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Malaysia held up as role model (HL)

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MALAYSIA's financial management is an example for other countries to follow while its banking reforms should be emulated by other countries, including those in Africa, International Monetary Fund managing director Horst Kohler said today.

He mentioned Malaysia several times during the "enlarged dialogue" ahead of the annual Group of Eight Summit in Evian, France. Kohler cited Malaysia, Brazil and Mexico for the structural reforms that have been implemented.

Malaysia has recapitalised its banks, its system is more transparent and the country has been able to deal with the non performing loans.

Generally, Malaysia has improved the business climate, he said.

Prime Minister Datuk Seri Dr Mahathir Mohamad said: "Kohler is willing to listen to our views. I think we should take advantage".

Briefing the Malaysian Press later on the enlarged dialogue which was held on the eve of the G8 annual summit in Evian, France, Dr Mahathir said Kohler had expressed interest in visiting Malaysia and meeting Malaysians.

Malaysia which was condemned for its unorthodox policies and remedies during the height of the financial crisis is now being held up as an example to be followed.

Even former IMF Managing Director Michel Camdessus, met in Paris last week, spoke positively of Malaysia's policies. They were "within the rules of the IMF and the Fund had no objection to them".

Dr Mahathir said: "I think we should not gloat that the world now acknowledges Malaysia's policies and approaches. Now we are exonerated. What we said five years ago they are saying it now."

Media reports indicate that since the US dollar is under attack by currency traders, the chairman of the US Securities Exchange is now talking of the need to control currency trading to make it more transparent.

Analysts said people now realise the need to deal with harmful currency speculation which causes untold damage to economies including a suggestion to impose tax on short selling, for example, "if you sell off within two months then there should be a tax".

In addition, agencies such as the World Bank and IMF now admit that the existing international financial system has its drawbacks and needs to be improved.

Malaysia had pointed out that the existing international financial system required amendments as it did not serve the needs of a globalised world.

Many had been reluctant to acknowledge this fact at the height of the financial crisis and especially when developing countries were being hit.

Asked whether any suggestions were made during the dialogue on ways to move to the Doha Development Round forward, Dr Mahathir said there was a comment that it was supposed to focus on development in developing countries.

But indications are it is more concerned with opening up markets in developing countries and the need for developing countries to be less corrupt and more transparent.

The development agenda has been hijacked and the plight of the poor and emerging economies has been ignored even as more and higher barriers to their trade and development continue to go up.

