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CLOB issue: Singapore has no case, says Rafidah

SINGAPORE will not have a case should it decide to bring the issue of frozen CLOB shares to the World Trade Organisation, says International Trade and Industry Minister Datuk Seri Rafidah Aziz.

She said this was because Malaysia had never recognised the over-the-counter market.

"It is not a formal structure or trade in which you recognise the product you sell, we never recognised it ... and they know it."

Rafidah was speaking after opening a national conference on Vital Corporate Issues in the New Millennium in Kuala Lumpur yesterday.

The Securities Investors Association (Singapore) had plans to ask the Singapore Government to refer the issue of frozen Malaysian shares, now worth about RM17 billion, that was once traded on CLOB or the Central Limit Order Book to the WTO.

The shares were frozen following the imposition of selective capital controls in September 1998.

The matter was then left to the stock exchanges of the two countries to resolve.

Prime Minister Datuk Seri Dr Mahathir Mohamad said last week that the CLOB issue had nothing to do with the WTO. This followed Singapore Prime Minister Goh Chok Tong's statement earlier that he hoped to meet Dr Mahathir early next month to resolve bilateral issues including the CLOB matter.

Goh said if no progress was made, action through the WTO or courts was possible.

Rafidah said whatever the outcome of the CLOB issue, it should not affect the performance of the Kuala Lumpur Stock Exchange (KLSE).

Meanwhile, Bernama reported that Singapore Deputy Prime Minister Lee Hsien Loong said the republic's Finance Minister Dr Richard Hu had written to his Malaysian counterpart, Tun Daim Zainuddin, on Jan 13 over the matter after the Singapore Exchange (SGX) did not receive any response from the KLSE by Dec 7, last year on its proposal for the staggered release of the shares.

"Dr Hu's letter set out the Singapore Government's understanding of the legal issues involved and requested Daim to ask the KLSE to fulfill its legal obligations under the CDP-SCANS agreement.

"Dr Hu is now awaiting the Malaysian Finance Minister's reply," he said.

Lee, who is also chairman of the Monetary Authority of Singapore, reiterated that private sector offers for the shares cannot resolve the issue or absolve the relevant parties from their legal responsibilities.

"An early resolution is in the profound interest of both countries. The SGX and Singapore Government continue to be anxious to resolve the matter bilaterally with Malaysia, and will make every effort to do so.

"It is therefore premature to speculate on what further steps may be necessary should a bilateral solution not prove possible," Lee said.

Several Members of Parliament had pressed Lee whether the Singapore Government would set a deadline to start legal action if the matter remained unresolved.

The KLSE recently announced a final extension to June 30 the nominee status of Singapore's Central Depository (CDP) over the shares which had expired on Dec 31.

A copy of the agreement between CDP and Malaysia's Securities Clearing

Automated Network Services Sdn Bhd (SCANS), a subsidiary of KLSE, in September 1998 on the migration of the shares was also circulated to the Members of Parliament for the first time.

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