

# Singapore Government **PRESS RELEASE**

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ADDRESS BY MR HON SUI SEN, MINISTER FOR FINANCE, ON THE  
OPENING DAY OF THE FIFTEENTH CONFERENCE OF GOVERNORS OF  
CENTRAL BANKS IN SOUTH EAST ASIA ON 16 JANUARY 1980 AT  
10.00 a.m. AT THE GARDENIA ROOM, SHANGRI-LA HOTEL

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On behalf of the Government and people of Singapore, I extend a very warm welcome to Governors, delegates and guests participating in the Fifteenth Conference of Governors of South East Asian Central Banks (SEACEN).

I well remember that it was in 1975 that I last addressed you. By the norms of international conferences, it is unusual for a Minister of Finance to perform the pleasant duty of delivering an opening address twice within a period of five years. Normally, they are not around long enough! However, in South East Asia we are perhaps more tolerant of Ministers of Finance than elsewhere. Mr Ali Wardhana of Indonesia, Mr Cesar Virata of the Philippines, and I, have all been around for about ten years. It might even be said that we are trying to disprove the widely held view that Central Bank Governors stay in office longer. But I think we as Ministers of Finance are going to have difficulty in overtaking Tan Sri Ismail who has been Governor of Bank Negara Malaysia for the past eighteen years.

Since your last meeting in the Philippines a year ago, there has been almost no change in the problems which face us:

- 1 Inflation continues. And indeed, it is escalating.
- 2 We still worry about the instability in the international monetary system and fluctuating exchange rates.
- 3 Protectionism has not disappeared and there is little or only very low growth in the major industrialised countries.
- 4 Furthermore, oil prices have again increased.
- 5 The political situation has not improved. It has deteriorated to such an extent that financial markets are affected.

Bankers are wrestling with the immediate problems arising from the freezing of Iranian funds. All of you will no doubt be interested to see the outcome of the legal battles which Bank Markazi Iran is fighting to decide if American banks can legitimately freeze funds deposited in overseas branches and subsidiaries.

International financial markets are undergoing a change in the ground rules - and such changes are taking place even before the courts give their decision.

It is not at all clear what the consequences will be for the syndicated loan market. Countries which borrow in this market as well as the banks which make the loans will be compelled to scrutinize their syndication agreements. The rights and obligations of the parties to the loan as well as the operation of default and cross default clauses will require much closer examination.

While country risk and transfer risk may not have been taken as seriously as it should, it would be foolhardy to ignore present day realities. As countries and bankers assess both types of risk, their actions are going to have an economic impact which will affect the pace and direction of world development in the 1980's.

The unprecedented upsurge in world bullion markets is symptomatic of the uncertainties which face us. It reinforces the view that gold, for whatever reasons, still has an appeal for many. All the effort that has been put in to demonetize gold has proved futile. It is interesting to note that based on current prices, the holdings of gold which make up the reserves of the major industrialised countries has increased significantly. I suspect that this has made up much of the losses they may have suffered as a result of the depreciation of the dollar. In the case of third world countries, there has been no such compensatory factor.

... I think

I think it is safe for me to assume that your deliberations will not be confined to the formal sessions and that your informal exchange of views may well prove more valuable.

May I wish you all a successful meeting.

I now have much pleasure in declaring the Fifteenth Conference of the Governors of South East Asian Central Banks open.

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