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`Payments plan being finalised'

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THE mechanism for the implementation of the Bilateral Payments Arrangement (BPA) as a vehicle for barter or counter trade is at the advanced stage of being finalised.

"It has been studied for several weeks. We hope the whole thing can tie up as soon as possible," Deputy Minister of International Trade and Industry Datuk Kerk Choo Ting told reporters after opening the Metaltech Malaysia '98 (MTM '98) exhibition in Selangor yesterday.

The study, he said is at the "advanced stage" of being finalised by Miti, Bank Negara and the Ministry of Finance.

However, he could not provide an exact date on when the mechanism will be finalised.

He added that there is a need to "iron out the mechanism both in trade and financing and also in the central bank clearing system".

Prime Minister Datuk Seri Dr Mahathir Mohamad had proposed the BPA last December as a means to cushion the impact of the US dollar's appreciation against the region's currencies.

The proposal is aimed at reducing the region's dependence on the US dollar and helping revive weak Asean currencies which have fallen sharply in value against the greenback.

The mechanism, said Kerk, has to be mutually agreed upon by all countries.

Similar types of BPAs, he said, have been signed between Malaysia and "more than 20 countries before the crisis, for example, West Asian, African and Latin American countries".

Earlier in his speech, the deputy minister said there is a need to promote and develop the machinery and metalworking industry in order to reduce the country's reliance on imports.

"Outflow of foreign exchange from import of machinery, equipment and transport equipment runs into billions ... bigger than for food, education or foreign labour," he said.

He added that a large proportion of the country's needs for moulds and dies are still being imported as local production cannot meet demand.

"Imports of all types of moulds and dies amounted to RM985 million in 1997," he said.

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