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Asean BPA can be quite easily implemented, says PM

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IMPLEMENTATION of the Bilateral Payments Arrangement (BPA) to promote intra-Asean trade while reducing dependence on the US currency will be quite simple, Prime Minister Datuk Seri Dr Mahathir Mohamad says.

"It is what we have been urging all the time... to get away from having to use currencies not belonging to Asean," he said yesterday when asked for his comments on the endorsement of the concept by Asean finance ministers in Jakarta on Saturday.

On when the mechanism could be implemented, Dr Mahathir said there will be policies and guidelines - for example to ensure fair trade - and the Asean central banks will have to set up their respective clearing houses, but the BPA would start "as soon as possible."

The question of pricing will probably be also covered by the guidelines; whether Asean countries would offer each other goods at lower prices, he said.

If so, the price differential must not be too wide, otherwise the goods might be bought and re-exported which would negate the whole exercise. In addition, Asean has to ensure that their trade practices do not run counter to World Trade Organisation principles, the Prime Minister noted.

Dr Mahathir was speaking to reporters after presenting trophies to winners of the Le Tour de Langkawi '98 cycling race at Dataran Merdeka in Kuala Lumpur.

The BPA, which Malaysia has practised with great success in its trade with a host of developing country trading partners, was proposed to Asean members by Dr Mahathir last December as a means to cushion the impact of the US dollar's appreciation against Asean currencies.

"The central banks in each country will set up a clearing house... and settle trade transactions on a daily basis. With the advances in information technology, this can be done up to the minute," he said.

On the impact of the mechanism, Dr Mahathir said, while intra-Asean trade accounts for only about 30 per cent of the grouping's total trade, dependence on the US dollar will still be reduced substantially.

"As for trade with other countries, it is not all conducted in US dollars... so the dependence will be less, I don't know by how much," he said.

Turning to his March 9-10 trip to Myanmar, the Prime Minister expressed the hope that it would lead to increased bilateral trade and economic interaction.

Malaysia, he said, is interested to participate in the reconstruction of Myanmar which joined Asean in last July. "Of course we also want to sell the idea of the free market system."

Asked about the Asean finance ministers' call to the Group of Seven (G-7) industrialised nations to further open their markets to products from Asean and adopt a more proactive approach towards assisting the affected countries, Dr Mahathir said:

"I have said that I don't expect much from them... they don't feel obliged to help us although they have benefited from the lower cost of our products now.

"They will only extend help when they feel the impact of the currency turmoil... when they find that we cannot buy the things that they sell because we are poorer."

On the Le Tour de Langkawi, Dr Mahathir expressed confidence that the

annual cycling race will improve and attract more world-class riders.

"I never expected the race to become a major event on the calendar for cyclists. This is very encouraging for the cyclists, organisers and the teams that came here," Dr Mahathir said, adding that he expects future races to be even better.

"It received wide publicity and was seen by more than 300 million TV viewers all over the world. I hope more sponsors would come forward in future so that we can provide more lucrative prizes," he added.

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