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Indonesia-Aid

INDONESIA ASKS FOR MORE MONETARY AID FROM PETRONAS TO BUY RICE

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KUALA LUMPUR, Nov 6 (Bernama) -- Indonesia has requested for an additional US\$200 million to the US\$100 million credit line extended to it by Petronas to purchase rice.

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

Abdurrahman, popularly known as Gus Dur, arrived here today for a two-day working visit as part of his whirlwind four-day tour to eight Southeast Asian countries. He started his trip with a visit to Singapore.

Briefing reporters on the outcome of the more than an hour-long meeting, Foreign Minister Datuk Seri Syed Hamid Albar said Abdurrahman expressed his gratitude to Dr Mahathir for Petronas' assistance.

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

Syed Hamid said Indonesia, the world's fourth most populous nation, used to be a net exporter of rice but was now unable to buy the commodity due to lack of foreign 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 Dr Mahathir told the Indonesian leader that the Malaysian government would encourage Petronas to increase the credit line to Indonesia if possible but it was up to the national oil corporation to decide.

He also said Abdurrahman suggested to Dr Mahathir that Malaysia send an investment delegation to the republic to further enhance bilateral trade and investment linkages.

Dr Mahathir agreed to the proposal, he said.

Syed Hamid said there should be close relations between Malaysia and Indonesia and that "we should contribute to help Indonesia in its economic development."

He also said Abdurrahman indicated Jakarta's preference for increased usage of the 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.

Syed Hamid said transactions of Petronas' international trading arm were usually done through exchange of products or via the BPA.

Syed Hamid said the two leaders also discussed the East Asia Monetary Fund mooted by Dr Mahathir in Singapore recently 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 own currencies instead of the US dollar to settle payments.

Payments in US dollars became too expensive as the countries' currencies fluctuated and depreciated significantly against the greenback

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

Indonesia also wants to have regular consultations with Malaysia as it believed the move could help in its economic recovery efforts, he added.

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

-- BERNAMA

SHO/ARA MR TS