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CLEARING HOUSE-PERMANENT SET-UP

CLEARING HOUSE FOR TRADE SETTLEMENT A PERMANENT SET-UP, SAYS RAFIDAH

KUALA LUMPUR, July 23 (Bernama) -- The clearing house to be set up by Bank Negara for all net settlement of trade between Malaysians and their trading partners will be permanent, Minister of International Trade and Industry Datuk Seri Rafidah Aziz said today.

"It will be an ongoing thing. In fact, the current hard times have spurred us to accelerate the establishment of a clearing house," she told reporters after attending a dialogue between Prime Minister Datuk Seri Mahathir Mohamad and Malaysian companies involved in trading and exporting.

Bank Negara, she said, had only presented the format of its modus operandus to the government and will give a full briefing on the clearing house's full functions to the private sector.

"The clearing house is for the bilateral clearing of payments between countries or the settlement of accounts between two countries. Bank Negara will clear payments to countries whom we import from or accept payments from them," she explained.

"Importers and exporters deal with the banks when preparing documents and the banks will collate the information on the transactions. Bank Negara will then further collate the information to find out how much is owed to another country or whether there is a balance in favour of Malaysia.

"The clearing houses between the two countries will then effect the net settlement in each other's currency," she said.

Rafidah pointed out however that some countries have indicated that they prefer the payment differences to be paid in US dollars or other hard currencies and negotiations on this matter are being carried out.

Malaysia has signed an agreement on this form of arrangement with Thailand and the Philippines, she said, adding that the Philippines, for example, prefers to settle the payment differences in US dollars.

"Bank Negara is negotiating with other countries to get their agreement on how to settle the payment differences. We are not saying that we are not using US dollars or other hard currencies, but it is beneficial for us to settle in our own currency," Rafidah said.

Asked if local traders can settle payments on their own, the minister said: "It is better if they can do it themselves...maybe they know the way. But for those who do not know the way and their trade is still quoted in US dollars, the final settlement will be done by the central bank."

She urged the traders to try to negotiate with their overseas partners to conduct their trade using local currencies. -- BERNAMA

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