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Mahathir-Peg

RINGGIT NOT PRESSURED BY LOWER REGIONAL CURRENCIES, SAYS PM

KUALA LUMPUR, April 17 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad dismissed today suggestions that the ringgit is 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 Malaysia (IIUM) here.

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

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

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 will not be a good market for our products and services if demand from the US and the economies depending on it spiral down," he said.

The ringgit is currently pegged at RM3.80 per 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.

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 per cent 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

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