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MAHATHIR-INDIA

INDIAN GOVT HAS GIVEN UNDERTAKING TO REVIEW PALM OIL IMPORT DUTY

PUTRAJAYA, 14 May (Bernama) -- The Indian government has given an undertaking to its Malaysian counterpart that it would review its import duty of palm oil, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

The Prime Minister said that the commitment for the review was given by the visiting Indian Prime Minister, Atal Bihari Vajpayee at the bilateral talks this morning.

"They (the Indian Government) give an undertaking that it will look into the problem of import duty," Dr Mahathir said to reporters after meeting about 500 ex-servicemen at the Prime Minister's Department here today.

The import duty of palm oil into India is about 92.4 percent while that of soybean oil is at 50.8 percent.

The wide disparity between the two rates has been of concern to Malaysia as the higher duty makes palm oil more expensive in India.

This affects its market share compared with competing vegetable oils especially that of soybean oil.

Dr Mahathir also said Malaysian Information, Communication and Technology (ICT) companies should take advantage to establish links with the more established Indian ICT companies to develop their expertise in the field.

The high palm oil duty imposed by India, Malaysia's biggest palm oil buyer, has put the country's crude palm oil (CPO) at the disadvantage against its main competitor, the soybean oil.

Recently, the Malaysian and Indonesian government asked India to cut its import duty on CPO to 45 percent from the current level of 85 percent to be at par with the soybean oil.

Last year, India imported 3.55 million tonnes of palm oil of which 60 percent came from Malaysia.

The composition of India's total oils and fats imports last year were 67 percent palm oil, 17 percent soybean and 12 percent sunflower oil, thus making Malaysia as the biggest supplier of edible oil to India.

Vajpayee arrived yesterday for a four-day official visit to Malaysia.

-- BERNAMA

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