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Top Taiwan banker lauds move to control ringgit

TAIWAN'S top businessman and banker Jeffrey Koo yesterday endorsed Malaysia's drastic measures to bring ringgit speculation under control given the current situation.

Acknowledging that there are two opposing opinions regarding the measures, he said the conditions in Malaysia have worsened in the last few months despite steps taken according to International Monetary Fund's prescription.

"So, therefore, I think it is the last resort for (Datuk Seri) Dr Mahathir (Mohamad). This is a special occasion and one last move to impose control.

"It has happened before in history. This way, foreign exchange in Malaysia can be stabilised and protected from speculators."

Koo, who was in Malaysia recently to discuss ways for Taiwan to help the economy, said: "Your Prime Minister has worked for 20 years to raise your income, so how can they (speculators) destroy that overnight.

"Of course, he has to take drastic measures and we understand his ideas and motivation. It is the same for Taiwan. If speculators attack us, we will probably take as strong a stance as well."

Koo, who is the national policy advisor to President Lee Teng Hui, was speaking at a Press conference at the start of the four-day meeting of the third Apec Business Advisory Council meeting.

This is the last meeting held among ABAC - the private sector representation for Asia Pacific Economic Community - prior to the APEC Economic Leaders Meeting in Kuala Lumpur this November.

The meeting, chaired by Malaysia Airlines chairman Tan Sri Tajudin Ramli, will finalise views of the private sector of APEC 18-member economies to their leaders.

News of Malaysia's currency control and Deputy Prime Minister Datuk Seri Anwar Ibrahim's dismissal made front page news of almost all major newspapers here as well as top news on the local television stations.

The issue also dominated yesterday's Press conference as both Taiwanese and Malaysian journalists wanted to know Koo's views on the matter as a businessman with interest in Malaysia as well as the chairman of the financial task force of ABAC.

Koo, who described himself as a good friend of Malaysia, said: "At this moment, we have to see how long would it take for these measures to bring results. Another six months would be a good indication whether these measures are a success."

"From the bottom of my heart, I really hope and pray for your success. Similar measures have worked before in Argentina. I am sure your Government has studied carefully these measures and their implications."

Koo, however, noted that Malaysia must be assisted regionally to address the problem of rogue speculators.

"It will be very hard for central banks alone to fight this. It has to be regional cooperation to effectively deal with this. We have to somehow build a protective wall.

"We are not abandoning free trade or liberalisation altogether but we have to work out a favourable balance between free trade and closing your doors."

Koo said personally he felt that Malaysia, in the past, together with Indonesia and Thailand, have opened their doors "too widely" to

liberalisation in the name of global liberalisation as promoted by multilateral world bodies.

Some Taiwanese officials and industry leaders have also voiced their support for Malaysia's drastic measures on currency control and said they do not expect the moves to have a negative impact on Taiwan.

Reports in the local newspapers quoted supporters of the move as saying that the pegged exchange rate of RM3.80 to the US dollar was an important measure to protect Malaysia "from becoming prey to hungry speculators on the prowl."

P.K. Chiang, chairman of the cabinet-level council for economic planning and development, said pegging the ringgit to the US dollar would benefit Taiwanese importers and exporters doing business with Malaysia by reducing currency risk.

He added that the only concern that Taiwan businesses now face is how they can remit their funds or savings out of the country.

Earlier, Koo said plans to invest in Malaysia and other Southeast Asian countries by a consortium of major Taiwanese business concerns is going ahead.

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