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MAHATHIR-BPA

BPA INCREASES M'SIA'S TRADE WITH SOME DEVELOPING COUNTRIES BY 400 PCT

KUALA LUMPUR, July 1 (Bernama) -- Malaysia has increased its trade by 400 percent with some developing countries through the Bilateral Payments Arrangements (BPA), said Prime Minister, Datuk Seri Dr Mahathir Mohamad today.

Malaysia devised the BPA as a payment mechanism in its trade with countries which are unable to earn much foreign currencies.

Under this arrangement, the exporter is paid in his local currency by the country's central bank or designated bank while the importer pays in local currency to his country's central or designated bank.

Speaking at the International Convention on Gold Dinar as an Alternative International Currency here, he said the attraction of the BPA was that the need for foreign currency was minimised.

"At the end of an agreed period, the designated banks will contra their accounts to determine which country has a deficit and the balance in the trade would be settled in an agreed foreign currency such as the US dollar, yen or euro.

"As the balance is far smaller than the total trade, the need for foreign currency would be minimal. Alternatively, the balance can be brought forward for future trade," he added. -- BERNAMA

MAD KTC