

10/05/2005

MAHATHIR-CURRENCY

DR M: GOVT SHOULD DETERMINE VALUE OF CURRENCY, NOT THE MARKET

KUALA LUMPUR, May 10 (Bernama) -- Tun Dr Mahathir Mohamad said the local currency value should be determined by the government and not the market as the latter was subjected to manipulation.

"(And) We have to determine (the value) based on our economic strength," he said, in answering a question from the floor at the 2005 CFO (chief financial officers) Conference entitled "Driving Profitability in Today's Economy" here today.

The former Prime Minister was guest speaker, delivering his special address on "Malaysia Incorporated - Revisited", at the conference which was opened by deputy Finance Minister Datuk Dr Ng Yen Yen.

Dr Mahathir said when the government decided on the currency control before, it had planned what should be done all the time to remain competitive.

Among other things was by studying the fluctuations of neighbouring currencies, whether they depreciated or appreciated by 20 percent.

"To remain competitive, we should consider revaluing our currency," he said.

For instance, he said the greenback had devalued by three percent to the Euro, now trading at 130 US cents per Euro as against 80 US cents before.

As the local unit was tied up to the greenback, he said the Ringgit had also depreciated against the Euro, pound sterling and the Yen, when these countries were Malaysia's big trading nations.

When devaluing or revaluing the Ringgit, Dr Mahathir said the government had to decide on both the pros and cons.

Many factors must be studied carefully by the government as the country's economy was based on exports of imported components and these imports were expensive under the current value but should the local unit be revised upwards, the cost of these components would be cheaper.

In answering a question from a Singaporean participant on the "Malaysia Boleh" motto, he said it was to convince Malaysians that they could do what others do.

He said after 400 years under colonial rule, the confidence of most Malaysian was shattered as they felt that they could not do many things.

"However, in order to progress, we have to overcome that," he said.

These were done by showing them that Malaysia was once the biggest rubber and tin producer and as it industrialised, it became the biggest producer of microchips.

Its trade is also big and it is becoming the 17th largest trading nation in the world despite its size and small population.

Dr Mahathir said Malaysia's trade was double the country's GDP (gross domestic product) when compared to that of Japan which was only 20 percent of its GDP while the United States' contribution was 70 percent.

Meanwhile, Dr Ng Yen Yen in her opening address said the CFO's traditional responsibility of keeping the company's balance sheet and report on results could no longer be further from the reality of today.

In such an integrated and global market, the role of the CFO's had evolved to that being financial gatekeepers for companies, in raising money, shaping strategic planning and overseeing management initiatives. --

BERNAMA

SHO KTC

