

# PM: Things looking up with currency controls

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KUALA LUMPUR: Business here has picked up noticeably since the enforcement of currency controls in Malaysia on Sept 1, Datuk Seri Dr Mahathir Mohamad said yesterday.

The Prime Minister said lower interest rates and better hire-purchase terms had stimulated the retail business.

"Other business activities have also picked up.

"Cheaper cost of money will help restore the purchasing power of the people and this is bound to help trade to recover," he said in an address at the Japan Department Stores Association convention here.

Dr Mahathir expressed confidence that the country's economy would recover and improve.

"We are still fundamentally strong and we have put in place stabilising policies and regulatory infrastructures so that our economy will not be

buffeted by the destabilising activities of currency traders and stock market raiders.

"Today our economy is the most stable in Asia and traders and investors can do business with greater certainty," he said.

Dr Mahathir pointed

out that although the Government was now in full control of the exchange rate, it had not strengthened the ringgit too much and the rate was fixed at RM3.80 to each US dollar.

"This is because we have to remain competitive against our neighbours whose currencies

have also depreciated.

"We believe at RM3.80 to the US dollar, we can remain competitive even if our neighbours' currencies are devalued further or revalued," he said.

He added that Malaysia would not review the rate until the exchange rates of competing currencies

became too big and affected the country's competitiveness extensively.

Dr Mahathir also said Malaysia had more than adequate foreign exchange to pay for imports and foreign debts.

"There will be no restriction on such foreign currency movements. You will also be able to repatriate your profits in foreign currency," he said.

The Prime Minister also said that the Government was business-friendly and wanted to do everything to promote business.

"Our racist detractors will say that this is a part of Asian cronyism but the truth is that the Government derives much of its revenue from corporate taxes."

Dr Mahathir reiterated that Malaysia encouraged long-term foreign direct investment (FDI) in productive sectors such as manufacturing but "we can do without the dubious benefit of FDI in the stock market."