

04/04/1997

PM: Being small, we must protect our interests

Jimmy Yeow

PRIME Minister Datuk Seri Dr Mahathir Mohamad yesterday dismissed claims by Japan and the US that Malaysia is restricting trade, saying as a small country, Malaysia has to protect its interests.

"If we want, we can also complain (about others)," he told reporters after a day-long visit to Universiti Pertanian Malaysia (UPM) which has been renamed Universiti Putra Malaysia.

He was responding to a Business Times report that said the US Trade Representative (USTR) and Japan's Ministry of International Trade and Industry (Miti) had identified some Malaysian policies as major trade barriers.

Dr Mahathir said Malaysia is not being unfair to any country.

"We are tiny compared to big economies like the US and Japan. It is very well to talk about a level playing field but the players must also be of the same size. Otherwise, it is an unfair competition."

In their reports, the USTR and Japan's Miti highlighted Malaysia's import policies, local content requirements, policy on the automotive industry, and service barriers as major trade restrictions.

The USTR issued its 1997 National Trade Estimate Report on Tuesday and Japan Miti's Office of Trade Policy Review on Monday.

The US report complained about Malaysia's "relatively high rates" of tariffs, particularly in the construction and automotive industries.

"Duties on a trade-weighted basis average less than 10 per cent, but the rates for tariff lines where there is significant local production are often higher," it said.

The USTR also pointed to "service barriers" like Bank Negara regulations requiring foreign banks to operate as locally-controlled subsidiaries, the central bank's policy of not issuing any more licence to foreign banks, and of viewing automated teller machines as bank branches.

Japan, meanwhile, said that Malaysia should terminate its local content requirements in the manufacturing sector within a set timeframe.

It also noted Malaysia's import restrictions under the Customs Act 1967, log export restrictions, and petrochemical product import curbs, saying they are against General Agreement on Tariffs and Trade principles.

Japan and the US are Malaysia's largest sources of imports. The country bought RM30.49 billion worth of merchandise from the US last year, second only to imports from Japan which totalled RM48.39 billion.

Combined, the two countries accounted for close to 40 per cent of Malaysia's total imports of RM197.30 billion during the year.

(END)