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Ministry hails counter-trade arrangements for palm oil

Zaidi Isham Ismail

THE PRIMARY Industries Ministry welcomes any counter-trade arrangements involving palm oil as it will help boost uptake of the commodity as well as enhance its standing overseas.

"The ministry is more than willing to play its part in facilitating the initiative as it will help penetrate new markets," its minister Datuk Seri Dr Lim Keng Yaik told reporters in Kuala Lumpur yesterday.

Dr Lim had earlier addressed staff of his ministry during its monthly gathering and distributed pledge of allegiance "Aku Janji" certificates to them.

Prime Minister Datuk Seri Dr Mahathir Mohamad had said last month that Malaysia may partly pay the purchase of Poland's PT-91 battle tanks in the form of palm oil.

The counter trade of palm oil and palm oil products is not new for Malaysia as several arrangements had been made in the past.

In 1994, Malaysia bought 18 MiG-29 Fulcrum fighter jets for a total of US\$600 million (US\$1 = RM3.80) under an offset programme.

It involved a cash payment of US\$450 million, palm oil and palm oil products (US\$95 million) and supply of other Malaysian products (US\$55 million).

In October last year, US multinational, General Electric International, signed a US\$60 million agreement with Keretapi Tanah Melayu Bhd (KTM) involving the purchase of 20 high-powered "Blue Tiger".

Under the deal, the locomotives are to be delivered beginning April 2003 in exchange for 200,000 tonnes of palm oil and palm oil products valued at US\$60 million, to be delivered by the Pasir Gudang Edible Oils Group.

The Government is also eyeing fighter jets from both the US and Russia, of which Dr Lim had said last year that he attempted to squeeze at least 20 per cent of the payment to be in the form of palm oil.

Malaysia had also in May last year endorsed the participation of both India and China in the double-tracking project which comes under a RM12 billion counter-trade programme to promote demand for palm oil.

The counter trade will see the delivery of around eight million tonnes of palm oil over a period of between five and six years to each country.

Under the programme, India and China will undertake double-tracking works which involve the payment for rail contracts in crude palm oil.

"Even though, the counter trade idea was suggested two years ago I hope that the Transport Ministry and KTM would not have forgotten about it by now.

"The initiative can help the country's economy as well as boost income of smallholders," said Dr Lim.

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