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SELECTIVE CURRENCY CONTROLS GOOD FOR BUSINESS, SAYS AVON

By: Azlina Aziz

KUALA LUMPUR, Nov 15 (Bernama) -- In urging world leaders to make improvements to currency flows, the US-based Avon Products Inc today gave the thumbs up to the selective currency controls introduced by Malaysia recently.

Its chief executive officer Charles R. Perrin said improvements to currency flows were necessary as the present global system was not that perfect.

"I know for myself in running a global company that it is very challenging for you to have a very unstable currency. To this end we are clearly supportive of whatever process that results in an improved system in this area," he told Bernama here.

He said Malaysia's exchange control measures, which include fixing the ringgit at RM3.80 to US\$1, have been a great help to Avon's business in the country.

"It gives help in the sense that our local management who are doing import and export can now plan their work more effectively," he said.

He also said Malaysia has a stable investment climate.

"Well, I haven't seen any sign of an unstable environment here. It feels to be a very peaceful country and we have been here since the late 70s," he said.

Perrin said he believed in the future of Malaysia and the rest of Southeast Asia and would continue to seek business opportunities in the region despite the economic turmoil.

Over the last 12 years, Avon's business in Malaysia has increased tenfold to achieve total revenues of RM150 million.

"We are pleased with our result and we plan to stay for a long time," he said.

Avon products in Malaysia, especially skincare products, have doubled over the last three years.

He said Avon has foreign direct investments in 42 countries and its products are sold in 135 countries.

Avon, with a worldwide revenue of US\$5.2 billion so far this year, spent over US\$20 million on R&D last year and is committed to increase it by 50 percent over the next three years.

On revenue projections for the coming years, he said: "With the impact of dollar being so strong around the world, it is very difficult to make any projection as we have a big difference between our local currency growth and dollar growth."

For instance, this year Avon sales only grew two percent in dollar terms but close to 10 percent in local currencies.

For next year, the growth is expected to be five percent in dollar and 13 percent in local currencies.

Perrin had earlier called on Prime Minister Datuk Seri Dr Mahathir Mohamad at the Putra World Trade Centre where the Apec Business Summit is being held.

Perrin said that in their 20-minute meeting they discussed how Avon could support the Asia-Pacific Economic Cooperation (Apec) forum, Malaysia and the entire region in these difficult economic times.

The meeting primarily discussed Avon's role in Malaysia and the opportunities that Avon was offering to women, either through direct selling or franchising, he said.

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