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Mahathir-Dialogue

BUSINESS-LED GROWTH CRUCIAL TO INDIA-MALAYSIA RELATIONS

By: Zainoor Sulaiman

NEW DELHI, Dec 20 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today that business-led growth is crucial in enhancing India-Malaysia relations.

No amount of blueprints and action plans could succeed if they were not anchored on the enterprise of the captains of trade and industry, he said at a dialogue session with the Confederation of Indian Industry (CII), here.

Saying that the opportunities for greater economic interactions between India and Malaysia were vast, Dr Mahathir added that the fast-expanding Malaysian economy offered good markets for export and a source of supply for India for a broad range of primary and manufactured products.

"In addition, Malaysia can offer India a gateway to the regional market in Southeast Asia, a region which recorded one of the fastest growth rates in the world," he told some 350 Indian and Malaysian businessmen who attended the meeting.

The two governments, he said, would continue to strengthen the existing institutional arrangements to give confidence to the private sectors of both countries to undertake business on a sustained basis.

On bilateral trade, Dr Mahathir said the total trade between the two countries grew by about 41 per cent last year amounting to US\$1,385 million from US\$983 million in 1994. (US\$1 is equivalent to RM2.50).

For the first eight months this year, the total trade stood at US\$1,347 million with imports of Indian goods amounting to US\$496 million and exports of Malaysian products to India totalling US\$851 million.

The bulk of India's exports to Malaysia was made up of food products, vegetables, roots and tubers, textile yarn and aluminium while Malaysia's main exports to India included palm oil and palm oil products, petroleum and crude rubber.

While the overall bilateral trade had grown in percentage terms, the volume was still small -- India's imports from Malaysia account for less than 1.9 per cent of its total imports and represent a meagre 0.9 per cent of Malaysia's global exports. Similarly, India's exports to Malaysia were 1.6 per cent of its total exports and constitute less than 0.7 per cent of Malaysia's global imports.

"The long and close relationship and proximity of our two countries should have generated a higher volume of trade, involving a wider range of products than is currently the case," Dr Mahathir said.

On investment, the prime minister said Malaysia ranked among the top 10 investors in India, investing in a wide range of projects including software production, telecommunications, food processing, oil palm plantations and manufacturing of electronic items.

Since 1991, the Indian government had approved the establishment of 44 Malaysian-Indian joint ventures in India to undertake such activities.

On Indian investment in Malaysia, he said that between 1980 and 1995, a total of 96 projects involving a capital outlay of US\$423 million were approved and for the first nine months this year, the government approved another seven projects with a total proposed capital investment of US\$25.2 million.

The majority of these investment was in a wide range of industries like palm oil refining, pharmaceuticals and steel furniture making and railway projects.

"To date, cumulative Indian investment in Malaysia is estimated to be over US\$400 million, making it the fifth largest investor in Malaysia," he said.

Dr Mahathir said Malaysia had found that foreign investments had helped to transform its economy as they provided jobs, foreign exchange, transfer of technology, expanded industrial base and provided linkages between the agricultural and industrial sectors.

From small beginnings, Malaysian companies had acquired the confidence and expertise to expand at home and to invest in other developing countries.

"Malaysia actively encourages its private sector to trade and to invest in other countries of the South because we believe in prospering our partners in order to prosper ourselves," he added.

Dr Mahathir later witnessed the signing of four Memorandums of Understanding (MoUs) between Malaysian and Indian companies for joint venture activities in power generation, infrastructural and software development projects.

The MoU for the Engineering, Procurement and Construction of 100 MW Chattral Combines Cycle Power Project in Gujarat was signed between Tetracon Engineering Sdn Bhd and Damar India Limited.

It also signed a similar MoU with Satyam Construction Limited to construct other power plants in India.

Tetracon also signed an MoU with Polcab Industries, India, for infrastructural projects, here.

Meanwhile, PK Technology Sdn Bhd and Datacons Pte Ltd signed the MoU to form a joint-venture company pursuing development and production of software in India. -- BERNAMA

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