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Barter deal is against WTO principles: US board

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THE US Maize Board has said that Malaysia's proposal to use barter or counter trade to ease the impact of the region's currency crisis is against the principles of the World Trade Organisation (WTO).

Primary Industries Minister Datuk Seri Dr Lim Keng Yaik, who was on the verge of clinching a major barter deal with China last month, said he received feedback from the US Maize Board that the deal is not WTO-consistent.

Lim said analysts in Hong Kong and Singapore have also ruled that barter or counter trade goes against the practices outlined by the world body.

The minister, who is also the president of Gerakan, a Barisan Nasional coalition party, said foreign analysts and fund managers have begun criticising Malaysia for the move.

"(They said) the word `barter' or `counter-trade' cannot be used," he told reporters in Kuala Lumpur after attending the opening of the 52th Umno General Assembly by Umno president and Prime Minister Datuk Seri Dr Mahathir Mohamad.

On June 2, Lim announced at a press conference soon after his visit to China that Beijing was agreeable to a barter arrangement, whereby China would give Malaysia two million tonnes of corn in exchange for 300,000 tonnes of Malaysian palm oil.

Now the deal may fall through and the Government may be forced to find other means of doing business that could help the country reduce its dependence on the US dollar, he said.

"Before I could even decide on behalf of the Government (on the barter trade deal with China), analysts and fund managers said it could not be done.

"I received feedback from the US Maize Board as well as analysts in Hong Kong and Singapore saying that (the proposed deal) is against WTO principles," he added.

Lim said the Government will continue with its efforts to ease its dependence on the US dollar, ruling out the possibility of having to leave things to market forces.

"Market forces are not the only way for the country to solve its problems. We must find new ways and the new ways involve not depending on the US dollar (but) using currencies of different countries," he added.

The Gerakan president also called on all parties to refrain from blaming one another for the nation's economic problems, but rather to recognise their own weaknesses and ensure that unity prevails.

"We have our weaknesses and what we need to do is to correct these weaknesses. In doing so, we still have to stay united.

"If we are not united, this will only serve to help foreign fund managers practise hegemony and to `rule' us again," he said.

He also criticised banks which in his view are "extremists". These are banks who were "lending as if there were no tomorrow (during good times) ... then when we need credit to prevent us from going into a recession, they impose a credit squeeze".

Dr Lim was particularly critical of certain foreign banks operating in the country. "(These foreign banks) at one time had credit growth of between 20 and 25 per cent. But now they have negative credit growth.

"Much of the credit squeeze is caused by foreign banks located in Malaysia, which have taken our deposits but refuse to lend out... are they

sabotaging our economy? You think about that."
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