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Mahathir-Secretariat

MALAYSIA MAY ESTABLISH SECRETARIAT TO EXPLAIN ABOUT GOLD DINAR

KUALA LUMPUR, Oct 23 (Bernama) -- Malaysia will consider setting up a secretariat to explain the concept of using the gold dinar for settlement of international trade, Datuk Seri Dr Mahathir Mohamad said today.

"I will inform the Cabinet and if (they) agree, we will ask Bank Negara Malaysia to set up the secretariat," the prime minister told a news conference after closing the international seminar on the "Gold Dinar in Multilateral Trade", here.

The idea of a secretariat was raised earlier by an Iranian participant at the two-day seminar organised by the Institute of Islamic Understanding Malaysia (Ikim).

Dr Mahathir said the idea of using the gold dinar was now at the phase of explaining the concept and discussing problems associated with its proposed implementation.

He said that countries planning to use the gold dinar might have to amend their laws as well as ensure that it conformed with the existing international financial regime.

Answering questions from the floor after delivering the closing speech, Dr Mahathir said many people were interested in the gold dinar but saw obstacles in the way.

"It is a good idea (to have a secretariat) because wherever I go now, I get the same question -- what gold dinar is all about.

"It is not possible for me to explain in detail how it is going to be used and what it is all about. So if we have a secretariat, this secretariat can communicate with central banks in other countries," he said.

Dr Mahathir said the secretariat would not only prepare booklets containing information on the gold dinar but also send someone abroad to explain the concept and examine the laws in other countries to determine if they could be made compliant with the usage of gold dinar.

Asked why Malaysia was still unable to find partners to implement the gold dinar, the prime minister said the proposal had to be approached patiently.

He said Malaysia and other Muslim countries were all parties to international agreements and they might be breaching these agreements if they went ahead with the gold dinar usage.

Malaysia and its potential partners would need to amend the laws and convince the international community that gold dinar was a currency and not a gold standard, he said.

At the seminar today, it was pointed out that there was an existing prohibition by the International Monetary Fund on the use of gold as a medium of payment and therefore the proposed gold dinar was a potential violation of the IMF rule.

"It (gold dinar) is in a way a foreign currency as much as the US dollar is a foreign currency," said Dr Mahathir. "We should be allowed to use gold dinar without being accused of breaching international law and practices."

He said the gold dinar was just another currency.

"We can trade now in the US dollar but if we like we can also trade in yen or euro. If we trade in euro, it does not mean we are working against the US dollar.

"It is just a matter of choice. Now we have the gold dinar, it is just

another alternative," he added.

The prime minister noted that some Muslim countries might not be as free as they wished to implement the gold dinar concept.

This, he said, was because they were under an obligation to some countries from whom they had borrowed a lot of money or received aid.

But he noted that out of the over 50 Islamic countries, mosy of them were not under any obligation to anyone and were economically strong. And at the moment, these countries are trading in the US dollar.

Dr Mahathir said Malaysia would try to identify countries which were free of, or had minimal, problems to implement gold dinar and work with them to expand the usage.

"At this point of time, I wouldn't be able to identify the countries but we do know some countries which are very liquid, not indebted to anyone and have resources," he said.

On the possibility of the public using gold dinar, Dr Mahathir said using itr for daily transactions would pose problems. This is especially so if the transactions involved large sums as the gold dinar coins are bulky.

It would therefore be better to use the local currency for daily transcatons, he said.

"But we cannot prevent people from collecting dinar because it is gold. They can keep it as you (now) can keep the US dollar. We cannot arrest you because you have the US dollar in your pocket," he added.

The prime minister said that as it was gold, the gold dinar would not be devalued over time.

"If you have the gold, the gold appreciates in value. Of course sometimes it depreciates but largely it will appreciate," he said.

As for dinar notes, Dr Mahathir said many countries were using dinar as currency but the currency notes had no value.

"I have in my pocket 500 billion dinar. It was issued 15 years ago by a country which you don't usually associate with dinar -- Yugoslavia.

"At one time the value of the Yugoslavian dinar was so low that they had to print 500 billion dinar currency notes," he said, adding that each note was then worth only 12 US cents.

"Today it has zero value. I carry it in my pocket because I want to show that paper currency has got no value. You can print any number," the prime minister said.

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