance their economic capability.

To a question, she said, Malaysia had not studied whether it would take Australia's offer to Apec economies because the offer had not been officially announced, adding Kuala Lumpur would consider it if it was beneficial.

Rafidah also said Howard had raised concerns over Datuk Seri Anwar

Ibrahim.  
"Dr Mahathir gave him a lengthy explanation over the issue and the real situation," he said.

Foreign Minister Datuk Seri Abdullah Ahmad Badawi said Howard had also asked Dr Mahathir on the Five Power Defence Arrangement (FPDA) exercises and Malaysia said it still supported the joint military exercises and believed it to be of benefit to the countries.

He said Dr Mahathir said Malaysia could not take part in the exercise because of economic difficulties.

Meanwhile Canada secretary of state for Asia Pacific Affairs Raymond Chan said Malaysia's selective exchange controls were positive efforts that dealt squarely with the financial issues at hand.

Speaking at the Apec network luncheon hosted by the Canada-Malaysia Business Council, Chan said the controls had protected the country from the aggressive attacks of currency speculators.