

02/02/2000

Dr M: Financial experts hail our banking reform

Hamisah Hamid

PRIME Minister Datuk Seri Dr Mahathir Mohamad said financial experts are pleased with the progress Malaysia is making in consolidating its banking and financial system.

Dr Mahathir, who met these experts during his three-week vacation and working trip abroad, said these experts feel that Malaysia is managing well its economic stability through the restructuring of the financial system.

"I met some finance people, they are very happy with the progress made towards the merger of banks. They think that we are using our economic stability properly by restructuring and reforming the banking system and the general financial system," he told a news conference at the KL International Airport in Sepang upon returning home yesterday.

During his vacation and working trip, the Prime Minister had met leaders from Argentina and the Caribbean Islands of St Lucia, St Vincent, Antigua and Grenada. He later flew to London for a private visit and went to Paris to meet French President Jacques Chirac.

Dr Mahathir pointed out, however, there are other factors that need to be considered (in the move to restructure and reform) such as the globalisation process.

"As I have mentioned to a lot of people, there is a tendency for oligopoly... in this world, there may be five huge banks, five automotive companies.

"Already in the aircraft industry, we are left with only two," he said.

This will result in "small people having less say and receiving less benefits from the so-called globalisation process," he added.

When asked whether local banks can now compete effectively against their foreign counterparts now that they have reverted to Bank Negara their respective merger proposals, Dr Mahathir said he has his doubts.

"I have my doubts because even as we merge, the foreign banks are merging also. They are becoming bigger and bigger and there is no way we can compete with them," he said.

Dr Mahathir stressed that he is not against globalisation but "I am against the interpretation of globalisation".

Globalisation should not be unilaterally translated as there are many interpretations which could be beneficial to the small countries.

The current interpretation of globalisation will result in companies from developing countries to be "swallowed up" by those from developed countries.

"To expect developing countries to compete with developed countries... corporations in developing countries to compete with corporations from developed countries which have already merged is ridiculous," he said.

Dr Mahathir also said that he had intended to raise the issue at the World Economic Forum in Davos, Switzerland but he decided not to attend it when the organisers re-scheduled him to be a member of a panel discussion, together with financier George Soros, instead of having him deliver a keynote address.

"I felt that as a panel member, I could not speak much... at most answer questions within two or three minutes.

"I don't see any benefit... as if they do not want to hear our views, only willing to listen to the views of the developed countries," he said.

As such, he decided to skip Davos but continued with his plans to meet

French president Jacques Chirac instead. In Paris, both leaders discussed bilateral relations and other international issues.

Dr Mahathir said that he found that both countries share many similarities.

He said France agreed to express Malaysia's view on several international affairs at the Group of Seven (G-7) meetings.

The G-7 comprises Britain, Canada, France, Germany, Italy, Japan and the US. "Well, the French seems to be sympathetic towards us. Naturally, we are close to them," he said when asked whether such close relations will be misconstrued by other countries.

Asked whether this will result in more economic opportunities to both sides, he said French carmaker Citroen is interested in continued cooperation with Malaysia.

"I met the Citroen president and he has a view on cooperation. I am aware that Proton has a different view, but I will talk to Proton," he said.

(END)