

06 JUL 2003

Lim-Russia

M'SIA HOPES TO SIGN AGREEMENT WITH RUSSIA ON PALM OIL SALE

IPOH, July 6 (Bernama) -- The Primary Industries Ministry hopes to sign an agreement on palm oil exports during Russian President Vladimir Putin's visit to Malaysia on Tuesday.

Primary Industries Minister Datuk Seri Dr Lim Keng Yaik said Malaysia had made available RM190 million in palm oil credit payment arrangement (POCPA) for Russia to buy palm oil.

He said the two countries had negotiated the matter and hoped to sign the agreement during the visit.

"If I am not mistaken there will also be a discussion on Malaysia's intention to buy Russian jets, Sukhoi Su/30MKM, and I believe this will bring effect to the counter-trade of palm oil," he told reporters after opening the Perak Gerakan general meeting here today.

Dr Lim, who is Gerakan president, said Malaysia's intention to buy Sukhoi fighter jets would open a new market for Malaysia to export its products to Russia.

"Actually, Russia was very important for us before 1990 where Russia's import of palm oil was about 400,000 tonnes per year. However, after the breakup of the Soviet Union, the sales of palm oil have gone down below 60,000 tonnes," he said.

He said that on Thursday Prime Minister Datuk Seri Dr Mahathir Mohamad would be visiting Ukraine and the ministry had also made available RM38 million in POCPA for Ukraine.

"In the last two years since the price of palm oil went very low starting January 2001, we have instituted different actions to strengthen our market position and increase palm oil price, especially in the consuming countries.

"The first thing is to increase availability of POCPA to countries which need credit to buy Malaysian palm oil. With this we are able to export more palm oil. Second is through counter-trading. We will continue with this effort to promote our palm oil," he said.

Dr Lim also said a Cabinet Committee on improving the income of smallholders had been set up, and it is chaired by Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi.

"This committee will also involve the relevant government agencies like Felcra, Felda and Risda," he said.

He said the government wanted to merge smallholdings in villages into big estates to make them cost-effective and more productive.

"In this matter, their land will be merged but ownership remains," he said.

-- BERNAMA

KAY YBY