

16 APR 2001

MAHATHIR-PEG

GOVT WILL CONTINUE TO MAINTAIN PEG, SAYS MAHATHIR

KUALA LUMPUR, April 16 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad says Malaysia will maintain the ringgit's peg against the US dollar even if the local currency appreciates or depreciates markedly against foreign currencies for only a short period of time.

He said if the ringgit is 20 percent overvalued or is weakened by the same percentage for a sustainable period of time, then the government might change the peg if it is still being activated.

"But of course not if it happens for one day. If it is sustained and the value of the ringgit is too strong by 20 percent or too weak by 20 percent then we would consider determining a new exchange rate," he said.

"...but so far, this has not happened," he said in response to a question after the UMNO Supreme Council meeting here today as to whether the government would change the peg if the ringgit was overvalued by 20 percent.

The ringgit is currently pegged at RM3.80 to the US dollar and many industries have urged the government to maintain the peg as it provides currency stability and goes a long way in helping them control costing and pricing.

Asked how the government would finance the six percent budget deficit for this year, he said that "the government may finance it through the issue of bonds and other means available." -- BERNAMA

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