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Mahathir-Interest

MONEY IN FOREIGN BANKS, ONE CAUSE OF RISING INTEREST RATE

KUALA LUMPUR, Jan 28 (Bernama) -- Keeping money in foreign banks is one of the factors which lead to rising interest rate in the country, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said when local banks faced capital shortage due to withdrawals by depositors they were forced to borrow from foreign banks which imposed higher interest rate.

"Local banks have no choice then but to increase their interest rate to cover the higher interest rate imposed on them by foreign banks," he told reporters after attending a Chinese New Year open house organised by MCA.

But, Dr Mahathir said the base lending rate (BLR) in the country was still the lowest compared to countries in the region.

He said that as the result of this double interest in loan transaction between the local and foreign banks, pinjaman antara bank tempatan dan bank asing itu, the interest rate on individual borrowers had also to be increased.

On the United Nations Security Council (UNSC) non-permanent seat for the 1999-2001 session, he said Malaysia was again offering itself as it wanted to take active part in forum where it could voice its view freely.

"We seem to have a lot of support. There's the possibility that we will get the seat," he said when asked to comment on support by Colombia to Malaysia's bid to be in UNSC for the third time.

Colombia is also chairman of the Non Aligned Meeting (NAM). Colombian Foreign Minister Dr Maria Emma Mejia Velez said yesterday Bogota supported Malaysia's bid to sit in the 15-member council.

Malaysia shared the seat with Czechoslovakia in 1965 and the second time for the 1989-1990 session.

On Colombia's suggestion that Malaysia headed NAM after South Africa, Dr Mahathir said the government had not made any decision in the matter.

--BERNAMA

AH ABG