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Ringgit peg stays, says adviser

KUALA LUMPUR: Malaysia has no immediate plan to abandon or rejig its ringgit currency peg despite recent weakness in the US dollar, a Reuters report said yesterday, quoting Datuk Nor Mohamed Yakcop (*pix*), the financial adviser to Prime Minister Datuk Seri Dr Mahathir Mohamad.

Reiterating the government's stand on its fixed exchange rate regime, Nor Mohamed told a rare meeting with reporters that the peg had provided much-needed stability to the country's business environment.

"We are an oasis of stability. We don't see the advantage of unpegging. For the time being, there is no intention to float the ringgit," he said.

The ringgit was fixed at 3.80 to the dollar in September 1998, when

Mahathir brought in the measure along with capital controls in an effort to mitigate the fallout from Asia's financial crisis.

Economists expect the peg to remain for at least another year, helped by large foreign exchange reserves, "fiscal strength and manageable foreign debt levels, a recent Reuters poll showed.

Nor Mohamed, a former central Bank Negara adviser, said the ringgit regime should be viewed as a point of strength for Malaysia. "It has given us so much stability," he said.

The government has said it would consider re-pegging the ringgit if the currency fluctuates 20% either way against major Asian currencies.

"Right now, the movement is just 2-3%," Nor Mohamed said.