

15/05/1998

PM: Barter trading a solution to currency, shares depreciation

Syed Nadzri in Khartoum, Sudan

PRIME Minister Datuk Seri Dr Mahathir Mohamad said Malaysia would have to resort to barter trading in international trade to reduce the adverse effect of its currency and shares depreciation.

He added that going back to basics was a necessary move since the speculative attack on the Malaysian ringgit would be prolonged and the damage more permanent than expected.

Speaking at a dinner hosted by the Sudanese Joint Chamber of Commerce here yesterday, Dr Mahathir said Malaysia needed to increase its trade with countries including Sudan in order to rebuild its economy.

The Prime Minister, who is on a three-day official visit to Sudan, explained to the Sudanese businessmen the present scenario in Malaysia.

"At first, it was thought that the assault on our currency was a temporary affair and would last two or three months as happened with other countries attacked by the speculators.

"It is now clear that the attack would be prolonged and the damage done more permanent. The rapid and wide fluctuations in the value of our currency and shares make trade and economic development very difficult."

For barter trading to be effective, Dr Mahathir said Malaysia would have to try and balance its imports and exports with its trading partners.

This, he added, would be coupled with a bilateral payment arrangement which required the use of local currencies to settle trade surpluses.

"By not using the currency of a third country, we will actually be able to reduce the costs of hedging on exchange rates.

"With this, we can also overcome the shortage of foreign exchange which we frequently suffer from. Trade will be increased this way."

Malaysia is the second largest foreign investor in Sudan after China and among the companies with business interests in the country are Petronas (petroleum and gas); Advance Synergy (mining and hotel) and Tabung Haji (plantation).

Malaysia's total trade with Sudan stood at RM47 million last year with exports exceeding imports by RM45.59 million.

The main export items are animal and vegetable oils, rubber, timber products and electrical appliances, while imports include aluminium and steel.

Dr Mahathir, who arrived in Khartoum from Egypt on Wednesday, also held meetings with Sudanese leaders including President Hassan Ahmed al-Bashir.

He was earlier conferred an honorary Doctorate of Laws by Khartoum University. The award is the second conferred on the Prime Minister by a foreign university in the past week.

Today, the Prime Minister will open the Petronas office and will wrap up his visit with a Press conference.

Meanwhile, Deputy Primary Industries Minister Datuk Hishammuddin Tun Hussein, who is accompanying Dr Mahathir, said Malaysia was looking at the viability of growing oil palm in Sudan.

"A study is being carried out to determine whether soil and climatic conditions are suitable for such a venture," he said.

Sudan, he added, had about 200 million hectares of rich fertile soil which remained untapped and this provided a huge potential.

(END)