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LIMA-MAHATHIR

STEADY EXCHANGE RATE GOOD FOR BUSINESS, SAYS DR M

LANGKAWI, Dec 2 (Bernama) -- Malaysia believes that a steady exchange rate is good for business, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

And there would be no need to hedge, an unnecessary cost which only benefitted hedge funds, he said in his keynote address at the LIMA'99 Aerospace & Maritime International Conferences at Awana Porto Malai here.

"Certainly there will not be currency and economic turmoil caused by unpredictable, rapid and steep falls in the value of currencies," he said.

And because international trade would be facilitated when exchange rates were steady, exporters from every country would benefit, he stressed.

Thus, the demand for aircraft, ships, manufactured goods, defence equipment and even services would be high, benefitting the manufacturers and suppliers worldwide, Dr Mahathir said.

Malaysia, he said, had urged the International Monetary Fund (IMF) to take steps to control currency trading, adding that the world can actually do without currency trading.

Unfortunately, Dr Mahathir said the IMF was not inclined to do anything that would deprive currency traders of their opportunity to make huge profits, or even to render it transparent.

"(IMF managing director) Mr Camdessus promised us but he did nothing," he added.

On the economic recovery, he said the region as a whole was now much more healthy economically than in 1997-1998.

"This means that it is in a position once again to do business, to buy things and to trade generally. We are not out of the woods yet. There is still fear that the currency traders will be back," he said.

Dr Mahathir said new funds were already being set up by companies such as Merriwether "who apparently has not done enough damage with the LTCM debacle."

As such, he said Malaysia would not drop its guard (on currency controls) until a new international financial regime safe for emerging economies was devised.

"We are not doing our 22 million people any harm, nor are we hurting our trading partners through our (currency) controls. Indeed we are doing ourselves and our partners and suppliers a lot of good. The only people who have and will continue to lose out are the unconscionable money traders and fly-by-night investors. We really do not care for them," the prime minister said. -- BERNAMA

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