

WORKING TOGETHER

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M'sia, India forge ties to tackle globalisation

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PUTRAJAYA: Malaysia looks forward to working closely with India in meeting the challenges of globalisation, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

Dr Mahathir said globalisation was a subject of interest to India and Malaysia because its impact was not confined to the economic sphere alone.

"The political structure and social matrix of a state are not immune from the effects of globalisation," he said at an official dinner in honour of visiting Indian Prime Minister Atal Behari Vajpayee at Seri Perdana here yesterday.

Dr Mahathir said globalisation was expected to bring about a greater degree of interdependence among nation states as their economic and political activities became interlocked.

"It is most unfortunate, however, that developing countries are not able to share the benefits of globalisation in a fair and equitable manner," he said.

Dr Mahathir said while India and Malaysia looked forward to closer trade relations, they should also be

prepared to face a certain level of competition without being subservient to the politics of protectionism.

He said that with the coming into force of the World Trade Organisation (WTO) Agreement, the opening of domestic markets would stir up domestic resistance in sectors where local industries had had traditional government subsidies.

Vajpayee, who arrived here on Sunday, was given an official welcome at Dataran Putra here yesterday, where he was received by Dr Mahathir and other dignitaries.

This is Vajpayee's first visit to Malaysia since becoming Prime Minister in October 1999.

The two prime ministers, who had a 40-minute talk behind closed doors, later witnessed the signing of two agreements and five memorandums of understanding (MOU) between India and Malaysia.

Among the MoU signed was between KTM and Ircon International Ltd for double-tracking and electrification of the 300km rail line between Ipoh and Padang Besar.

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It was signed by Transport Ministry secretary-general Datuk Zaharah Shaari and Ircon managing director Arun Prasada.

The contract is expected to be paid by way of an annual import of up to 1.6 million tonnes of palm oil by India.

Foreign Minister Datuk Seri Syed Hamid Albar told reporters at the signing of the MoU that payment details were still being worked out.

Another good news for Malaysia was Vajpayee's announcement that India would

review Indian import duty on Malaysian palm oil.

Syed Hamid said India would consider lowering the duty but within certain constraints (see **Business Star**).

The Indian Prime Minister was responding to Malaysia's request that palm oil be given a fair and balanced treatment like other oils by having its import duty reduced.

India's import duty on palm oil at present is said to be 92.4% while that on soybean oil is 50.8%.

Other agreements signed were on visa exemption for

holders of diplomatic and official passports; and on avoidance of double taxation and prevention of fiscal evasion on taxes and income.

Both were signed by Syed Hamid and Indian Minister of Information Technology Shri Pramod Mahajan.

The two governments also signed an MoU on mutual co-operation relating to investment, construction, privatisation and management of sea ports in India. The signatories were Transport Minister Datuk Seri Dr Ling Liong Sik and Mahajan.