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APEC-MOMENTUM

M'SIA GETS MOMENTUM GOING TO REGULATE CURRENCY TRADER

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LANGKAWI, May 17 (Bernama) -- Although Apec Finance Ministers (AFM), who met in Langkawi over the weekend, failed to reach a consensus on regulating currency trading activities, Malaysia had accomplished what it had hoped for, namely to get the momentum going.

The breakthrough came when the AFM agreed on transparency and disclosure of market participants, including highly-leveraged institutions.

Asean's one voice on strengthening the International Financial Architecture (IFA), which incorporates disciplining hedge funds, was also noted by the ministers.

They also agreed that emerging economies -- the most vulnerable to the sudden pull out of short term capital -- should be included in efforts to redesign the IFA.

Thus, Malaysia managed to at least set the momentum for discussions on its call to regulate currency trading activities.

On the eve of the two-day meeting, the Sixth AFM forum chair, Datuk Mustapa Mohamed had said Malaysia was not hopeful that its call to discipline currency traders could progress into concrete proposals at meeting.

"It's too much to expect concrete proposals coming out of the meeting," he said, acknowledging that it was not going to be easy to reform the IFA.

When opening the AFM gathering, First Finance Minister Tun Daim Zainuddin had zeroed in on the need to incorporate emerging market economies when discussing the IFA reforms.

"There must be full support for a new system where the voices of the South are heard," he said.

As expected, strong objections came from the US, which contended that speculative activities of the currency traders contributed to economic stability.

"The US position has not changed much in terms of regulation, but in transparency and disclosure, they have no problem," Mustapa said at the end close of the meeting on Sunday.

He pointed out that Malaysia's stance was clear, that speculation is destabilising.

Malaysia, which has been severely hit by rogue currency speculators, has been strongly advocating for reforms in the IFA.

Prime Minister Datuk Seri Dr Mahathir Mohamad, who first suggested the need to regulate currency trading, had said that when a legitimate activity is "abused and people get hurt, governments must outlaw such practices."

He also reasoned that when the result of trade is so lopsided as to hugely enrich some by impoverishing the others, "then it is time that we examine the morality of such trading practices."

Mustapa said Malaysia's crusade against the manipulative acts of currency traders would continue and that the country would also continue to play a crucial role to regulate currency trading in various fora.

Apart from using Apec gatherings as the platform to garner support on the issue, Malaysia would use the forthcoming International Monetary Fund and World Bank meetings and the Financial Stability Forum of the Group of Seven to get greater mileage.

Dr Mahathir had said: "We may fail of course but we are going to do our damndest to succeed even if all the forces of the rich and the powerful are aligned against us. God willing, we will succeed."

-- BERNAMA
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