

10/02/1998

`Firms ready to use Asean currencies'

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THE Malaysian private sector is receptive to the idea of using regional currencies in intra-Asean trade, International Trade and Industry Minister Datuk Seri Rafidah Aziz says.

Feedback received by the ministry shows that the country's importers and exporters are ready to adopt the practice as it offers the prospect of providing greater stability in their business transactions, she said.

In fact, a number of companies have already started using regional currencies in their trade transactions, Rafidah said, adding that others should follow suit and not wait for the "clearing house" to be set up.

The central banks of the three initial participants of the payments arrangement - Malaysia, Thailand and Philippines - are coordinating efforts to create the exchange mechanism, she told reporters at a Kongsi Raya open house held at the ministry's compound in Kuala Lumpur yesterday.

On the proposal to use the Singapore dollar as the intermediary unit, Rafidah said it is an interim measure until such time when participating Asean countries can start using their respective currencies in intra-regional trade, that is when the mechanism is in place.

Last week, Prime Minister Datuk Seri Dr Mahathir Mohamad said in Bangkok that Malaysia, Thailand and Philippines have agreed to set up a central clearing house for the purpose of kick-starting the use of their respective currencies in intra-Asean trade.

The Prime Minister said Malaysia is ready to conduct trade with its Asean partners in ringgit immediately, at least on a limited scale.

"But if it is going to be on a big scale, we will have to set up a clearing house so that we don't have to actually pay for all that we buy. We can contra it by exchanging certain goods and pay the difference," he had said.

Dr Mahathir said some Malaysian companies have already implemented such an arrangement, for example, Padi Beras Nasional Bhd (Bernas), the custodian of the country's rice industry.

Bernas has shown that trade transactions in own currencies, in its case with Thailand and Pakistan so far, are not only workable but also offer immediate returns.

Rafidah said the Government has found that the concept of bilateral payment arrangements, which Malaysia has adopted to great effect for several years, can be widened to include the use of Asean currencies.

"We can first apply it to the trading of primary commodities, for example... later we can look at other products.

"However, the Government can only prepare the mechanism, the private sector must use it," she stressed.

The minister also said the arrangement is not meant for the big importers and exporters alone, but also for the small- and medium-sized industries (SMIs).

These smaller operations should also be able to take advantage of the mechanism to reduce the impact of the depreciation of the ringgit against the US dollar, Rafidah said.

Asked about the the dumping of foreign goods in Malaysia, she advised companies to submit an official petition on any such case to the ministry.

"This is to enable us, under the Anti-Dumping Act, to initiate an investigation and determine whether or not such activity has taken place

and to impose a tax if needed to overcome the problem," she said.

She said in 1997 the ministry imposed anti-dumping duties on three products as a result of petitions from local industries. So far this year, the ministry has started investigations on two petitions.

On another development, Rafidah said her ministry has submitted a list of Malaysian-made products, comprising hundreds of thousands of items, to the Cabinet.

"As such, there is no need for any other ministry or organisation to prepare their own list," she said, adding that retailers should consider colour-coding the products they sell, for example using blue labels for local goods and red for imported items.

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