

EU RISKS OPENING TRADE WAR, SAYS PM

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Dr M says EU's increasingly hostile attitude towards palm oil is grossly unfair

LANGKAWI

THE European Union (EU) risks opening up a trade war with Malaysia over its "grossly unfair" policies aimed at reducing the use of palm oil, said Prime Minister Tun Dr Mahathir Mohamad.

This month, the European Commission concluded that palm oil cultivation results in excessive deforestation and its use in transport fuel should be phased

out by 2030.

Malaysia, the world's second biggest palm oil producer after Indonesia, relies on the crop for billions of dollars in foreign exchange earnings and hundreds of thousands of jobs.

Dr Mahathir said the EU's increasingly hostile attitude towards palm oil, a commodity used in everything from chocolate spread to lipstick, was an attempt to protect alternatives that Europe produced, like rape seed oil.

"To do that kind of thing to win a trade war is unfair," Dr Mahathir said here.

"Trade wars are not something we like to promote, but on the other hand, it is grossly unfair for rich people to try and impoverish poor people."

Dr Mahathir swept to power in a stunning election victory last

year on a promise to revive a flagging economy and end the corruption that plagued the tenure of former leader Datuk Seri Najib Razak.

Najib is facing corruption charges over the alleged misuse of billions of dollars from state fund IMalaysia Development Bhd (IMDB), some of which was raised by United States investment bank Goldman Sachs.

Najib is due in court next week in the first trial relating to IMDB. He has pleaded not guilty and denies wrongdoing.

Goldman Sachs is facing charges in Kuala Lumpur over its role in helping raise US\$6.5 billion (RM26.5 billion) for IMDB.

The bank denied wrongdoing and said officials under Najib's administration lied to mislead its staff.

Dr Mahathir, who was previous-

ly prime minister for 22 years from 1981 to 2003, said Goldman Sachs could do business in Malaysia only "if they pay us what we are asking for", reiterating a figure of US\$7.5 billion given by the Finance Ministry.

"Because they were not prudent... They are supposed to study the borrowers and lenders properly," he said, adding that he was willing to negotiate with the bank.

He said his government was in talks with the US Department of Justice over Goldman Sachs.

Goldman Sachs did not respond to a request for comment.

To reduce Malaysia's debt after the IMDB scandal, Dr Mahathir is considering the listing or sale of stakes in state-owned enterprises, including Malaysia Airlines.

There has been speculation this could include selling a por-

tion of Petronas, Malaysia's national energy behemoth and the world's third-biggest exporter of liquefied natural gas.

But Dr Mahathir said this was not on the cards.

"It has always given the government good returns. We have no plans to privatise or to sell Petronas," he said.

There is speculation about when Dr Mahathir will hand over power to one-time foe and former deputy prime minister, Datuk Seri Anwar Ibrahim.

Dr Mahathir, whose five-year term would end in 2023, had originally promised to cede control to Anwar in 2020.

"I will step down when the time comes, but we have not fixed a date," he said.

"I promised I will not go up to five years. I stand by my promise."

Reuters