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Mahathir-Dinar

DINAR NOT CONFINED TO COUNTRIES WITH BILATERAL PAYMENT ARRANGEMENT

KUALA LUMPUR, May 1 (Bernama) -- Malaysia's interest to use the gold dinar for international trade is not confined to the more than 24 countries with which it has bilateral payment arrangement, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

"Not necessarily with these countries only. (It can include) any country with which we can discuss," he told a press conference after addressing a public sector Workers' Day gathering at the National Institute of Public Administration (Intan) here.

He said the government was studying which countries were suitable to trade in gold dinar with Malaysia but a decision had not been arrived at yet.

"It is not easy for people to accept the use of a currency, but we are confident about several countries which have close ties with us," he said.

Dr Mahathir, who is also Finance Minister, said the use of gold dinar for international trade could take off with the participation of just two or three countries.

He said that Malaysia could even conduct payment of its international trade using gold dinar with its small trading partners.

Dr Mahathir said Morocco, Libya and Bahrain, which have minimal bilateral trade with Malaysia, "have expressed a great deal of interest" in the dinar.

A few Arab countries might accept the gold dinar for payment of their international trade, said Dr Mahathir who has recently visited Morocco, Libya and Bahrain.

The Prime Minister, a strong supporter and promoter of the dinar, said the physical movement of dinar to pay for international trade would be minimised by the bilateral payment arrangement.

The payment that had to be honoured would be limited to the difference between the value of imports versus exports, he said.

However, through the e-dinar system, no movement of the gold dinar was required, said Dr Mahathir.

The e-dinar system is an Internet-based electronic payment and exchange system that facilitates gold-backed transactions between individuals.

Dr Mahathir said the e-dinar could therefore be used for international trading but a bilateral agreement on this was needed.

"We are trying to push e-dinar (for trade between countries) but we have to push gently. We cannot force other countries," he said.

The Prime Minister said it was hard for countries to accept the gold dinar as it was a new development requiring them to study the implications to their economies and relations with other countries.

In addition, when countries held gold dinar as their reserves, they recognised the fact that it did not earn interest, said Dr Mahathir.

"But there are other ways to ensure that the value of gold dinar stays and keeps up with inflation," he said.

Asked how soon the gold dinar could be implemented for international trading, he said it depended on the acceptance of the gold currency.

To further promote the dinar internationally, Malaysia would be holding an international seminar on it soon, he said.

-- BERNAMA

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