

## DEVELOPED NATIONS CRITICISED FOR DUMPING COMMODITIES

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KUALA LUMPUR, JULY 21 (BERNAMA ES) -- PRIME MINISTER DATUK SERI DR MAHATHIR MOHAMAD TODAY HIT OUT AT CERTAIN DEVELOPED COUNTRIES WHICH SUBSIDISE THE PRODUCTION OF PRIMARY COMMODITIES AND DUMP THEM IN FOREIGN MARKETS WHEN THEY CANNOT BE CONSUMED LOCALLY.

OPENING THE FIVE-DAY INTERNATIONAL SEMINAR ON COMMODITIES HERE, HE SAID THE PRACTICE IS EVEN WORSE WHEN IT IS USED AS AN AID ITEM FOR NEEDY COUNTRIES, WHICH EFFECTIVELY DEPRIVES THE COMPETING PRODUCTS OF DEVELOPING COUNTRIES OF THEIR MARKETS.

IN CRITICISING THE COUNTRIES FOR DOUBLE STANDARDS, HE SAID SOYA BEAN OIL, BUTTER AND BEEF ARE AMONG THE AID ITEMS WHICH CREATE HAVOC WITH THE EXPORTS OF MANY DEVELOPING COUNTRIES.

DATUK SERI DR MAHATHIR SAID THAT DEVELOPED COUNTRIES DO NOT DEPEND ON THEIR COMMODITIES TO SUSTAIN A HIGH LEVEL OF ECONOMIC PERFORMANCE.

IF THEY ARE PRODUCED, HE SAID, IT IS SIMPLY BECAUSE THEY ARE THERE OR THE MEANS OF PRODUCTION SUCH AS VAST ACREAGE OF LAND ARE THERE.

"A SMALL PROPORTION OF THE POPULATION OF DEVELOPED COUNTRIES ARE INVOLVED IN THIS PRODUCTION, BUT THEY HAVE SUFFICIENT POLITICAL CLOUT TO CAUSE THE GOVERNMENT TO PANDER TO THEIR WISHES.

"THUS THE PRODUCTION OF THESE COMMODITIES ARE OFTEN SUBSIDISED. THE SUBSIDY IN ITSELF STIMULATE MORE PRODUCTION," HE ADDED.

THE GOVERNMENTS THEN TRY TO PROTECT THE DOMESTIC MARKET AND IF THE PRODUCT IS STILL NOT CONSUMED, THEN IT IS DUMPED INTO FOREIGN MARKETS, HE SAID.

THE PRIME MINISTER SAID: "OR, WORSE STILL, IT IS USED AS AN AID ITEM FOR NEEDY COUNTRIES, WHICH EFFECTIVELY DEPRIVES THE COMPETING PRODUCTS OF DEVELOPING COUNTRIES OF THEIR MARKETS." MORE

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HE SAID IT IS ON RECORD THAT SOME POWERFUL DEVELOPED COUNTRIES ARE AGAINST PRICE FIXING AND SUBSIDIES AS SHOWN BY THEIR REFUSAL TO JOIN COMMODITY AGREEMENTS BECAUSE THEY NEGATE FREE TRADE.

THEY ARE ALSO AGAINST THE OPERATIONS OF STOCKPILES WHICH DISTURB MARKET FORCES AND REGARD SUBSIDIES AS UNFAIR PRACTICE THAT ARTIFICIALLY INFLUENCES PRICES.

TO COMPETE IN THEIR CONCEPT OF A FREE MARKET, THEY HAVE EVEN SUGGESTED THAT LOW WAGES IN DEVELOPING COUNTRIES ARE A FORM OF SUBSIDY.

"THEY DEVISE 'COUNTERVAILING DUTIES' IN ORDER TO JACK UP THE PRICE OF CHEAP IMPORTS. BUT THEY CONVENIENTLY FORGET THIS WHEN THEY FIX THEIR PRICES, RELEASE THEIR STOCKPILES AND PROVIDE MASSIVE SUBSIDIES," THE PRIME MINISTER SAID.

"CLEARLY FOR THESE COUNTRIES THERE ARE TWO STANDARDS -- ONE FOR WHAT THEY DO AND ONE FOR WHAT OTHERS DO."

ELABORATING ON THE MANIPULATION OF PRICES, HE SAID IT IS DONE NOT ONLY BY GOVERNMENTS, BUT ALSO THE TRADERS IN THE DEVELOPED COUNTRIES CONTRIBUTE THEIR SHARE.

HE SAID SOMETIMES THEY BENEFIT THE PRODUCERS, BUT MORE OFTEN THAN NOT, THE PRODUCERS SUFFER AS AGENTS, BROKERS, TRADERS AND THE EXECUTIVES OF COMMODITY EXCHANGES SPECULATE IN COMMODITIES.

SINCE THE EXCHANGES ARE OWNED AND OPERATED BY THESE PLAYERS, THE RULES CAN BE ADJUSTED AS THEY DEEM FIT.

HE SAID THAT ON SEVERAL OCCASIONS WHEN THEY APPEARED LIKELY TO LOSE LARGE SUMS OF MONEY, THEY CHANGED THE RULES SO AS TO SAVE THEIR POCKETS.

"IT IS A SORDID GAME THAT THEY PLAY. I CANNOT SAY ANY MORE," HE ADDED.

AS HE PUT IT: "BETWEEN THE VARIOUS FACTORS THAT I HAVE MENTIONED THE COMMODITIES TRADE HAS BEEN ALMOST COMPLETELY DESTROYED."

THE PRIME MINISTER THEN TURNED TO THE VARIOUS FAILED ATTEMPTS TO BRING ORDER TO THE MARKET, CITING THE FAILURE OF THE INTERNATIONAL NATURAL RUBBER AGREEMENT, THE INTERNATIONAL TIN AGREEMENT, AND OTHER COMMODITY AGREEMENTS.

"PERHAPS IT IS UNREASONABLE TO EXPECT CONSUMERS TO PROP UP PRICES. BUT EVEN AGREEMENTS BETWEEN PRODUCERS HAVE NOT SUCCEEDED. THE LATEST CASUALTY BEING OPEC," HE SAID.

DATUK SERI DR MAHATHIR SAID COMMON SENSE DICTATES THAT OPEC MEMBERS SHOULD CURTAIL PRODUCTION AND RESPECT AGREEMENT ON QUOTAS. BUT APPARENTLY EACH MEMBER WOULD RATHER PRODUCE MORE AND EARN LESS.

BUT HE DESCRIBED THE RECENT TOTAL COLLAPSE OF ALL COMMODITIES AS A NEW PHENOMENON.

"WE SHOULD HAVE FORESEEN THIS CONSIDERING THE SLIDE THAT HAS BEEN TAKING PLACE IN THE COMMODITIES MARKET. BUT WE WERE LULLED INTO A SENSE OF SECURITY BY THE SUCCESS OF THE DIVERSIFICATION STRATEGY.

"DESPITE THE OBVIOUS TREND WITH ALL COMMODITIES, WE FELT THAT THE FLUCTUATIONS IN THE PRICES OF DIFFERENT COMMODITIES WOULD BALANCE EACH OTHER. WE HAVE NOW LEARNT THAT ALL COMMODITIES CAN PLUNGE AT THE SAME TIME NO MATTER HOW RARE OR HOW MUCH IS THE PREVAILING DEMAND FOR THEM," HE SAID .--BERNAMA ES