

**Malaysia Will Not Impose Capital Controls, Says Najib  
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KUALA LUMPUR, Sept 19 (Bernama) -- Malaysia will not impose capital controls for now but use other existing financial instruments to correct any economic volatility, Prime Minister Datuk Seri Najib Tun Razak said Thursday.

Najib, however, did not rule out the possibility of implementing capital controls as a last resort.

The economy was resilient compared to other countries in the region due to its strong reserves position, coupled with high savings in the Employees Provident Fund (EPF), Pilgrims' Fund Board (Tabung Haji) and Pension Trust Fund, he said during a recording at the CNBC Summit Conference, which will be aired over the business network at 5pm tomorrow.

The 30-minute recording was hosted by renowned CNBC anchor Martin Soong.

"Chances of a default is minimum. Despite our money leaving, our reserves are more than enough compared to what we had during the financial crisis in 1997," Najib said.

Najib, who is also the Finance Minister, said the country's current reserves stood at US\$130 billion compared to below US\$30 billion in 1997.

Malaysia imposed capital controls in September 1998 during the contagion regional currency crisis in efforts to curb speculative attacks against the ringgit by unscrupulous hedge funds and to bring stability to the economy.

The capital controls, which include pegging the ringgit to RM3.80 to a US dollar, were lifted in July 2005.

Before the onslaught of the crisis in July 1997, the ringgit was trading at a high of RM2.42 against a US dollar but thereafter fell after regional currencies, starting with the Thai Baht and Indonesian Rupiah were attacked by speculators.

Najib said: "Most of our debts currently are domestic, especially the ones that are long-term. We are on solid ground and the chances of a default is very minimum."

Asked by Soong whether Malaysia would sign the Trans-Pacific Partnership Agreement given the possibility of signatory countries possibly having to waive their sovereign rights to independent monetary policies and implement and impose capital controls when necessary unless there was consultation between member countries, Najib said:

"We want the TPP but it has to be on the government's terms and this is still in progress."

Najib said some of the terms go beyond the trade and investment considerations and that they impinged on the question of sovereignty and state-owned enterprises.

"So, there will be tough negotiations that will be undertaken by us, but essentially they are listening."

"Our bottomline is that we will not forego our national interests for the sake of TPP but we want TPP, we think it is good provided the terms are reasonable," he added.

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