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RICE AMONG COMMODITIES TO BE TRADED USING REGIONAL CURRENCY

KUALA LUMPUR, April 2 (Bernama) -- Rice will be among the commodities to be traded in currencies of countries in Asean, the Dewan Rakyat was told today.

Deputy Finance Minister Datuk Wong See Wah said other commodities would include timber, natural rubber, cocoa and agricultural products.

The payment mechanism was proposed by Prime Minister Datuk Seri Dr Mahathir Mohamad following the depreciation of currencies in the region against the U.S. dollar, he said in reply to Zainal Abidin Osman (BN-Mersing) during question time.

He said that among the benefits of such a mechanism was that apart from encouraging regional trading it could also reduce dependence on U.S. dollar in transactions.

"It also reduces the risk arising especially from fluctuations in foreign exchange rate," said Wong.

To a question from Datuk Haji Mahbud Hashim (BN-Sabak Bernam), he said so far bilateral discussions to implement the mechanism had been carried out with the Philippines and Singapore.

Another country which was also interested in the matter was Thailand, he said.

Replying to Datuk Abu Seman Yusop (BN-Alor Gajah) Wong said the mechanism had been studied by a special task force with central banks in Asean as members.

The task force had approved the mechanism known as Bilateral Payment Arrangement (BPA) in a meeting in late February this year, he said.

"Asean Finance Minister supported the use of BPA and subsequently agreed to implement it on bilateral basis," he said.

Under the BPA, Wong said the two countries involved would appoint clearing agents from among the central banks or other banks deemed fit.

The clearing agents would handle the payment among themselves within certain period, he said. --BERNAMA

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