

BUY MORE GOODS FROM US, PM TELLS JAPAN

DATUK Seri Dr Mahathir Mohamad yesterday expressed hope that Japan's moves to liberalise its market would be beneficial to Malaysia and not just to its trading partners in developed countries.

He said Japan being a major trading partner would be a target market for Malaysian products, especially manufactured goods.

Noting Tokyo's implementation of an action programme for improved market access with optimism, Dr Mahathir said:

"We see only the elimination of tariff on processed palm oil. We perceive that your trade practice as a whole is a contentious point in our trade relations.

"Our exports of manufactured goods to Japan continue to face strong trade barriers. We see that your existing tariff structure favours imports of raw materials rather than processed or finished products."

He referred to logs entering Japan duty-free while Malaysian exports of semi-finished tropical wood products were subject to a high tariff duty of 17 to 20 per cent while the levy for softwood is 15 per cent.

He was opening the ninth Malaysia-Japan Economic Association/Japan-Malaysia Economic Association (Majeca-Jameca) joint annual conference. He hoped Jameca members would be sympathetic to Malaysia's aspirations and needs.

He noted that Majeca and Jameca through Jacitim had formed various working groups with a task to find solutions to problems of trade, investment and tourism.

Malaysia is going

through a bad patch and her export earnings and imports have been much reduced.

"Japan can help us recover our purchasing power by buying more and also by investing in Malaysia."

Malaysian goods and manufacturing in Malaysia are much cheaper because of the depreciation of the ringgit against the yen.

Meaningless

"It makes sense to manufacture in Malaysia for re-export to Japan. Of course, made-in-Malaysia Japanese goods are now very competitive worldwide."

Japan and European countries have worked towards bringing about a depreciation of the American dollar to balance the world trade.

"You did a good job and the American dollar has depreciated greatly. Unfortunately, you did not consider other countries.

"When the US dollar depreciated, oil exporters like Malaysia lost money. With the rapid drop in oil prices, the loss is ever greater."

The Malaysian ringgit depreciating against the yen means not only must Malaysia pay more for her exports, but the loans in yen and other appreciated currencies have also increased in value.

"The low rates that were charged are now meaningless. We have to find, in some cases, forty per cent more ringgit to pay off the loans to finance projects yet to give returns.

"It seems that countries like Malaysia are forced to pay for the imbalance in trade between the giant economies of Japan, Europe and America," he said.