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Barter trade with Myanmar holds promise if handled properly

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THERE is some excitement among Penang traders now that the barter trade between Penang and Myanmar is to be revived next month.

The Chinese Chamber of Commerce, the Penang Port Sdn Bhd and the State Government are also pleased as they expect the barter trade, estimated to be worth some RM500 million annually, to benefit Penang.

Penang and Myanmar have been involved in barter trade for more than a century. However, this was stopped by the immigration department in 1993 due to "security" reasons.

The main problem was that Myanmar nationals were entering the country illegally after travelling on the coastal vessels and barges that brought in the barter goods.

Many of the Myanmar nationals, who were involved in the barter trade, also did not have proper documentation. This posed problems in repatriating illegal Myanmar nationals as the Immigration Department had difficulty convincing the Myanmar authorities to recognise these people as their citizens.

So, Malaysia was left with stateless people who had to be fed and taken care of.

However, today Myanmar is moving towards full implementation of policies espoused by the Asean Free Trade Area by reforming its once closed economy into an open one.

Changes are being made in Myanmar's economic structure, regulations and policies. This translates into fewer bureaucratic problems.

State Trade and Consumer Affairs Committee chairman Datuk Dr Sak Cheng Lum said the State Government persistently lobbied the Federal Government for the resumption of barter trade.

This included a memorandum to Prime Minister Datuk Seri Dr Mahathir Mohamad in September and bringing up the issue at the National Economic Action Council meetings.

He said: "We finally succeeded early this month. We also had good private sector support. The Penang Chinese Chamber of Commerce, for instance, was pressing for revival of barter trade and even made a direct representation to the Prime Minister."

One of the main reasons the NEAC gave the green light to the revival of the barter trade is that given the present slowdown, any economic activity which can boost revenue is to be welcomed.

However, the security aspect must also be looked into.

The marine police, Customs and Immigration departments must work in tandem to prevent barter trade vessels unloading illegal immigrants. The movements of the Myanmar barter traders and boat crew need to be better regulated.

Dr Sak said it was estimated that the barter trade was worth about RM500 million a year.

"However, it is difficult to measure the actual value. Although they peg a monetary value to the products to be bartered, there is no exchange of money. But the trade has benefited Penang in the past. There are a lot of spin-offs too.

"Among the goods that the Myanmar nationals took back were electrical items, clocks, biscuits, old plastic products, old clothing, old newspapers, second hand motorcycles, used bicycles and used machine parts. The Myanmar nationals brought in a variety of agricultural, fish and

timber products."

Dr Sak said the area on the left and right of Church Street Pier had been identified for the barter trade to resume within the first two weeks of next month.

The State Assemblyman for Pengkalan Kota (which includes the port area), Lee Hack Teik, said: "The resumption of barter trade will further spur business at the port area, especially in and around Pengakalan Weld. Business here has been somewhat slow following the economic crisis.

"There are more than 20 agents and companies involved in the barter trade in Penang. Apart from them, some 2,000 to 3,000 people involved in port and port-related activities such as those supplying storage ice, and food and drinks, will see immediate benefit."

Lee said the "prices" charged by Myanmar traders in the past were reasonable, sometimes even "very cheap". For instance, he said, they used to bring in cheap unprocessed rubber which was processed and made into rubber products and exported by Penang businessmen.

Penang Development Corporation general manager Datuk Iskandar Dzakurnain Badarudin, who is involved in the task force preparing the resumption of barter trade, said the framework to operate the barter trade was being finalised.

He said: "For the time being, cigarettes and liquor will not be allowed in the barter trade."

This is a wise move in view of the fact that the Government wants to promote healthy living. It is good to know that in promoting greater economic activities, the authorities show wisdom in the choice of products to be traded.

The barter trade between Penang and Myanmar has in fact found favour with the Myanmar Government. Its Commerce Ministry Trade Directorate director U Khin Maung Oo said more trade opportunities must be explored in barter trade.

He said Myanmar could supply food, beverages, vegetables and fruits to Malaysia that were currently being imported amounting to US\$10 billion (RM38 billion) annually.

Malaysia, he said, could buy these from Myanmar and make payments in kind by supplying crude oil, diesel, palm oil and fertilisers.

As an example, he said: "Following the Myanmar-Malaysia Trade Agreement signed on June 9 this year, a contract worth US\$80 million was signed on July 15 between the Myanmar Energy Ministry and Malaysia's Petronas for purchase of diesel and crude oil from Malaysia, with 50 per cent to be paid in cash and the rest in kind."

So, the barter trade that started more than a century ago holds promise if it is handled properly. It should not only increase the total bilateral trade between Malaysia and Myanmar, which stood at RM1.2 billion in 1997, but also Malaysia's exports to Myanmar which amounted to RM1.05 billion in 1997.

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