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Malaysian, Chinese firms in major deals

Kamarul Yunus in Beijing

BEIJING, Wed: Two Malaysian business entities clinched a deal with Chinese parties today to develop a forest plantation and a pulp mill, and to import rice from China.

Top of the list was the signing of a US\$1.2 billion (US\$1 = RM3.80) joint-venture agreement between Lion Forest Industries Sdn Bhd and Innoprise Corp Sdn Bhd of Malaysia, and China Fuxin Pulp and Paper Industries Co Ltd.

Prime Minister Datuk Seri Dr Mahathir Mohamad, who arrived Beijing today for a three-day working visit to China, and his Chinese counterpart, Mr Zhu Rongji, witnessed the signing.

They also witnessed the signing of memorandums of understanding on scientific, engineering and technical cooperation between the two countries. The parties involved are the Academy of Sciences Malaysia, the China Academy of Engineering, and the China Academy of Sciences.

At the signing of the Sino-Malaysia joint-venture agreement, Lion Forest Industries was represented by Lion Group chairman Tan Sri William Cheng, and Innoprise by chairman Tan Sri Khalil Jamalul. On the Chinese side, China Fuxin Pulp and Paper was represented by China National Planning Assistant Director Si Jiang Meng.

Foreign Minister Datuk Syed Hamid Albar, who was also present at the signing, later told Malaysian journalists that the joint-venture agreement is another milestone in the long-standing trade and investment relations between the two countries.

"The forest plantation and pulp and paper mill project is important because the cost is huge, about US\$1 billion," he said.

Khalil told Malaysian journalists that work on the 220,000ha plantation has started, he is not certain when construction of the pulp and paper mill in Kalabakan, Sabah, will begin.

China and Malaysia had signed a MOU on the project in August 1997. The joint venture will involve the planting of acacia mangium, a fast-growing tree, on the 220,000ha owned by Benta Wawasan Sdn Bhd, a subsidiary of Innoprise, which in turn is an investment arm of Sabah Foundation. The joint venture will see the Sabah Government holding 60 per cent equity in the plantation project and the Chinese Government 40 per cent. For the mill, China will hold 60 per cent and Sabah the remaining 40 per cent.

The pulp mill will be the second in Sabah, after the Sabah Forest Industries' pulp and paper mill in Sipitang which was began operation in the early 1980s.

Separately, Padiberas Nasional Bhd (Bernas) entered into an MOU with China National Credit Cereals, Oils and Foodstuffs Import and Export Corp (Cofco) for participating in barter trade, with the view towards increasing trade between both countries.

It is also meant to lessen the dependence on US dollars in the settlement of such transactions.

Initially, emphasis is placed on rice and palm oil whereby Bernas will buy rice from Cofco in return for palm oil.

The barter trade will be facilitated with a letter of credit and subsequently the transactions will be settled by netting off the value of goods supplied by each party over specific periods.

Bernas is already importing about 150,000 tonnes of Chinese white rice a

year valued at US\$33 million from Cofco.

Under the new arrangement, Bernas will be allowed to counter trade palm oil from Malaysia up to a value equivalent to 150,000 tonnes of Chinese white rice.

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