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MAHATHIR-CHINA

CHINA'S SUPPORT FOR ASIAN MONETARY FUND VITAL, SAYS PM

By: Ali Mamat

BEIJING, Aug 19 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today stressed that China's support is vital in realising the establishment of an Asian Monetary Fund as proposed by Japan.

"Tokyo has recently revived the idea, which was earlier shot down by the United States and the International Monetary Fund (IMF).

"Malaysia believes that the Asian Monetary Fund is a concept worthy of support and it would also be good to solicit the backing of the Chinese," the prime minister said in his key-note address on "Malaysia-China Relations: Challenges and opportunities in the 21st Century" delivered at the Third Malaysia-China Forum here.

According to Dr Mahathir, both Beijing and Kuala Lumpur could discuss the matter to see how Japan could be encouraged to realise the fund, together with the other regional countries.

A major lesson of the regional and global financial crisis that took effect from July 1997 is that the present global financial system is simply not adequate to protect small economies from the onslaught of hedge funds and currency traders, he said.

Dr Mahathir said although China did not suffer rapid depreciation of its yuan during the crisis, the experience of China's neighbours had shown how devastating hard-earned national wealth built up over several decades could be reduced to a fraction because of attacks on their local currencies, mainly by Western rogue currency traders.

Even Hong Kong, which took great pride in its free-market economy, saw destructive attacks on its currency and stock market, he said.

In this respect, Dr Mahathir said reforms must be undertaken to ensure that the international financial system would be good for everyone.

In praising China's salutary stand during the financial crisis, he said:

"China's support for the crisis-hit regional economies, notably in not devaluating the yuan, has demonstrated the Chinese people's concerns for China's neighbours.

"You did not do so last year. We believe that you will not do so this year and the price that China has to pay to help East Asia is high and we in Malaysia truly appreciate the stand taken." -- BERNAMA

AM SHY