

17 APR 2001

MAHATHIR-PEG

LOWER REGIONAL CURRENCIES WILL NOT PRESSURE RINGGIT TO BE RE-PEGGED

KUALA LUMPUR, April 17 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today dismissed suggestions that the ringgit was currently overvalued, saying the Malaysian unit will not be pressured into being re-pegged by other depreciating regional currencies.

He said the fact that Malaysia was still able to compete internationally showed that it was not overvalued.

"The ringgit can be said to be overvalued if the country is unable to compete globally," he told reporters after opening the International Islamic University of Malaysia (IIUM) here today.

Dr Mahathir also said that other regional currencies were not expected to rise or fall beyond 20 percent and stay (there).

"Even if they do, they will head back to where they were," he added.

The Prime Minister also said that the economic slowdown would affect every economy in the world in the sense that they reduce imports "but it does not warrant a re-peg here."

"Even if we re-peg lower to make things cheap and competitive, there would not be a good market for our products and services if demand from the U.S. and the economies depending on it spiral down," he said.

The ringgit is currently pegged at RM3.80 per U.S 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.

Meanwhile, at a separate function, the Malaysian Institute of Economic Research (MIER) said that now was not the time to re-peg the ringgit.

Such a move could be considered when the economy is growing at about 6.0 percent and when regional currencies were stable, the private think-tank said.

MIER said that the idea of re-pegging was good during a crisis as it reduces uncertainty and provides a lot of stability. -- BERNAMA

MFZ MR MFJ