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Trade, shipping agreements signed (HL)

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ALREADY the focus of South African business interests in the region, Malaysia was seen to have further strengthened its position yesterday with the signing of trade and maritime agreements with the republic.

The Trade Agreement and the Merchant Shipping and Related Maritime Agreement, officials from both sides said, would pave the way for even closer relations, especially in trade and economic cooperation.

Trade between the two countries reached RM1.36 billion last year, up 14.3 per cent from RM1.19 billion in 1995. Malaysia was also the second largest Asian investor - after Taiwan - in South Africa, with investments of more than US\$3 billion (US\$1 = RM2.48) up to last year.

Prime Minister Datuk Seri Dr Mahathir Mohamad and South African President Nelson Mandela, who has made Malaysia the last stop in his 10-day South-East Asian tour, witnessed the signing of the agreements in Kuala Lumpur.

The Trade Agreement, International Trade and Industry Minister Datuk Seri Rafidah Aziz said, "augurs well for the private sector of both countries. It would further stimulate the flow of trade, investments and individual business initiatives."

The agreement will adopt various measures to facilitate the development of trade relations between the two countries in respect of granting each other the Most Favoured Nation treatment in matters relating to custom duties and foreign trade formalities, she said.

Malaysia has now signed trade agreements with 47 countries.

"(The agreement) will also enable the establishment of a Joint Trade Committee to discuss measures to enhance two-way trade, and facilitate each other's participation in trade fairs and exhibitions, which include exemptions from custom duties and other charges for samples intended for those events," she said in a statement after signing the Trade Agreement with South African Deputy Trade and Industry Minister Phumzile Mlambo Ngcuka.

Transport Minister Datuk Seri Dr Ling Liong Sik and South African Minister of Mineral and Energy Affairs P. Maduna signed the maritime agreement.

Foreign Minister Datuk Abdullah Ahmad Badawi told a press conference the Merchant Shipping and Related Maritime Agreement would boost cooperation in the shipping industry, especially in the port services sector.

Briefing reporters on a meeting between Dr Mahathir and Mandela, Abdullah said Mandela wants Malaysian businessmen to invest in South Africa in fields such as energy, telecommunications, infrastructure, shipping and tourism.

"Mandela has assured Dr Mahathir that Malaysian investors need not worry about security because South Africa is currently experiencing political and economic stability," he added.

Mandela said several Malaysian companies have made a strong headstart in South Africa with some being major players in their respective fields.

Petronas, the national oil and gas corporation, is Malaysia's largest investor in South Africa with investments totalling US\$436 million.

Petronas has also acquired a 30 per cent stake in South Africa's Engen Ltd, which is involved in refining and marketing activities, and has a network of 1,400 service stations throughout South Africa. It also has 84 stations in the neighbouring countries.

Renong Bhd, TA Enterprise, Landmark, Idris Hydraulic and Country Heights are some of the other Malaysian companies having established a presence in South Africa.

Abdullah said Dr Mahathir and Mandela also expressed hope for more dialogue between Asean and the 12-member Southern African Development Community (SADC). With a combined population of 600 million, cooperation between the two groupings promises tremendous opportunities and benefits.

SADC comprises South Africa, Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe.

Asean and SADC held informal discussions during the inaugural World Trade Organisation's economic ministers meeting in Singapore last December.

"(Dr Mahathir and Mandela) are hoping for continued dialogue."

During the meeting, Dr Mahathir also asked South Africa to reduce its import tariff on palm oil to at least the same rate imposed on imported soyabean oil.

"We are not asking South Africa to reduce the tariff to a rate better than those imposed on other edible oils like soyabean but we want at least the same rate as others," he added.

Currently, Abdullah said, South Africa imposes an import tariff of some 400 rand per tonne on Malaysia's palm oil compared with 170 rand per tonne on soyabean oil.

Mandela said the matter will be looked into.

Palm oil is among Malaysia's major exports to South Africa, apart from wood, natural rubber, telecommunications and sound equipment, and office machinery and data processing equipment. Malaysia's exports to the republic totalled RM719 million last year.

Malaysia meanwhile imports mainly gold, iron and steel bars, cereals, paper and paperboard, and fertilisers from South Africa. In 1996, imports from the republic reached RM643 million.

Dr Mahathir, responding to a request from Mandela, said Malaysia will assist South Africa in developing small businesses and industries, with the aim of promoting the indigenous people's participation in the economy.

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