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Stable-Economy

STABLE FOREIGN EXCHANGE FOR ECONOMIC EXPANSION

By: Mafuzah Ahmad

KUALA LUMPUR, Oct 7 (Bernama) -- Measures taken by Malaysia to stabilise the foreign exchange rate has captured the world's attention, causing a change in views among the international community, said Bank Negara's Assistant Governor Dr Awang Adek Hussin.

World leaders, international financial institutions, economists and academicians have now accepted the fact that the steps taken by Malaysia to stabilise the foreign exchange rate, is good even if it is for the short-term, he said in a television programme "Wawancara Khas" over by RTM tonight.

"There is an obvious change in the world's views," said Dr Awang Adek.

For example, the views that excessive currency speculation could destroy an economy, was first expressed by Prime Minister Datuk Seri Dr Mahathir Mohamad at the International Monetary Fund (IMF) and World Bank meeting in Hong Kong.

Now, his views had left an impact on the international community, especially that which relates to financial markets.

Dr Awang Adek said Dr Mahathir felt that there was a need to create some sort of regulations to control manipulations in the financial market, adding that the world's views concerning this matter had now changed and that it was obvious that the action taken by Malaysia to stabilise the foreign exchange rate was not wrong.

By stabilising the foreign exchange, Malaysia was able to implement its policies further to revive as well as expand the country's economy, he said.

The time span of the policy implementaion would depend on how fast the economy could recover.

"As long as there is no stability, we cannot solve the country's economic problem...but we have managed to stabilise the foreign exchange," he added.

Dr Awang Adek said looking at the declining interest rates and a controlled inflation level, there were indications that the country's economy was improving.

With a stable foreign exchange, the government will continue its economic recovery policy, he added.

On the exchange controls, Dr Awang Adek said inbound or outbound travellers have to declare in a form provided the amount of money they have on entering or leaving the country as stated in the Exchange Control Malaysia (ECM)'s notice.

Each person is allowed to take out of the country only RM1,000 and various foreign currencies amounting to RM10,000. Bank Negara's approval is required for any additional amount.

Under the specific provisions, customs and immigration officials are authorised to confiscate the money if a person failed to declare the amount.

Those who take out foreign currencies for special purposes such as financing children studying overseas, travelling, seminar or offshore investment, have to obtain written approval from Bank Negara, said Dr Awang Adek.

They could apply directly to Bank Negara or through local banks and provide details and reasons to back up their applications. The central bank will approve the application within a day.

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