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Mahathir-China

MAHATHIR GRATEFUL CHINA NOT DEVALUING CURRENCY

KUALA LUMPUR, Aug 14 (Bernama) -- 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 devalued its currency a little, it would not hurt us much because the difference (exchange rate) was not so great.

"The situation is now different from one year ago. One year ago, if China had devalued its currency, it would have had very serious consequences. But today, because other currencies are devalued too far, even if renminbi devalues a bit, it will not affect us so much," he said in an interview here with Xinhua, the Chinese new agency, released today.

He expressed his concern about whether China could sustain the pressure of no devaluation, especially as Japan had effectively devalued.

On how he envisaged the Sino-Malaysian relationship in the next century, Dr Mahathir said: "I think it will continue to be good. It is good now. We have very little differences and we do not interfere in each other's internal affairs. The trade will grow and economic cooperation will also grow. There will be more investments in each other's country."

For the future development of bilateral relations between China and Malaysia, Dr Mahathir said that 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.

The prime minister said Malaysia was very happy about China being a very stable country.

"I think China's stability is very important not only for China itself but also for the region. So I hope that even though you are democratising, this should not result in instability for China," he said.

On the next century, he again expressed his hope that the advent of the 21st century would lead to prosperity for the whole world.

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

"First I am very hopeful that it (the advent of the 21st century) will lead to prosperity for the whole world. I did not believe in the so-called Asia Century. I thought there will be a world century, but now I am not so sure.

Asked to give his views on what major changes he observed would take place in the world power structure in the next century, Dr Mahathir said there would be a multiple power structure in the world.

He said that at first the world would be dominated by "certain world powers", but they would fail because other centres of power would emerge, including China.

"China, because of its size and because of its capacity, will become a world power, and that will balance the other powers. There will be multiple power structure," he said.

Dr Mahathir also agreed that Japan would be one of the powers in the next century.

Asked how Asean (Association of Southeast Asian Nations) could be developed in the next century, he said Asean would consolidate.

"We will learn from each other and we will help each other to develop and with that we can be very good market for ourselves and for the rest of the world," he said.

But Dr Mahathir said he did not think Asean would be a power centre in the next century because "we are small countries. But we will be able to stabilise the region".

Looking at Asia, he said that firstly Asian countries must cooperate with each other and that the Asians must be allowed to come together, at least to discuss common problems to be much stronger and be able to protect themselves.

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