

06 NOV 1999

INDONESIA-PETRONAS

INDONESIA REQUESTS FOR MORE MONETARY AID FROM PETRONAS TO BUY RICE

By: Siti Hawa Othman and Abdul Rahman Ahmad

KUALA LUMPUR, Nov 6 (Bernama) -- Indonesia, which received a credit line of US\$100 million from Petronas to purchase rice, has requested for an additional US\$200 million from the national oil corporation for the same purpose.

The request was made by new Indonesian President Abdurrahman Wahid during talks with Prime Minister Datuk Seri Dr Mahathir Mohamad here today.

The Indonesian President, better known as Gus Dur, is in the capital for a two-day visit as part of a familiarisation tour of the region, which began with a trip to Singapore.

Briefing reporters on the outcome of the meeting which lasted more than an hour here, Foreign Minister Datuk Seri Syed Hamid Albar, said Abdurrahman expressed gratitude to Dr Mahathir for the assistance given by Petronas.

"They hope that Petronas, through its international trading arm, would extend a further US\$200 million to Indonesia if possible," he said.

Syed Hamid said that Indonesia, the world's fourth most populous nation which used to be a net exporter of the commodity, is now not able to buy enough rice due to a lack of foreign exchange reserves as a result of the country's financial woes.

When the currency crisis broke out in July 1997, Indonesia's economy was thrown into disarray with rising poverty and massive unemployment, leading to the International Monetary Fund (IMF) arranging a rescue package in excess of US\$45 billion.

Syed Hamid said that Dr Mahathir had told the Indonesian leader that the government will encourage Petronas if possible to increase the credit line to Indonesia, "but that it is up to Petronas to decide."

He also said that the Indonesian leader had suggested to Dr Mahathir that Malaysia send an investment delegation to Indonesia in efforts to further enhance bilateral trade and investment linkages.

The minister said that the Prime Minister had agreed to the proposal made by Abdurrahman.

"There should be close relations between Malaysia and Indonesia and we should contribute to help Indonesia in its economic development," the minister said.

He also said Abdurrahman had indicated that Jakarta preferred for increased usage of bilateral payments arrangement (BPA) between the two countries as a means to enhance two-way trade ties.

"Indonesia is keen to increase trade activities with Malaysia through the BPA," he said.

Providing a background, Syed Hamid said that Petronas's international trading arm usually conducts trade either through the exchange of products or via a BPA.

Syed Hamid said that the two leaders also discussed the Eastasia Monetary Fund proposed by Dr Mahathir recently in Singapore to enable East Asian economies to fend for themselves during a financial crisis.

They also touched on the use of different currencies in bilateral trade, he said.

This followed calls by certain Asean countries to use their domestic currencies to settle payments rather than the US dollar.

This was because payments in the US dollar became too expensive as their currencies fluctuated and depreciated significantly against the

greenback after the attack on their currencies by unscrupulous speculators and hedge funds.

Abdurrahman will leave for Myanmar tomorrow to continue his familiarization tour of Asean countries.

--BERNAMA
SHO/ARA MR