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AUTHORITIES WORKING TO EXPEDITE ASEAN BPA MECHANISM

KUALA LUMPUR, May 14 (Bernama) -- The Ministry of International Trade and Industry, Bank Negara Malaysia and the Ministry of Finance are working together to expedite the implementation of the proposed Asean intra-trade bilateral payment agreement (BPA) mechanism.

"We have been studying the mechanism for several weeks and we hope to come out with it as soon as possible," Deputy Minister of International Trade and Industry, Datuk Kerk Choo Ting, told reporters after launching the MetalTech '98 Exhibition here today.

The BPA, initiated by Prime Minister Datuk Seri Dr Mahathir Mohamad late last year, will allow Asean countries to use their own currencies in intra-regional trade and cushion them against the impact of the appreciation of the US dollar.

It will also reduce the region's dependence on the greenback and help revive Asean currencies which have lost more 50 percent of their value against the greenback since last July.

Kerk said there will also be a mechanism on financing which includes a specific clearing system that will be established by Bank Negara.

On Feb 17 this year, central banks in Asean announced the setting up of a task force to study the feasibility of using Asean currencies in intra-trade settlement.

Kerk said the other Asean countries have shown a strong interest in the BPA and some have taken their own initiatives.

"But, first of all, all Asean countries must mutually agree on all BPA mechanisms before they can be implemented," he added.

Kerk said one important factor that will affect the local manufacturing sector is the stability of the ringgit, adding that Malaysian trade is mostly denominated in US dollars.

He said the currency and economic crisis has caused billions of ringgit in foreign exchange losses mainly due to the import of machinery, equipment and intermediate goods.

"These goods form a big chunk of the RM221 billion spent on imports. Without them, we cannot turn up goods for export," he added.

Therefore, he said, one of MITI's main task now is to try to promote the local machinery industry and other metalworking and engineering supporting industries aggressively in order to reduce the reliance on imports.

In his speech, Kerk said there has been continued interest in the machinery and metalworking sector among local and foreign investors in Malaysia.

For the period 1993 to March 1998, 469 projects in the machinery manufacturing and fabricated metal product sectors were approved.

Of the total investment of RM6.1 billion, more than half was foreign direct investment (FDI).

The foreign investments were mostly from Japan, Singapore, Taiwan and the United States.

Projects approved involved packaging machinery, laboratory/testing/quality control equipment, material handing equipment and machinery, machine tools, supporting service machinery/equipment and specialised/process machinery.

Kerk said among the engineering supporting industries, the mould and die industry is being promoted to increase inter-industry linkages and

value adding.

"Currently, there are more than 150 companies involved in the mould and die industry. Last year, we spent almost RM1 billion importing mould and die products," he added.

The five-day MetalTech 1998 Exhibition, which started on May 13, has attracted about 500 foreign and local participants. -- BERNAMA

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