

25 JUL 1998

Mahathir-Currency

MAHATHIR TO DISCUSS CURRENCY PROBLEMS WITH SOUTHERN AFRICA LEADERS

By: Zulkefli Salleh

JOHANNESBURG, July 25 (Bernama) -- The currency problem which has spread to South Africa after derailing Asian economies will be the focus of discussions between Datuk Seri Dr Mahathir Mohamad and southern African leaders when they meet at the Southern Africa International Dialogue '98 which begins in Walvis Bay, Namibia tomorrow.

The Prime Minister who ended a two-day working visit here today told Malaysian journalists before he left for Walvis Bay that he would explain the currency problem to the African leaders and share Malaysia's experience on the issue.

"Generally there is an increased interest on the part of African governments on currency trading, how is it done, how it affects the economy and what they should they do in order to counter or protect their economy.

"I will be discussing this a lot there," Dr Mahathir added.

Nine southern African countries are expected to take part in the three-day dialogue modelled along the Langkawi International Dialogue.

Dr Mahathir said he had exchanged views with South Africa's acting President Thabo Mbeki on the currency problem apart from bilateral issues when he called on him at the state guest house yesterday.

Dr Mahathir said they talked about the effects of currency trading on the economies of Malaysia and South Africa in particular and Africa in general.

"As there would be a lot of discussions on this (currency problem) in Namibia, I would reserve my views," he said when asked on whether there was any concrete suggestion made during their discussion.

The value of South African rand has gone down by about 30 per cent since the currency came under attack by currency traders since May.

Asked whether the discussion in Walvis Bay would lead to some form of a joint approach to tackle the currency problem, Dr Mahathir said he would have to see what came out of the meeting.

Asked on the proposal by the Group of 15 (G-15) to come up with a joint approach to tackle the currency problem, Dr Mahathir said the matter was discussed again at the last meeting in Cairo but unfortunately several key members were represented by lower officials.

Dr Mahathir was also asked on South Africa's concern about the diminishing role of Malaysia in this country, as the second largest investor with investments of RM2.4 billion since 1994, due the fall in the value of the ringgit.

He said this was so because the cost of investments here for Malaysian investors was higher now than before the currency problem cropped up.

"As we are less competitive now our investments bound to diminish. Some people are even thinking of selling off some of their properties because we need the money to revive our economy," he said.

However, the prime minister said, there could more trade and tourism activities between Malaysia and South Africa because that did not require investments.

"I have discussed with Malaysian businessmen here on what we have to do to increase trade between the two countries," he said. Dr Mahathir held an hour-long meeting with them before his departure for Namibia.

Earlier, Dr Mahathir and Mbeki jointly opened the Southern Bank of Africa here, a joint venture between the National Empowerment Trust (NET), a government agency to help native South Africans, and Killingshal

(Malaysia) Berhad, the primary shareholder of Southern Bank Berhad, one of Malaysia's 10 biggest banks.

SBA has an initial capital of Rand 100 million. Fifty percent of its shares are owned by NET Investment Fund (Pty) Limited while the other one-half is owned by Killinghal.

The bank's activities among other include meeting the corporate finance needs of the black community and on providing advisory and other support services to organisations linked to the government.

Dr Mahathir, when speaking at the opening of the bank, gave his assurance that Malaysia will continue to give its support to efforts undertaken by South Africa to close the economic disparity between different communities of the country.

He also expressed Malaysia's hope for a speedy recovery from the current economic and currency problems so that it could really implement some of the plans worked out together with South Africa to assist in closing the economic gap between black and white communities.

Dr Mahathir who gave an explanation on Malaysia's New Economic Policy (NEP) said South Africa was facing the same problem which Malaysia faced when it gained independence -- economic disparity among different races.

Mbeki in his speech said the SBA would in many practical ways work towards South-South cooperation advocated by Dr Mahathir and was a testimony that Malaysia has not forgotten South Africa despite the economic problems it faced.

He also described the formation of SBA as a step towards putting an end to economic apartheid because it would contribute to realise South Africa's government effort to "feed millions of hungry people."

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