

21/05/1998

Tabung Haji, Indon firm set up barter trade venture

TABUNG Haji, Malaysia's pilgrims fund board, and PT Tirtamas Comexindo, an Indonesian trading firm, yesterday set up a company that will undertake barter trade between Malaysia and Indonesia, as well as with third countries.

The joint-venture company, TH Comexindo (M) Sdn Bhd, will buy and sell commodities and manufactured products.

Barter or counter trade has been proposed as a way countries in this region, whose currencies have depreciated considerably against the US dollar, could reduce their dependence on "hard currencies" for trade.

Last year, RM162.95 billion or 73.6 per cent of Malaysia's exports and RM143.42 billion or 64.9 per cent of its imports were paid in US dollars. Only RM4.43 billion or 2 per cent of exports and RM23.43 billion or 10.6 per cent of imports were conducted in yen.

PT Tirtamas Comexindo chief executive officer Hashim S. Djojohadikusumo, explaining the mechanics of the counter trade to reporters after signing the joint venture agreement in Kuala Lumpur, said while Malaysia exports electrical appliances to Indonesia, the republic can, in exchange, export vegetables, food and coal to Malaysia.

It will not only involve counter trade between the two countries but also third countries such as those in Africa and Eastern Europe, he said.

Tabung Haji holds a 40 per cent stake, equivalent to RM500,000, in TH Comexindo and PT Tirtamas the rest.

Tabung Haji chairman Datuk Ahmad Razali Mohd Ali described counter-trading as "an alternative" which can lessen the country's dependence on the US dollar in light of the economic crisis in the region.

Minister in the Prime Minister's Department Datuk Dr Abdul Hamid Othman witnessed the signing of the agreement by Ahmad and Hashim.

This is not the first time Tabung Haji and PT Tirtamas are collaborating. They have been partners in a 200-acre palm oil plantation in Riau since 1995.

Hashim said the two countries, which are both major producers of palm oil, can cooperate instead of competing with each other.

Besides Malaysia, PT Tirtamas trades with Sudan and Russia.

Prime Minister Datuk Seri Dr Mahathir Mohamad, during his official visit to Sudan last week, suggested that developing countries use the bilateral payments arrangement to conduct barter or counter trade as a means to cushion the impact of the US dollar's appreciation against the region's currencies.

The mechanism for the implementation of the BPA as a vehicle for the purpose was reportedly being finalised by the Ministry of International Trade and Industry, Bank Negara and the Finance Ministry.

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