

19 APR 2001

MAHATHIR-IMF

IMF SUPERVISION FOR SWAP ARRANGEMENT NOT GOOD, SAYS MAHATHIR

GENTING HIGHLANDS, April 19 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad has reiterated Malaysia's stand that Asian countries will not benefit if the International Monetary Fund (IMF) supervises the proposed currency swap arrangement in providing funds to regional economies facing liquidity problems.

This is because the IMF's methodology and approach in helping financially-troubled economies has not brought any good, he said when commenting on reports that some Asian countries want the IMF to supervise the swap arrangement.

However, if the majority insist on IMF supervision, than "we have no choice," he told reporters after officiating the National Education Convention 2001 at the Aminuddin Baki Institute at Sri Layang, here.

The currency SWAP arrangement was mooted to provide a safety net against future financial crisis, after regional economies hit badly by the 1997-98 recession faced tight liquidity problems to boost their flagging economies.

The Japanese-led US\$2.5 billion (US\$1=RM3.80) currency SWAP plan, also known as the Chiangmai Initiative named after the Thai city where it was born, aimed to link the 10 Asean's member countries international reserve via bilateral pacts with the regional powerhouse -- China and Japan, as well as South Korea.

Under the currency SWAP arrangement, the 13 countries would help each other to provide temporary financing for members facing balance of payments problems, and provide quick response to a currency falldown.

Asean Finance Ministers at the fifth meeting in Kuala Lumpur on April 7, 2001 reached consensus that the bilateral swap arrangement which is part of the currency swap arrangement would be complementary and supplementary to IMF facilities.

The ministers said in a joint statement after the meeting that the terms and modalities of the BSA should take into account the different economic fundamentals, specific circumstances and financing needs of individuals countries so that the facility is beneficial to the individual Asean countries.

Touching on the proposed formation of the Asian Monetary Fund, Dr Mahathir said that "we agree with the setting up of the Fund but why is there a need to refer to the IMF.

"If everybody thinks its important to refer to the IMF, then we are a lone voice, but that is our stand," he said.

However, Dr Mahathir said: "We don't yield very easily."

Asked on the appointment of former Bank Negara Malaysia governor Tan Sri Ali Abul Hassan Sulaiman as his special economic adviser, Dr Mahathir said he needed him for advise on what needs to be done.

Nevertheless, he said would still make his own decisions and not that of the adviser.

"Whether or not I accept his advice is my responsibility," he said.

Dr Mahathir said he needed his advice to understand issues clearly within a short period time.

Besides this, a lot of issues requiring his final decision needed him to study them closely, he said.

"So, if I do not study them, I might not make a good decision," he said.

Dr Mahathir also said that he needed to meet numerous parties facing problems some of whom he did not have time either to solve them or understand what their problem was.

"That is why I have given it to two advisers (and) they will try to resolve these problems," he said.

For instance, he said if banks do not provide loans, "I can't (be expected to) go to the banks and urge them to give the loans."

The other economic adviser to the Prime Minister is Tan Sri Nor Mohamed Yakcop who was appointed to his post in May last year. -- BERNAMA

MK MFJ MR