

10/07/1998

Malaysia to extend Pocpa facility to Sudan

Adeline Ong

MALAYSIA has agreed to extend a two-year Palm Oil Credit and Payments Arrangement (Pocpa) facility worth between US\$50 million and US\$70 million (US\$1 = RM4.23) for the purchase of palm oil to Sudan, Primary Industries Minister Datuk Seri Dr Lim Keng Yaik said yesterday.

Under the Pocpa agreement, the Malaysian Government will grant Sudan two years in deferred payment.

Dr Lim said the Pocpa agreement with Sudan will also see the introduction of counter-trade instead of cash payment.

He described the counter-trade as a "better arrangement since it will assure the country of repayment".

He was speaking to reporters in Kuala Lumpur yesterday after meeting Sudan Foreign Minister Dr Mustafa Osman Ismail.

Sudan, Dr Lim said, is a big producer of vegetable oil such as groundnut oil and sesame oil.

"Our traders can buy their oils and re-export them to other third countries. Since their groundnut and sesame oil is one and a half times more expensive, with the additional money they can get, they can import more from Malaysia for their country's requirement," Dr Lim said.

He said once the agreement has been drawn up and approved by the Cabinet, things can start moving.

"Hopefully, in two to three months, the first shipment of palm oil can be sent to Sudan," he said, adding that Sudan purchases some 40,000 to 50,000 tonnes of palm oil from Malaysia a year.

Talks between the two central banks have been held as to the agreement on bilateral payment.

Pocpa was introduced in 1991 and so far, six countries (Pakistan, Algeria, Iran, Iraq, Myanmar and Cuba) have benefited from the credit facilities.

Some US\$300 million worth of credit facilities have been given out, and more than half of the facilities have been repaid.

Dr Lim said following the downturn, Malaysian traders have not only sold commodities but have bought and resold these commodities to a third country.

"I am encouraged that one of the good points of the downturn is that it has made our people leaner but tougher and more aggressive. We are not just sellers of commodities but also counter-traders, re-selling commodities to third countries. This is one thing which we felt had been lacking with our commodity traders," he said.

Bernamea reports: Malaysia is keen to increase economic linkages with Sudan which can anticipate more investments from this country, Sudan Foreign Minister Dr Mustafa Osman Ismail said.

He said this was the message conveyed to him when he called on Prime Minister Datuk Seri Dr Mohamad at the Prime Minister's Department in Kuala Lumpur yesterday.

"He told me that Malaysia is keen to have more economic cooperation with my country, more Malaysian investments will come to Sudan and more Malaysian products will make their way into the Sudanese market," he told reporters after the meeting.

Mustafa said Dr Mahathir also gave some advice on how Sudan could encourage joint-ventures between the two countries.

"He also advised that we should concentrate our investment in the field

of agriculture," he said.

On investment, he said, would-be investors should not be worried over safety conditions and the investment climate in Sudan.

Mustafa said his country's investment climate was stable and that western propaganda against Sudan had failed to deter even investors from countries such as Germany, Italy and Britain from coming to Sudan.

Meanwhile, Bank of Sudan Governor Dr Sabir Mohammed El Hassan, who accompanied Mustafa, said efforts are under way to establish cooperation between the central banks of the two countries.

Sabir, who had talks with Bank Negara Governor Tan Sri Ahmad Mohd Don, said they discussed the possible establishment of a bilateral payment agreement to boost trade.

"So we've agreed to encourage commercial banks from both countries to establish relationship and we've exchanged a list of banks which will be encouraged to do so," he said.

He said they also discussed the possible establishment of a bilateral payment agreement to boost trade and had exchanged a draft agreement to be considered by both parties.

Sabir said Sudan is looking forward to utilising Malaysia's palm oil credit facility.

"I feel that now we have succeeded in laying the necessary foundation in banking relationship between the two countries which is an important infrastructure for trade," he added.

(END)