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Lim-Palm Oil

MALAYSIA HOPES INDIA WILL LOWER DUTY ON PALM OIL

BIDOR, May 5 (Bernama) -- Malaysia will raise with the Indian Prime Minister the issue of high import duty that India imposes on palm oil, Primary Industries Minister Datuk Seri Dr Lim Keng Yaik said today.

Prime Minister Atal Behari Vajpayee's visit to Malaysia next week would provide a good opportunity for the matter to be discussed, he said.

"The Prime Minister (Datuk Seri Dr Mahathir Mohamad) has agreed to raise this matter with his (Indian) counterpart," he told reporters after attending a dinner here.

Malaysia is concerned that India imposes a 92.4 per cent import duty on palm oil but only 50.8 per cent on soybean oil.

"This has caused a discount for soybean oil to the tune of US\$80 per tonne. At the present palm oil price of US\$220 per tonne, a discount of US\$80 is a lot of money," he said.

Lim said he was confident that the Indian Prime Minister would be sympathetic to Malaysia's case as the high differential duty faced by palm oil affected the country's exports and market prices.

He said he had briefed the Cabinet on his recent visit to New Delhi with Indonesian Minister for Industry and Trade Luhut Panjaitan.

According to Lim, India is a huge palm oil market to which Malaysia exported about 2.4 million tonnes last year while Indonesia exported between 800,000 and 900,000 tonnes.

It was time for India to lower the tariff to be at par with that for soybean oil, he said.

"They want their farmers to grow soya bean but they have not achieved that. If they want to do that, they should let soya bean (oil) be at a higher price in the market," he said.

Lim said he met several ministers during his visit to India and they understood Malaysia's view on the matter.

He was confident that palm oil prices, which have fallen sharply in the last few months, would move up in the later part of the year as a result of various measures taken by the Government.

"It should move up as a result of lower stock, lower production. If our double action in burning palm oil as fuel and aggressive campaign to encourage smallholders and estates to replant works well, it will have good effect," he said.

The market would improve further if India agreed to lower the tariff on palm oil imports, Lim said.

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