

# Plan for direct trade ties with China — Mahathir

24 MAR 1981

NSF (P)

MALAYSIA intends to set up government-to-government trade relations with China to ensure direct trade between the two countries, Acting Prime Minister and Trade and Industry Minister Datuk Seri Dr Mahathir Mohamad said yesterday.

The direct trade relations, he said, would eliminate the need for both the countries to use third countries.

Replying to Datuk Hisamuddin bin Haji Yahaya (NF-Marang),

Datuk Seri Dr Mahathir said another advantage of government-to-government contacts was that trade opportunities could be distributed equally among Malaysian businessmen of all races.

## Lower costs

He said Pernas Trading Sdn Bhd was set up in 1971 to improve trade relations between Malaysia and China and it was responsible for arranging trade missions between the two countries.

Since 1971, 19 trade missions, which included 127 bumiputra businessmen, visited China.

These missions gave

bumiputra businessmen opportunities to go to China at lower costs.

The exchange of trade missions, Datuk Seri Dr Mahathir said, had resulted in an increase in trade between Malaysia and China.

In 1971, total direct trade between both countries amounted to \$6.3 million. The figure increased to \$649.8 million last year.

Datuk Seri Dr Mahathir said 11 bumiputra companies were presently involved in the China trade.

Two of these companies imported directly from China while the rest traded through agents from third countries.

He said the balance of trade was in favour of China before the setting up of Pernas Trading but it had now levelled.

To a supplementary question by Mr Chan Teck Chan (Ind-Kota Melaka) Datuk Seri Dr Mahathir said Pernas gave opportunities to all businessmen who wished to trade with China, to go with the trade missions.

## Reluctant

"If some businessmen were to go more often, it would not be fair to others," he added.

To another question from Encik Muhiyiddin Haji Mohamed Yassin (NF-Pagoh), Datuk Seri

Dr Mahathir said it depended on bumiputras themselves if they want to increase their business in the China trade.

Encik Muhiyiddin had asked whether the Ministry was aware that the Chinese preferred to trade with traditional partners and were reluctant to trade with bumiputra businessmen.

Datuk Seri Dr Mahathir said it was common all over the world for businessmen to trade with their traditional partners.

He said before the appointment of Pernas Trading, there were no bumiputra businessmen involved in trade with China.