

# 'Have new trading currency based on gold'

**KUALA LUMPUR:** Prime Minister Tun Dr Mahathir Mohamad yesterday proposed for East Asian countries to have a common trading currency based on gold to replace the existing one.

He said a regional currency based on gold would be more stable and could be used to evaluate import and export activities among East Asian countries.

"In the Far East, if we want to come together, we should start with a common trading currency. It is not to be used locally, but for the purpose of settling trade and that currency will belong to East Asia.

"At the moment, we depend on the United States dollar, which is not stable, so I propose that the currency be based on gold because it is more stable.

"If we use that currency to evaluate East Asian countries' import and export activities, then we can make settlements using that currency," he said at the opening of the 25th International Confer-

ence on the Future of Asia in Tokyo, Japan, yesterday.

He said the new currency could be extended to non-East Asian countries, adding that being tied to the US dollar resulted in currency manipulation.

"Just because one country is affected, others will be affected too.

"Malaysia was stable in 1997 (during the Asian financial crisis), but because of the problem in Thailand, they said we must peg the Malaysian currency (to the US dollar).

"What happened? Currency traders

sold the Malaysian currency and its value depreciated.

"This currency trading is not healthy because it is not about the (economic) performance of countries, but it is

about manipulation."

Dr Mahathir said suggestions for the Japanese yen or Chinese yuan to be used as the common currency in the region would only lead to more conflicts.

Recently, the US Treasury claimed that Malaysia was a potential currency manipulator by putting the country on its monitoring list.

However, Bank Negara Malaysia refuted the claim and said the Malaysian economy remained resilient, underpinned by strong economic fundamentals, including

the flexibility accorded by a floating exchange rate and strong external balance.

Singapore, China, Germany, Japan, South Korea and Vietnam were also added on the list.

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**TUN DR MAHATHIR MOHAMAD**  
Prime minister