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Trade promotion missions help to boost ties: Dr M

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PRIME Minister Datuk Seri Dr Mahathir Mohamad says trade promotion missions headed by him have helped to improve Malaysia's economic and trade relations with Africa, West Asia and Central Asia.

Exports to Africa rose to RM2.049 billion last year from RM1.219 billion in 1994, West Asia to RM3.8 billion from RM2.3 billion, South America to RM2.6 billion from RM2.1 billion, and Central Asia to RM352 million from RM178 million, the Prime Minister told the Dewan Rakyat yesterday.

In addition, Malaysian companies have invested a total of RM4.755 billion in the regions' real estate, hotel, telecommunications, agriculture and mining sectors.

South Africa is the top draw with RM2.006 billion, followed by Zimbabwe RM1.25 billion, India RM800 million, South America RM627 million, Kyrgyz Republic RM56 million and Croatia RM16 million.

Dr Mahathir said this in reply to a question by Datuk Mohd Zihin Mohd (BN-Larut).

Dr Mahathir also said that of the 65 memorandums of understanding (MOUs) signed between Malaysian investors and foreign governments and companies since 1995, 20 could not be effected.

Some projects were found to be not viable, others encountered difficulties in the negotiations with the partners, or with financing. A number also faced problems pertaining to the privatization programmes of the host countries.

To ensure that all MOUs signed in the future are genuine, the Government has made it compulsory for all such agreements to be registered. A committee under the Ministry of International Trade and Industry has been set up to scrutinise all MOUs and joint venture proposals, he said.

Replying to Lim Kit Siang (DAP-Tanjong), who wanted to know how the currency crisis has affected the country's trade relations with other countries, the Prime Minister said: "When we compete with developed countries for privatized projects (in third countries), our cost will have increased by more than 20 per cent, thus making us less competitive."

Dr Mahathir also said aviation tycoon, Tan Sri Tajudin Ramli, has offered the Government the use of Malaysia Airlines' profits to support the ringgit.

Prime Minister Datuk Seri Dr Mahathir Mohamad said the offer was made in a letter by Tajudin, who is Malaysia Airlines' executive chairman.

"Tan Sri Tajudin stated in a letter that Malaysia Airlines, during this emergency period, is willing to give all its profits to the Government," he said in a reply to a supplementary question from Lim Guan Eng (DAP-Kota Melaka).

In posing his question to the Prime Minister, Guan Eng had alleged that Tajudin wanted to sell back the national carrier to the Government.

Dismissing the suggestion, Dr Mahathir said Malaysia Airlines, which has business transactions in foreign currencies, is willing to part with these earnings so that the Government can use them to buy back the ringgit.

"This is what Tan Sri Tajudin has offered. It is completely different from what is claimed by the MP of Kota Melaka. This is a man with a big heart wanting to assist the Government... I have his letter. I can show it to you if you want to see it," he added.

To another question by Guan Eng, Dr Mahathir said that Deputy Prime Minister Datuk Seri Anwar Ibrahim and other Cabinet ministers are correct

in saying that the depreciation of the ringgit has also yielded some positive effects.

However, such gains are only short term in nature.

For example, manufacturers of exported goods may be enjoying big profits now because their products are still sold at the old prices and quoted in foreign currencies.

"Converted into ringgit, they are getting a huge amount. And if the operating cost does not increase, they will continue to make big profits."

The problem is how long this advantage will last. If these manufacturers depend on foreign materials, their costs will eventually escalate, and the price competitiveness will disappear, Dr Mahathir said.

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