

Let's deal direct in trade call to Chinese Govt

Dr. M: Cut out middleman

N.S.T. 15 MAR 1979 WOO NYOKE HENG

KUALA LUMPUR, Wed. — (Datuk Seri Dr. Mahathir Mohamad) tonight called on China to change its practice of trading with Malaysia through middlemen countries and offer agency rights to Pemas and Malaysian traders.

He suggested that Malaysian importers given these agency rights should be assured of an adequate supply of China-made products without having to depend on middlemen in third countries.

The Deputy Prime Minister also expressed the hope that total efforts would be made to set up direct trade transactions for all goods as soon as possible.

Datuk Seri Dr. Mahathir, who is also the Trade and Industry Minister, was speaking at a dinner here to honour the visiting Chinese Foreign Trade Minister, Mr. Li Chiang, who arrived yesterday.

continued to be the biggest market for China-made consumer items which got fair exposure through local emporiums and department stores.

He pointed out that trading through middlemen had led to a vast increase in the value of indirect imports — from \$17.1 million in 1973 to \$46.9 million last year.

Indirect trade had also created such problems as irregular supply, higher marked-up prices, under-declaration of invoices to evade Customs duties and the minimum usage of Malaysian ports and banking facilities.

Datuk Seri Dr. Mahathir reminded China of her promise to increase her import of Malaysian manufactured products to achieve a "rough equilibrium" in the balance of trade, currently in China's favour.

He hoped China would increase the level of rubber purchases from Malaysia and also its consumption of natural rubber.

He said Malaysia could also meet China's requirements for larger quantities

The Deputy Prime Minister said the steady growth in trade between the two countries was expected to continue. Malaysia desired to see it expanded to the mutual benefit of both countries.

Mr Li in reply to Datuk Seri Dr Mahathir said with China's modernisation policy, there would be a big increase in her foreign trade and she would buy more from Malaysia to balance the trade between the two countries.

He said he would exchange views with Malaysia on the expansion of trade and hoped to sign a trade agreement.

Mr Li said he believed joint efforts in the forthcoming trade talks would achieve positive results.

China told: Increase level of rubber imports

He said the current practice of China Import and Export State Trading Corporations of giving agency rights of certain products to their traditional traders in Hong Kong and Singapore posed problems for Malaysian importers who were indirectly forced to import China goods through them.

"Not only do our importers face this difficulty of getting enough supply, Pemas — the recognised counterpart of the China Council for the Promotion of International Trade — is not able to get those agency rights already entrusted to middlemen in third countries," he said.

This policy of giving agency rights to middlemen even for areas covering Malaysia defeated the objective of establishing direct imports between the two countries, he added.

"Middlemen in third countries often manipulate the prices of China goods to the detriment of Malaysian consumers," he said, quoting the example of fresh fruits.

Datuk Seri Dr. Mahathir said although Chinese goods were get-

ting more expensive, there had been no drop in demand.

In fact, he said, imports from China jumped from \$228.51 million in 1970 to \$341.30 million in 1976 and to an estimated 500 million last year, reflecting a mammoth Malaysian deficit.

"This imbalance has been due to the fact that import of China-made goods into Malaysia has so far been heavily weighed against a few of Malaysia's primary commodity exports to China, mainly natural rubber and small quantities of timber," he said.

He noted that after Singapore, Malaysia

of railway sleepers in improving and extending her railway network.

He also suggested that China — a net exporter of vegetable oils — imported Malaysian palm oil for cheaper production of soap,

lubricants and edible oils.

Datuk Seri Dr. Mahathir further suggested that China should not continue with her present policy of restricting imports to the level of her export earnings in any given year and refusing to accept long-term credit from outside sources, just because she had the export capabilities.

China, he said, had substantial deposits of off-shore oil, the exploitation of which was a vital source of foreign exchange. Such earnings could be used to finance higher imports of cheap products from Malaysia.