

# Malaysia plans to initially use gold dinar within small group

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MALAYSIA plans to initially use the gold dinar as a currency for trading with a small group of countries, in the hope it would slowly gain international acceptance.

"We are trying to work it out with three or four countries that we have close ties with," said Prime Minister Mahathir Mohamad, who proposed the system last month to reduce the risk of speculation in bilateral trading.

"The Arab and Gulf states ... maybe they'll accept it," he told reporters after attending a Labour Day function in Kuala Lumpur yesterday.

Some Islamic countries have proposed using the dinar, which is a gold-backed standard, in international trade instead of the US dollar.

The prime minister, who recently

visited Libya, Bahrain and Morocco, said the three countries had responded enthusiastically to the plan.

He said however that no deadline had been set for the launch.

"We have to solve the problems first. There will be lots of problems," Dr Mahathir said, adding that Malaysia intended to host an international conference on the subject.

He said gold was also open to some risk of speculation but it was safer than conventional currency, which had no intrinsic value and could be manipulated indefinitely.

"You cannot speculate too much in the price of gold. You cannot say the price of gold today is 10 cents because nobody is going to sell you gold at 10 cents." - Reuters