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MAHATHIR-SWISS

NOT ONE SIZE FITS ALL, DR MAHATHIR TELLS DEVELOPED NATIONS

By: Mohd Fisol Jaafar

ZURICH, June 10 (Bernama) -- The Prime Minister says that developed countries cannot impose transparency requirements that are onerous in scope and practice, although Malaysia agrees that strong domestic regulations be in place to ensure the sector's financial stability and prudent management.

"Malaysia cannot subscribe to a one-size-fits-all approach as developing countries in particular, need regulations that commensurate with their level of development," Datuk Seri Dr Mahathir Mohamad, who is also Finance Minister, said.

He was speaking at a dinner with Swiss business community here Monday, organised by the Malaysian Industrial Development Authority (MIDA) in conjunction with his three-day official visit to Switzerland.

In his keynote address entitled "Enhancing Malaysia-Switzerland Trade Relation," the prime minister said that it was important that the World Trade Organisation (WTO) negotiations on services was not based entirely on the premise that the main issue was trade liberalisation, rather it was to promote the economic development of countries, in particularly developing nations.

As such, Dr Mahathir said that developed countries like Switzerland was duty bound to ensure under the various provisions that the negotiations would economically benefit developing countries.

He added that this would include strengthening the domestic capacity of developing countries and also assisting developing countries to gain market access for their service providers.

Dr Mahathir also touched on the emphasis of the international community which was still skewed towards enhancing transparency by the public sector, especially in developing countries.

"Malaysia is of the view that enhanced transparency by the private sector such as highly leveraged institutions (HLIs) and offshore financial centres (OFCs) and credit rating agencies is equally important to promote more efficient and stable financial markets.

"Countries should not be pressured into adopting standards and codes which may not be relevant," he said.

The prime minister said that Malaysia recognised that adherence to international standards and codes was important to promote financial stability but this should continue to be implemented on a voluntary basis.

He said that due consideration should be given to differences in a country's specific circumstances and priorities in terms of the level of economic development and structure, and the strength of the financial sector.

Dr Mahathir said that the WTO negotiations on services was underpinned by the principle of progressive liberalisation and as such, developed countries should not expect Malaysia to open its market in a manner that was not compatible with its financial and development situation.

"In short, Malaysia will liberalise to the extend of what its market can bear," he added.

On challenges posed by increased globalisation and financial liberalisation, the prime minister said that Malaysia was of the view that additional initiatives on capital flows were necessary at the international, regional and national levels.

He said that at the international level for example, attention could be given to increasing the monitoring or surveillance role of the

International Monetary Fund (IMF) in promoting and safeguarding international financial stability, encouraging the disclosure of large positions by market participants, including HLIs.

At regional level, regional surveillance and financing arrangements could be improved while proper sequencing of capital account liberalisation and risk management framework at the national levels could be enhanced, he said.

Dr Mahathir said in addition to consistent and sound macroeconomic policies, a concerted international response in areas such as reporting and disclosure, risk management of hedge funds and banks, dealing practices, dispute settlement mechanisms for hedge funds and provisions of incentives to encourage observance of reporting, risk management and dealing practices, was necessary to safeguard international financial stability.

On Malaysia-Switzerland business collaborations, the prime minister invited Swiss investors to consider Malaysia as their investment destination to serve their Asia-Pacific markets.

He said that there was potential for cooperation and collaboration between Swiss and Malaysian small and medium enterprises (SMEs) through industrial linkages to meet the demand for industrial imports of multinationals and large scale corporations for domestic, regional as well as global markets.

"I would like to encourage Swiss multinationals and SMEs to forge business cooperation with Malaysian SMEs which have been nurtured as global suppliers through various programmes based on public-private initiatives," he added.

He suggested that Swiss and Malaysian tour operators explore the possibility of expanding the travel capacity by operating charter flights to destinations like Langkawi, Sabah and Sarawak in Malaysia.

Meanwhile, Swiss institutions of higher learning and training institutes could share their knowledge on Swiss technology and services through twinning programmes, training and exchange programmes in Malaysia, he said. -- BERNAMA

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