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Malaysia's views gain acceptance

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MALAYSIA'S long-held views on the need to regulate currency trading as well as this week's move to insulate its economy from the global forces have gained acceptance among some of the region's top tycoons, who are now calling on their leaders to consider a similar view.

The tycoons, who sit on the Apec Business Advisory Council - the private sector representative of Apec - are here for a third and last meeting to finalise the views of the Apec business community which will be presented to their leaders for deliberations when the Apec Economic Leaders Summit takes place in Kuala Lumpur in November.

Malaysia Airlines chairman Tan Sri Tajudin Ramli is one of the co-chairs of Abac by virtue of Malaysia being the host of this year's summit which takes place from Nov 14 to 17.

Sir Gordon Wu, chairman and managing director of one of Hong Kong's largest companies, Hopewell Holdings Ltd, yesterday called on Apec leaders to look at ways to establish a ground rule for currency trading.

"We have rules and regulations for other forms of global trading. For goods and services, we have WTO (World Trade Organisation) and banking rules.

"For instance, there is the anti-dumping law to ensure that no one dumps their goods in somebody else's backyard.

"Why should someone be allowed to dump currencies at his will anywhere and anytime. It is like the rule of the jungle, the strong guys pushing the little guys.

"I think this is unfair," Wu told a group of Malaysian journalists on the sideline of the Abac meeting which entered its third day yesterday.

Wu, who sits on the Abac Financial Task Force, is one of several strong proponents of regulated currency trading at this meeting which groups together 18-member economies, some of which, such as the United States, are for free trade and against closed systems.

Wu, who readily acknowledged that Hong Kong is one of the champions of trade liberalisation, pointed out:

"We still support free trade but free trade does not mean unregulated trade. There must be some form of rules.

"As what happened in Hong Kong in recent weeks, our economic fundamentals were very strong. Our foreign reserves at US\$97.5 billion is one of the strongest in the world and yet we were not spared from the negative effects of the attack from the currency and stock market manipulators."

When asked to comment on the change of tune by some of those who heaped criticism on Prime Minister Datuk Seri Dr Mahathir Mohamad when he proposed the idea in Hong Kong at the last IMF/World Bank meeting in July last year, Wu said: "Well, some people have more foresight than others."

Wu said he understood the reason behind Malaysia's drastic economic measures which included a controlled foreign exchange.

"It is better to control growth rate than to have total chaos."

Wu's views were shared by the Philippines' stock exchange president and chief executive officer Jose Luis U. Yulo Jr who also attended the Abac meeting.

Yulo said a "deeper" study was needed to come up with a set of rules for currency trading.

"Having a fixed exchange rate is perhaps one of the rules of the game."

While agreeing that trade liberalisation should go ahead, Yulo said:
"With freedom comes discipline and rules to ensure that freedom works."

Sime Darby Bhd Group chief executive Tan Sri Nik Mohamed Yaacob, who also sits on one of Abac's financial task force, said Abac must alert its respective governments that Apec would not be "relevant" and would be in danger of disintegrating if it remained inflexible in its liberalisation agenda.

"There is a need for a new intellectual framework to reconfigure the liberalisation agenda in all this unintended contagion-related costs of problems brought by the Asian economic crisis. The need to incorporate the concept of flexibility is clear."

To date, he said, Apec had made little progress.

"We must act to elevate the Economic and Technical Co-operation (one of Apec's main agendas) to do justice to the millions suffering as a result of this contagion.

"One of the clearest signals that Apec can send to show it means business is to squarely address the issues of regulation and governance of the international financial market and not discuss this as an insurmountable task to be studied endlessly.

"Apec's commitment to this critical issue is paramount and will determine whether it will become the great forum it can be or be reduced to another talk-shop."

The Asian Development Bank Institute dean Dr Jesus P. Estanislao, who addressed the financial task force closed door meeting earlier today, said while it was important to have a strong financial and banking system at home, "It is also critical that there is an adequate financial supervisory authority to oversee financial institutions.

"As with everything else, action must be undertaken at home, but mutual support and reinforcement can be given by sub-regional (Asean) and regional (Apec) agreements to adopt the principle on a multi-lateral basis," he added.

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