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Dr M: Ringgit exchange rate to stay fixed

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KUALA LUMPUR, Fri - The country's currency exchange rate will remain fixed unless "some very serious" thing happens to warrant change, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said the fixed rate would not be changed as to do so would cause uncertainty.

"We will not change the fixed rate ... we can do that on our own without anyone influencing us," Dr Mahathir told reporters after addressing Felda scheme leaders.

He said Malaysia's policy was to fix the exchange rate so people were aware while conducting business that the situation would not change.

On how long the policy would continue, Dr Mahathir said they would continue as long as the international community allowed for "very destructive" economic activities.

"But we see a lot of people advocating controls over currency speculation and hedge funds," he said.

The Prime Minister said Malaysia's economy had bottomed out although the country was still feeling the effects of the initial International Monetary Fund-type of policies that were followed by the previous Governor of Bank Negara and Finance Minister, and added that otherwise things were improving.

"Our reserves have increased. Our share market has improved. Generally retail sales have gone up. All the indicators show we are recovering."

On foreign assistance, the Prime Minister said Malaysia will not borrow from countries other than Japan but would look into the possibility of borrowing from international commercial banks although the amount had not yet been determined.

"We don't really need too much money. Japan has come out with some funds for us which is adequate," he said.

On whether Malaysia would leave open the door for funding from Singapore, Dr Mahathir said: "At the moment we don't need the money."

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