

Forex losses: Guan Eng questions RM31b figure, but Kit Siang feels vindicated

MalaysiaKini.com

30 November, 2017

Lim Kit Siang and his son Guan Eng have offered different responses to the Royal Commission of Inquiry (RCI) into Bank Negara's foreign exchange (forex) scandal establishing that the losses incurred were a whopping RM31.5 billion.

Both recalled raising this issue in Parliament during the 1990s.

Guan Eng said he remembered debating Anwar Ibrahim, who was finance minister then, and the losses were stated as RM10.7 billion.

Therefore, the Penang chief minister questioned how the figure escalated to RM31.5 billion and how the difference of about RM21 billion was kept hidden from Bank Negara's records.

Kit Siang, on the other hand, cited his speech in Parliament in 1993 and 1994 on the forex scandal and noted how "accurate" he was regarding the losses.

"In my speech in Parliament in the debate on the royal address in April 1994, I estimated that the Bank Negara forex losses in the early Nineties could exceed RM30 billion.

"This has now been vindicated by the RCI report, which said the total amount of Bank Negara forex losses was RM31.5 billion – comprising RM12.35 billion in 1992, RM15.29 billion in 1993 and RM3.86 billion in 1994," Lim added in a statement this afternoon.

At a press conference in Parliament earlier, Guan Eng said amortizing RM21 billion over a period of 10 years is not a simple feat as it would be detected by the International Monetary Fund (IMF) and observers who looked through the accounts.

"We want to know how it was done and that it can be done so cleverly that even international experts could not detect it. Don't forget, Bank Negara was awarded the best central bank in the world. How come it was not detected?" he asked.

Guan Eng also questioned how former prime minister Dr Mahathir Mohamad's successor, Abdullah Ahmad Badawi, was in the dark about the matter.

"If it was amortized over 10 years, it should cover 10 years after 1992, till 2002, 1993-2003, 1994-2004.

"Who was the prime minister and finance minister then? Don't tell me the prime minister at the time did not know this.

“Are you saying that you (the authorities) want to seek an explanation or (initiate) action against Pak Lah (Abdullah), who was the prime minister at the time?” he added.

On a sarcastic note, Guan Eng, who is a trained accountant, said a lesson should be conducted on how to amortize such a massive sum over a decade and that those behind the Enron and Lehman Brothers scandals could learn this “creative accounting” from Malaysia.

How did Najib and colleagues miss this?

Meanwhile, Kit Siang said that in another speech in Parliament in May 1994, he had asked whether, at the height of Bank Negara's speculation in the forward foreign exchange market in 1992, Bank Negara's maximum exposure was in the region of RM270 billion – three times the country's GDP and more than five times the country's foreign reserves at the time.

“Today, the RCI report said 'the average monthly maturing buy-and-sell transactions was RM149.7 billion and RM153.4 billion respectively' and 'the total volume reached RM750.7 billion in February 1993',” he added.

The DAP veteran also questioned how such colossal losses could have escaped the attention and responsibility of any cabinet minister, which included Prime Minister Najib Abdul Razak, who was then helming the Defence Ministry.

Noting that the RCI recommended that an investigation is carried out to determine if Mahathir and his then deputy Anwar Ibrahim had concealed facts from the cabinet, Kit Siang also asked about the culpability of the other cabinet ministers at the time.

Both father and son also touched on the 1MDB scandal, which has plagued the Najib administration for several years and spawned investigations in various countries.

Guan Eng had asked if there was an alleged high-level cover-up of the forex losses in the past, what guarantee is there that a similar cover-up is not happening with regard to 1MDB at present.

Kit Siang, on the other hand, wondered what it would be like to have an RCI report on the 1MDB scandal.

The RCI report on the forex scandal was released in Parliament this afternoon.

The commission claimed that Mahathir and Anwar had likely abetted Nor Mohamed Yaakop and hid certain facts from the cabinet. Both are grave offences under the Penal Code.

Nor Mohamed was in charge of several portfolios in Bank Negara at the time, including the management of external reserves.

The RCI also said Mahathir and Anwar were aware of the extent of Bank Negara's losses in the foreign exchange markets.

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