

# ***Dr M: Secretariat for gold dinar a good idea***

**STAR** 24 OCT 2002

KUALA LUMPUR: Malaysia plans to set up a secretariat in the country to promote the idea of using the gold dinar among central banks of other Muslim countries, Datuk Seri Dr Mahathir Mohamad said.

He said he would inform the Cabinet of the proposal and if there was agreement, Bank Negara would be informed.

"Iran is keen, so we might do this with them," he told reporters yesterday after closing the *International Seminar on Gold Dinar in Multilateral Trades* organised by the Institute of Islamic Understanding (Ikim).

Earlier during a question-and-answer session, Iranian central banker Bijan Latif had suggested that Malaysia set up a secretariat here to provide information on the concept.

Dr Mahathir had responded that it was a good idea to have a secretariat here to facilitate communication with central banks of other Muslim countries to explain the concept and examine the laws to allow the use of the gold dinar.

In the session, Ikim chairman Tan Sri Ahmad Sarji Abdul Hamid outlined some of the proposals and issues that needed to be examined before implementation.

He said there was an existing prohibition by the International Monetary Fund (IMF)

on the use of gold as a medium of payment and the proposed gold dinar would be a potential violation of the rule.

He said there was also a need to study the effects of using a dual currency system tool and whether this would

impede the growth of the gold dinar.

Dr Mahathir later told the press conference these were problems that should be looked at and resolved.

He said potential countries to use the dinar for trading

were Muslim countries with a stable economy.

In his speech, he said countries should not be too ambitious in launching the gold dinar for multilateral trade at one go, suggesting instead they start by pairing off two countries.

He believed anarchy in the international financial regime would remain because it benefited the rich and powerful and to "protect ourselves, we must evolve our own payment system, our own trading currency."

He said the gold dinar could be the currency for trade between nations and if all trade items were valued against gold, then there would be no problem with exchange rate.

He said while gold price could also be manipulated, this was not as easily done as the US dollar or other currencies.

"No one can sell gold at below market price because he just will not be able to deliver when called upon to do so. Short selling will be very difficult, if not impossible," he said.

He stressed the dinar was intended exclusively for international trade and was not to be used as currency for daily transactions in the domestic market because it was heavy and cumbersome to carry.