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## A Southern Sojourn

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THE NUMBER OF Malaysian businessmen investing in South-South countries has risen in recent years, thanks to the efforts of the Malaysia South-South Corporation Sdn Bhd (Masscorp).

From 48 shareholders and a paid-up capital of RM30.85 million in 1991, Masscorp today boasts of 85 members with a paid-up of RM53 million. Its capital increases when Masscorp issues shares for new members to subscribe but Masscorp chairman Tan Sri Azman Hashim says, 'The seed money is enough for now. It's up to the board to decide whether to issue more shares and admit new members.'

Broadly stated, Masscorp's agenda is the promotion of trade and investments in developing or under-developed countries anywhere on the globe. The main impetus for reverse investments in Malaysia began when Masscorp was established shortly after Prime Minister Datuk Seri Dr Mahathir Mohamad visited Latin America in 1991.

However, it is not an easy task to convince Malaysian businessmen to venture outside Malaysia. If the going is good here, why take risks, they ask. But with the trend towards globalisation of trade, more and more companies realise the importance of internationalising their operations. Azman gives credit to the prime minister for pushing reverse investments. He says, 'Masscorp started from zero base and there was nowhere else to go but up. I don't think there were any sceptics to speak of from the beginning ... basically, it was a win-win situation.'

A significant offshoot of South-South is the exchange of know-how and skills among South countries as the result of increased contacts and higher levels of economic exchange. The experience that Malaysia has gained from its investment-driven policies at home serves as an example for other countries in their bid to attract investments. 'The Malaysian Industrial Development Authority (Mida) has done a lot to show other countries how to set up their own investments. Similarly, in sectors that other countries have an edge, there is scope for Malaysia to gain valuable know-how and skills, for example, the motor industry in South America,' says Azman.

He adds that many countries are at different stages of development and have different needs. Some developing countries in Latin America such as Mexico, Chile and Argentina are ahead of us in certain sectors, so there is plenty of scope for technology transfer.

Says Azman, 'The majority of investments overseas are by companies venturing on their own, although we also have our own investments.' The association sends trade missions overseas to look for opportunities. If a project is viable, a consortium of specialised companies is formed to invest in that country. But reverse investment can be a waiting game. One example is Masscorp's Danang Export Processing Zone (EPZ) which was established in 1993. It is currently waiting for official approval to be converted into an industrial park. Azman says, 'The Danang EPZ may seem slow, but it is in fact the first EPZ in Vietnam to be on the market. We have one company established there and another one committed. Other EPZ areas in Vietnam are still behind us. We should be glad that we are the first one in spite of the time taken.'

The project in Central Vietnam is a joint venture between Masscorp and IJM Corporation Berhad - together they hold 65 percent - and the Quang Nam Danang EPZ Development Corporation which holds 35 percent. Masscorp has

been appointed by the Malaysian government as one of four General Trading Corporations (GTC) to promote trade and economic linkages with countries of the South. Each GTC has a designated area of focus and Masscorp's area is Cambodia, Laos, Vietnam, Myanmar and China.

Masscorp has entered into a joint venture with Bank Industri Malaysia, Telekom Malaysia and the South Investment, Trade and Technology Data Exchange Centre (SITTDEC) to form Sibexlink Sdn Bhd. Sibexlink's aim is to facilitate and enhance the business capacity of its clients in doing business by providing relevant and authoritative information and services. Asked for his overall assessment of Masscorp's progress, Azman says, 'Generally, it has been successful. You cannot compare investing in Malaysia, which is probably the best place to invest, all things considered, to investing overseas where you must have a lot of patience. It takes longer to take off.'

The returns may not have come in yet as the commitment is long term. 'You should not have an attitude where you put your money in today and expect to get the returns tomorrow. First of all, it will upset the host country. But I think Malaysians are not like that. That's why we are prepared to stay on and develop the project for many years,' says Azman.

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