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USE RINGGIT, IT IS LEGAL TENDER, DR. MAHATHIR TELLS SUPPLIERS

KUALA LUMPUR, Jan 22 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad has taken to task suppliers in the country who insist on US dollar payments when they should use it since it was the legal tender in the country.

He said he saw no reason why some resident suppliers should invoice their local purchasers in US dollars.

If the suppliers want US dollars, they could exchange the ringgit for the greenback at current exchange rates, he said when asked to comment on public complaints lately that some resident suppliers had been invoicing their local purchasers in US dollars after visiting the HVD Studios and headquarters at Ceras here.

The suppliers had also been requesting that the payments be made to their associates outside the country, mainly in Singapore.

Responding to the complaints, Bank Negara yesterday sent a stern reminder that all payments between residents of Malaysia must be made in ringgit and not in foreign currency.

Dr Mahathir questioned suppliers wanting US dollars if they were not going overseas.

"If we do that (pay in US dollars locally), the value of the ringgit would fall further and eventually we would have to trade locally in foreign currencies which would pose a big problem to us," he said.

"I don't see why we should not accept the ringgit...we should be able to exchange it at the current exchange rate," he said, adding however that he did not know what the legal implications were in not using the ringgit.

When asked on suppliers refusing to deliver their goods if the companies did not comply, he said "we don't want the US dollar to be used widely" especially when the transactions are all done locally.

The central bank said that under the Exchange Control Act 1953 and related Exchange Control Notice, ECM 4: General Payments, all payments between residents in the country must be made in ringgit.

Residents are advised to seek the prior approval of the Controller of Foreign Exchange before making any payment in foreign currency to another resident, including remitting the foreign currency abroad on the instruction of the other resident.

No resident is to instruct another resident to make payment to him in a foreign currency whether in Malaysia or outside the country unless the prior approval of the Controller is obtained.

The Prime Minister, when asked to comment on the current economic turmoil in the region, said the economic pressure being asserted now could eventually be politicised.

On currency trading, Dr Mahathir said the International Monetary Fund (IMF) is still studying the matter and that it would take some time. --

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