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MAHATHIR-CURRENCY

ASIA NEEDS A COMMON TRADING CURRENCY, NOT SINGLE CURRENCY

KUALA LUMPUR, June 9 (Bernama) -- It would be more practical for Asia to have a common trading currency rather than a single currency given the region's heterogeneous character, former Prime Minister Tun Dr Mahathir Mohamad said.

He suggested that Asian countries consider using gold as a common means of trade and to settle transactions.

"I'm not saying that it cannot be done but it would take time. What we need now is not a single currency but a common trading currency," he said during a dinner function last night.

"That I believe is possible," he said when asked whether Asia would have a single currency much like the euro during a question and answer session after his dinner speech for delegates to the 12th general assembly of the Organisation of Asia-Pacific News Agencies (OANA).

However, he said it was up to national governments to put it into practice. "If there is a will there is a way and the mechanism (to use gold) is already there and it has already been worked out."

He said that Asian economies now, which conduct most of their regional and global trade using the U.S. dollar, do not have to depend on the greenback which has become the common trading currency for Asia.

Of the common currency that Asia needs for trading, he said that it "would not be used in the country as legal tender but for the purpose of trade, we can designate the currency and all trade done in that currency."

Currencies have different values in different countries.

"For example, the US dollar is worth RM3.80 per dollar and 9,000 Indonesian rupiah.

"Supposing, we (Asia) devise our own currency for the purpose of trade. In order to determine the value of that currency, we fix it against a definite weight of gold."

And in that way, the internal currency remains the same, he

said.

"We should not be too ambitious as to do away with the ringgit, rupiah, or peso, etc. We should just add a common trading currency," Dr Mahathir said.

Countries grew fast after the second world war because of the world gold standard and not because of the floating system.

Although there has been some talk on the Asian common currency, he said it was not something that could be easily had, given the complexities within the region.

In contrast, Europe went through different phases before it reached the stage of having the euro as a common or single currency, he said.

Dr Mahathir said that steps towards European unification and the consequent emergence of the euro began more than 20 years ago.

This was when they (Europe) had the coal and steel community, which became the European Economic Community, and finally moving on until having the European Union and the common currency.

Europe is much more homogeneous, whereby the people have the same culture and historical background.

However, for Asia, "it is made up of heterogeneous peoples, with different cultures, languages and peoples and its not so easy for them to forget their differences."

"It would take time for a common or single currency to emerge, hence the better alternative is a common trading currency, he said. --

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