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US move not a trade sanction: Rafidah

INTERNATIONAL Trade and Industry Minister Datuk Seri Rafidah Aziz says the US sanctions on Malaysia with regard to its financial services liberalisation offer under the World Trade Organisation (WTO) will only affect Malaysian insurance companies which want to establish a presence in the US.

"It is not a trade sanction. I have seen the verbatim report by US Trade Representative Charlene Barshefsky.

"It is in the US package to the WTO ... an exemption clause which allows them to apply certain conditions globally, to all their trading partners pertaining to the entry of foreign insurance companies into the US market. It is applicable to all countries, not only Malaysia," she told reporters in Kuala Lumpur after the presentation of the Industry Excellence Award 1997 by Prime Minister Datuk Seri Dr Mahathir Mohamad yesterday.

A news report on Wednesday said that the US plans to take trade action against Malaysia if Kuala Lumpur forces a US insurance company to bring its equity in a wholly-owned Malaysian subsidiary down to 51 per cent.

Rafidah said the feedback she received from Malaysian officials in Washington is that it is not a sanction against Malaysia as a country. The US, if it wants to, can disallow Malaysian insurance companies from having any presence in the US.

"It is their right to do so ... they can prohibit any insurance company from anywhere in the world from operating in the US to protect their domestic insurance companies.

"They can apply the exemption clause but it will not affect us. No Malaysian insurance company is there. No company has said it is going there."

On the comment by US Ambassador John Malott yesterday that Malaysia's offer is a "backward measure," Rafidah said: "Let us look at it (the offer) objectively ... in the right perspective. The 51 per cent offer is just one element ... we have opened up in other areas as well."

Malaysia has also offered additional new business licences for non-life insurance and life re-insurance up to the year 2005, extending the scope of operations of the Labuan International Offshore Financial Centre and increasing the number of specialist expatriates in some financial activities in banks and investment banks in Labuan, she added.

Meanwhile, Foreign Minister Datuk Seri Abdullah Ahmad questioned the sincerity of the US in indicating that it wants to have "amicable discussions" with Malaysia.

Speaking to reporters after opening a lecture on "Globalisation, Peace and Conflict" in Bangi, Selangor, yesterday, he said it looks like Washington is making a habit of resorting to sanctions when it is not satisfied with things.

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