



Second Finance Minister Datuk Johari Abdul Ghani says Bank Negara Malaysia has no intentions of introducing any form of capital controls. Pic by Munira Abdul Ghani

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'BNM can address issues case by case'

FOREX RULING: Move to facilitate capital flow, not to curb it

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THERE is no reason for companies operating in Malaysia to be unduly worried about Bank Negara Malaysia's (BNM) recent measures on the ringgit as the central bank can address their concerns on a case-by-case basis.

Second Finance Minister Datuk Johari Abdul Ghani said it is imperative for companies to understand that BNM seeks to facilitate the flow of capital, and not to curb it.

"Companies are of the opinion that they will have a less than optimistic long-term impact on the back of these new regulations, but what they need to remember is that Bank Negara is flexible as far as the forex (foreign exchange) is concerned," he told Business Times.

"If any companies feel that they are affected by these changes, they can go to Bank Negara and Bank Negara is capable of handling them on a case-by-case basis," he added.

Johari said he himself directed one local company — dealing in im-

ports and exports with high exposure to the overseas market — to meet with Bank Negara for assistance on this issue.

"To my understanding, the company is now satisfied with the clarification and assistance given by the central bank," he said, without disclosing the company.

"I understand that there will be an administrative impact with the new measures in place, but what I want to stress is that Bank Negara is in no way wanting to curb the flow of money and has no intentions of introducing any form of capital controls," Johari added.

Business Times reported that the American Malaysian Chamber of Commerce (AmCham) had raised concerns over BNM's forex rulings announced earlier this month.

In a December 13 letter to International Trade and Industry Minister Datuk Seri Mustapa Mohamed, the trade body said the central bank measures might have implications beyond the immediate intended impact, namely casting "a negative pall on the business environment in Malaysia".

AmCham — which comprises

nearly 800 members representing more than 350 American, Malaysian and other international companies — felt that restrictive policies should be applied to speculators and not long-term exporters who have invested in Malaysia for decades.

According to the letter, AmCham representatives met with Bank Negara officials on December 7 to present key issues and proposals.

Since the meeting, BNM had announced some adjustments to the measures.

Local economists contacted yesterday also believe there is still room for the central bank to fine-tune the forex measures.

"The fight for international capital is getting very competitive. Malaysia is already lagging behind in the fight for international portfolio capital and should not lose out on FDIs (foreign direct investments)," said an economist.

"AmCham represents American interests. They are not the biggest investor in Malaysia. A 360 degree view should be obtained from more prominent investors such as those from Singapore, Taiwan, China, and also from EU (European Union) nations such as Germany," he added.