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RINGGIT-SUPPORT
MORE SUPPORT FOR MSIA'S FOREX CONTROLS

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TAIPEH, Sept 5 (Bernama) -- A number of business leaders attending the Third APEC Business Advisory Council (ABAC) meeting here have endorsed Malaysia's drastic measures to bring currency fluctuation under control and do not expect the moves to have any negative impact on foreign investment.

They said that it was about time someone took a bold step to curb currency speculators who have practically ruined many economies in the region and many described Malaysian Prime Minister Datuk Seri Dr Mahathir Mohamad as "somebody who has more foresight than others."

The chairman and managing director of Hong-Kong based Hopewell Holdings Ltd, Sir Gordon Y.S.Wu felt that Malaysia had to do what was necessary namely to protect the stability of the ringgit.

Speaking to reporters here, he said that there has always been rules for trading of commodities services and even anti-dumping, in accordance with the World Trade Organisation (WTO), but there has never been rules for currency trading.

"This is not fair," he added, stressing on the point that free trade does not mean unregulated trade and a free for all for currency traders.

Wu, whose company is one of the largest infrastructure company in Hong Kong, is the ABAC representative from Hong Kong to the four-day meeting which ends tomorrow.

He said even the Hong Kong economy, which is backed by reserves of US\$97.5 billion (US\$1=RM3.8) with nil balance of trade problems, was hit by currency speculators.

"What we should advocate is to remain open, still support free trade, but not unregulated trade. There must be some ground rules.

"Leaders should be looking at a way to establish a set of ground rules," he pointed out.

Dr P.K. Chiang, Taiwan chairman of the Council for Economic Planning and Development (CEPD), said pegging the ringgit at 3.8 to the U.S. dollar would benefit both Taiwan exporters and importers but he expressed concern that Taiwan businesses did not know how to remit their funds or savings out of Malaysia.

He added that local banks have stopped all trading of the ringgit in response to Dr Mahathir's decision to ban all trading of the ringgit overseas but its impact would not be serious given the low volume of ringgit held by people in Taiwan.

Dr Chiang, who is also Taiwan's Minister of State, said while he was not fully informed of the Malaysian foreign exchange control, he said some form of guarantee should be given to foreign investors in the country to the effect that there would be no impact to their existing and future investments.

"The council has an office in Kuala Lumpur and it has requested for a meeting with International Trade and Industry Minister Datuk Seri Rafidah Aziz to seek clarification on Taiwanese businessmen's concern over their investments in Malaysia," he added.

Dr Chiang also said that Taipei is going ahead to establish the Southeast Asia Investment Co in October to encourage private investment in the region and that Malaysia and Thailand would be prime beneficiaries of the company's investments.

The formation of the company is a government initiative but is funded by Taiwan's banking sector which would invest in various sectors in the

Southeast Asian economies.

"These measures are designed to have immediate and concrete effect in helping the economic recovery of the crisis economies. As well as these, we are willing to participate actively in multilateral programmes aimed at resolving the Asia financial crisis, particularly in implementing asset-backed securities through the Collateralised Bond Obligation (CBO) concept.

Meanwhile, the chairman and chief executive officer of the Philippine Stock Exchange, Jose Luis Yulo said there is a distinction between trading goods and trading money.

"When we trade goods, we have to follow certain rules, like World Trade Organisation (WTO) rules, Banking rules etc, but when it comes to currency trading we do not have rules for the game."

"There is this gap which must be addressed. The world has to come up with currency trading rules," he added.

What Malaysia has done in recent days must be clearly understood by the international media as the move is only aimed at insulating its own economy from outside attacks.

"For instance, why should developments in Russia have any impact on Malaysia or why should Malaysia be the victim of developments outside Southeast Asian region when it has everything going for it," he stressed.

However, Yulo said that although desperate times call for urgent and tangible action by governments to restore growth in the affected economies, the Asia Pacific Economic Cooperation (Apec) must also stick to its programme of liberalisation because it will also help economies get over the crisis. -- BERNAMA

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