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CHINA WILL NOT DEVALUE CURRENCY

KUALA LUMPUR, April 29 (Bernama) -- China will not devalue its currency, the Renminbi, for the next five years, said Yu Xiao Song, chairman of the China Council for the Promotion of International Trade today.

"Instead, China would maintain the rapid growth rate of its economy and stimulate domestic demand to enable it to import more from other countries," he told reporters after meeting Prime Minister Datuk Seri Dr Mahathir Mohamed here.

Beside committing billions of dollars alongside the International Monetary Fund (IMF) aid packages, he said China was also prepared to engage in barter trade and accept delayed payments to assist ailing economies.

Yu said this when responding to questions on plans by China to help troubled economies in the region.

Observers felt that any devaluation of the renminbi would affect exports from other countries, which would also have to compete with cheaper exports from China.

Yu, who is leading a delegation of state-owned corporations on a four-day visit to Malaysia, said the mission was to explore possible avenues for investments, especially in the energy, agriculture and light industrial sectors.

He said a Chinese oil corporation had engaged in discussions with Petronas for possible cooperation while talks were on-going between Chinese and Malaysian partners to set up a proposed paper pulp mill worth more than US\$1 billion in East Malaysia.

China also planned to increase its annual import of Malaysian palm oil, which currently stood at more than one million tonnes per annum, he said.

Earlier reports said China would boost domestic demand through a three-year infrastructure development programme involving US\$750 billion from 1998 to 2000 to enable it to achieve a growth rate of eight percent in spite of the current regional economic turmoil.

The visit by the Chinese delegation is part of the efforts between Asean and China to help overcome the economic problems. Another investment mission comprising leading Chinese entrepreneurs is expected to tour Asean next month. -- BERNAMA

SHO MAM SHY