

05/02/1997

Joint task force on Japan trade set up (HL)

Kamarul Yunus; Nor Asmah Mokhtar

MALAYSIA and Japan have set up a task force, powered by the respective Ministry of International Trade and Industry, to redress the imbalance in their bilateral trade.

Malaysia's trade deficit with Japan has been a cause for concern. The deficit was RM20.6 billion in the first 11 months of 1996 and RM29.5 billion for the whole of 1995.

International Trade and Industry Minister Datuk Seri Rafidah Aziz said the task force will identify various approaches as well as bilateral initiatives which can be undertaken by the two governments and private sectors to balance the trade.

"The efforts will be carried out for the first time by both countries," she told reporters in Kuala Lumpur yesterday.

The decision to set up the task force was reached by Japanese Prime Minister Ryutaro Hashimoto and Prime Minister Datuk Seri Dr Mahathir Mohamad during Hashimoto's visit to Malaysia on January 8-9.

It will be jointly headed by the Japanese Miti's International Economic Affairs Department director-general Kazamasa Kusaka and Miti secretary-general Datuk Asmat Kamaluddin.

Rafidah said the two ministries are working out the terms of reference for the task force, which is expected to hold its first meeting "soon". The first reports of the task force should be out "within this year".

When asked whether initiatives to be considered might include the provision of funds, Rafidah said this is not likely.

Previously, she said, trade deficit problems were addressed at the Asean level and Japan had responded by setting up the Asean-Japanese Development Fund.

"We had approached Japan to reduce Malaysia's trade deficit, including proposals for a new formula to repay loans, but Japan was not very responsive," she said.

After three consecutive years of surpluses in 1985-87, Malaysia has since suffered a persistent deficit in its trade with Japan that has grown from RM805.9 million in 1988 to RM29.5 billion in 1995.

During Hashimoto's visit, Dr Mahathir had urged Japan to import more Malaysian products and materials to help redress the trade imbalance and reflect the growing trade ties between the two nations.

Latest official statistics showed that Malaysia had reduced its trade deficit with Japan to RM18.9 billion in the first 10 months of last year from RM25.2 billion in the 1995 corresponding period.

This has been achieved on Malaysia's higher value of exports to Japan during the 10 months, which stood at RM21.7 billion compared with RM18.9 billion for the same period in 1995.

Malaysia's total value of imports from Japan fell to RM40.6 billion in January-October last year from RM44.1 billion in the first 10 months of 1995.

According to the October issue of the Malaysia External Trade Summary released by the Statistics Department, machines and transport items made up the largest imported items from Japan with a total value of RM28.8 billion in the 10-month period.

Conversely, Malaysia's exports of machines and transport items to Japan amounted to RM9.2 billion.

Four other categories of imported items registered total values of more

than RM1 billion. These were chemicals, manufactured goods, miscellaneous manufactured articles and miscellaneous commodities transactions.

Under the miscellaneous manufactured articles category, the total value of such imports from Japan was RM1.9 billion, while miscellaneous commodities transactions were worth RM1.2 billion.

Each of the four categories also registered a total value of more than RM1 billion during the same period in 1995.

Other categories of items imported from Japan include crude materials (worth about RM289.4 million in the first 10 months last year), food (RM59.4 million), mineral fuels (RM28.2 million), beverages and tobacco (RM6.6 million) and animal and vegetable oils (RM2.1 million).

As for Malaysia's exports to Japan, the largest contribution came from the machines and transport category of goods which totalled RM9.2 billion. Mineral fuels contributed RM4.7 billion, manufactured goods RM2.5 billion, crude materials RM2.1 billion and miscellaneous manufactured articles RM1.8 billion.

Other items that were exported to Japan include animal and vegetable oils (RM586 million), chemicals (RM501.7 million), food (RM315.2 million), miscellaneous commodities transactions (RM117.9 million), and beverages and tobacco (RM8.7 million).

The figures show that Japan is still a major source of imported goods for Malaysia. It is the country's biggest trading partner, accounting for some 20 per cent of the country's global trade. Bilateral trade more than double to RM76.5 billion in 1995 from RM31.6 billion in 1990. In the first 11 months of 1996, it was RM68.6 billion.

Japan is Malaysia's third largest export market as well as its biggest foreign investor with total cumulative capital investment of RM25.3 billion since 1980.

(END)