

Our strategy for closer trade ties with the South

From Hardev Kaur

ISTANBUL, Thurs. — For a more focused programme for the South, the Government has implemented a special programme of collaboration with general trading companies (GTCs) to promote Malaysia's trade with these countries.

Three GTCs have been selected for this, namely Edaran Otomobil Nasional Berhad (EON), Sime Darby Berhad and Kumpulan Guthrie Berhad.

Prime Minister Datuk Seri Dr Mahathir Mohamad said the GTCs would, among others, identify possible competitive sourcing of raw materials and other inputs required by Malaysian companies.

These GTCs will also promote and export Malaysian services and investment in the South, including Turkey. Dr Mahathir disclosed this in his address to the joint businessmen's meeting here.

Malaysia, which last year was the 19th largest trader in the world, is placing increased interest on enhancing trade, economic and commercial links with other developing countries and newly emerging economies.

The Malaysian private sector has been supporting this drive and has established contacts and networks in many developing countries including China, Cambodia, India, Papua New Guinea, the Philippines, Sri Lanka and Vietnam.

Malaysia's exports to the South countries last year amounted to US\$17 billion (RM43.6 billion) and its im-

ports from these countries totalled US\$12 billion (RM30.8 billion) in 1993.

While the volume of trade between Malaysia and Turkey has progressively increased from US\$100 million (RM257 million) in 1989 to US\$188 million (RM483.1 million) last year, it is still small accounting for less than one per cent of Malaysia's external trade. In addition, trade between the two countries is confined to a narrow range of products.

This situation, according to Dr Mahathir, could be attributed to the lack of direct contacts between the businessmen of Turkey and Malaysia and the limited information on the products and market opportunities that exist in the two countries.

Many developing countries and newly emerging countries have taken bold steps towards liberalisation and deregulation.

These measures, which have also been implemented in Malaysia and are being planned in Turkey, will eventually result in creating a substantial market in the South, which will be able to supply a wide range of products ranging from raw materials to products of high quality.

Dr Mahathir told the businessmen that the rapid economic development, liberal import policies and the increasing affluence of the people would continue to make Malaysia an important market for foreign suppliers, including those from Turkey.

Turkish investors were urged to set up their regional offices in Malaysia and

use Malaysia as their base to launch their products into the Asean market.

With the establishment of the Asean Free Trade Area (Afta) by the year 2008, to which Asean is committed, it will further help accelerate economic development in Asean. This will also create considerable opportunities for businessmen within and outside the region which the Turkish private sector can take advantage of.

The Prime Minister noted that Turkey had emerged as an important trading partner of the central Asian countries and had made efforts to increase the flow of trade and investment with these countries.

Turkey is also committed towards jointly developing several infrastructure projects in central Asian countries. Many of the products and much of the expertise for the programmes could be sourced from Malaysia, Dr Mahathir said.

On the international trade front, the Prime Minister said Malaysia regarded the ratification of the World Trade Organisation (WTO) as crucial in boosting business confidence and enhancing the credibility of the multilateral trading system.

Malaysia ratified the agreement on Sept 6 this year.

On its part, Malaysia made substantial offers in the Uruguay Round of negotiations, thus contributing to greater market access for industrial and agricultural goods.

The scope of tariffs has increased from one per

cent to 65 per cent and Malaysia's tariff offers now cover 70 per cent of Malaysia's total imports. The country's manufactured exports will benefit from a more than 45 per cent tariff cut in its export markets.

Dr Mahathir said Malaysia was committed to liberalising 64 sectors and sub-sectors to foreign participation in services.

Further liberalisation of the services sector will be undertaken in a progressive manner on a unilateral basis commensurate with the level of economic development and the development of the domestic services sector.

Malaysia, in accepting the Uruguay Round's results as a "single undertaking" or as a package, is committed to undertaking the various obligations. Steps are also being taken to modify its policies and laws to bring them into conformity with the improved trading rules in the Uruguay Round as embodied in the WTO.

On the investment front, Dr Mahathir said Malaysia now encouraged its private sector to venture out and invest overseas.

He expressed confidence that the current level of co-operation would continue to increase as a result of liberal trade and investment policies adopted by Turkey and Malaysia's reverse investment policy.

"It is therefore important that the private sectors of Turkey and Malaysia regularly review the opportunities and policy changes with a view to intensifying joint ventures and commercial links," Dr Mahathir added.