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## Mahathir grateful China not devaluing currency

PRIME Minister Datuk Seri Dr Mahathir Mohamad said he is "very grateful" that China has so far not devalued its currency, the renminbi.

Touching on the reported market fear on possible devaluation of the renminbi, he said, however, that even if China were to devalue its currency a little, "it would not hurt us so much because the difference (exchange rate) is not so great".

"The situation is now different from a year ago. A year ago, if China had devalued its currency, it would have had serious consequences for us.

"But today, because other currencies have also depreciated to some extent, even if the renminbi devalues a bit, it will not affect us so much," he said in an interview with Xinhua, the Chinese new agency, in Kuala Lumpur yesterday.

He expressed his concern as to whether China could sustain the pressure of not devaluing its currency, especially as the yen had effectively been devalued.

Asked what concrete ideas he has for reforming the international financial system, Dr Mahathir said, currency trading must be completely transparent.

"There must be a proper place for the currency traders to do the trading and they must be registered. There must be regulations, for example, as to what extent currencies can devalue or revalue," Dr Mahathir said, adding that currency traders must give proper reasons for the devaluation.

Referring to the economic stability in the region, he said, as long as currency traders "can play around with our currencies and for as long as the hot money can come in, there really is no stability".

"So we seek to regulate the flow of capital and ensure they are not destructive. It will take time for the economies to recover for the whole world," he added.

On ways to revitalise Asia, Dr Mahathir said, "firstly, Asian countries must cooperate with each other. Asians must be allowed to come together, at least to discuss common problems. This way, we can be much stronger and be able to protect ourselves."

The Prime Minister also repeatedly said that Malaysia would depend on its own efforts for economic recovery.

"Fundamentally, we are still strong. The most important thing for us is political stability and strong support of the Government by the people of this country. That means we can take measures which will be fully supported."

He said the Malaysian economy will eventually turn around, especially through increased trade, but it would be difficult to expect a quick turnaround from the various new economic measures.

"A quick recovery is difficult," he said.

Reiterating that Malaysia wants to become a fully developed country by the year 2020, he said, if Malaysia could overcome the currency crisis, "we would be developing industrially, particularly in the information technology sector to be a fully developed country".

On the future development of bilateral relations between China and Malaysia, Dr Mahathir said, both countries' interest would be in the economic field.

"We would like to invest more in China and we would like China to invest here. We must increase trade between the two countries, and we should

cooperate with each other in facing the difficult years ahead," he said.

He also said that China's stability is important not only for the country itself but also for the region.

Referring to the current economic crisis in Asia, he said, he anticipated the world would enter the new millennium with many nations facing bad economies.

"Initially, I was hopeful that it (the advent of the 21st Century) will lead to prosperity for the whole world. I had not believed in the so-called Asia Century. I thought there will be a World Century, but now I am not so sure."

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