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INTERNALISATION OF BUSINESS WILL GUARANTEE MALAYSIA'S COMPETITIVENESS

KUALA LUMPUR, Dec 3 (Bernama) -- The internalisation of Malaysian business, facilitated through the embodiment of Malaysia Incorporated concept, will guarantee the country's competitiveness in the total world trade liberalisation environment in the next millennium.

This was stated by Tan Sri Yahaya Ahmad, DRB-Hicom group chairman said Malaysian companies continued to welcome foreign investment and capital flows from their counterparts in the developed countries through strategic alliances.

Such alliances would bring about effective transfer of the latest technology and sharing of markets in a win-win situation, he added.

Yahaya was speaking at the Global Panel Conference in the Hague, the Netherlands also attended by Prime Minister Datuk Seri Dr Mahathir Mohamad today. The text of his speech was made available here.

Yahaya said Malaysians now ventured in all corners of the world, ranging from the nearby Asean countries to distant lands in North and Latin America, Europe and Africa.

The sectors they were involved in ranged from construction and infrastructure development to manufacturing of consumer and high-tech products.

Yahaya said in 1980s, Malaysian investment abroad increased at an average six percent annually but from 1990 to 1994 it jumped to from RM1.4 billion to RM4.6 billion at an annual rate of 44 percent.

The phenomena of a strong domestic economy, abundant capital, skilled human resource and proactive and pro-business government had set the stage for the internalisation of Malaysian business, he added.

Yahaya said one of the four features of Malaysian investment overseas was the shift from five major countries (Hong Kong, Singapore, Australia, the United States and Britain) to developing countries, particularly in the Asia-Pacific region.

Second was the shift in sectoral concentration from real estate to equity investment which increased to more than US\$1.1 billion (RM2.75 billion) or 60 percent of gross overseas investment compared with 16 percent in the early 80s.

The third feature was the move towards acquisition of companies that own high technology and patents instead of through technology transfer agreements previously.

Lastly, by creating strategic alliances and smart partnership, Malaysian companies were tying up with outward-looking counterparts in the developed economies to jointly invest in emerging markets particularly in the fast-growing East Asia region.

Yahaya said the government played a proactive role in the internationalisation by exempting tax on income derived from overseas investment and remitted to Malaysia by companies resident in Malaysia, the signing of Investment Guarantee Agreements with not less than 46 countries, Avoidance of Double Taxation Agreements with 43 countries and establishment of the Malaysia Export Credit Insurance Bhd.

He said although small in size with a population of about 20 million, Malaysia was already the 17th largest trading nation in the world.

This, he added, reflected well of its manufacturing capabilities which, under the Second Industrial Master Plan launched recently, were expected to contribute 38.4 percent of the Gross Domestic Product by the year 2005. --

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