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Consider Malaysia as Asean gateway: Dr M

Kamarul Yunus in Kuwait City

KUWAIT CITY, Sun: Kuwaiti businessmen must not only look at the opportunities available in Malaysia but also consider the country as a gateway to Asean markets, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

Speaking at a reception with Kuwaiti and Malaysian businessmen here today, Dr Mahathir said Asean has a huge potential market and liberal trading environment that provide and offer tremendous business opportunities for Kuwaiti entrepreneurs.

"With the inclusion of Vietnam, Asean now has a population of 420 million, and the seven-member countries registered an average annual economic growth of between 7 and 9 per cent," he added.

Dr Mahathir, who arrived here yesterday as part of his five-day official visit to Kuwait and Bahrain, also said intra-Asean trade for the period January-June 1996 stood at US\$56.2 billion (US\$1 = RM2.48) and gross domestic product (GDP) of around US\$510.7 billion.

By the year 2003, he said Asean could see the completion of the Asean Free Trade Area or Afta, whereby Asean manufactured products will have tariffs of not more than 5 per cent across the board.

"With the region's huge market and liberal trading environment, the Kuwaiti business community must consider Malaysia as a strategic location in the Asean region as a whole," he said at the reception which was organised by the Kuwaiti Chamber of Commerce and Industry.

Given the numerous opportunities and incentives for investment and trade in Malaysia and Kuwait, Dr Mahathir said Malaysian and Kuwaiti businessmen should foster strategic linkages and create partnerships in economic development, not only at the bilateral level but also regional and global levels.

He said the Malaysian Government has drawn up various measures and policies to attract domestic as well as foreign investments, particularly in the manufacturing sector.

"Policies have been constantly reviewed for further deregulation, transparency and efficiency of this sector.

"As a result of the positive revisions of its policies, Malaysia has been successful in attracting foreign direct investments, particularly in the export-oriented industries.

"In fact, Malaysia has become the world's leading producer and exporter of a range of manufactured products such as rubber gloves and threads, room air-conditioners, semiconductors and audio-visual equipment," he added.

He also said last year, Malaysia exported some US\$18 billion worth of goods to the US alone, most of which were manufactured goods.

To complement and enhance Malaysia's regional and international linkages, Dr Mahathir said Labuan, has been designated as an Offshore Financial Centre, with the necessary infrastructure support and facilities already in place.

"An attractive package of fiscal and non-fiscal incentives has also been offered to companies that locate their regional headquarters in Malaysia, which are comparable to the best in the region.

"The emergence of a full-fledged Islamic banking system would also bring an added dimension to the market," he added.

Dr Mahathir said even though Malaysia is said to be leading the way in

the implementation of Islamic banking, it would be difficult to implement functional Islamic investment and capital markets at the international level without some degree of consensus among Islamic scholars on these matters.

"Thus, there is a great desire on the part of many Islamic banks to be involved in project financing, particularly in the East Asian countries where there is a growing number of new high-profile projects emerging," he added.

Dr Mahathir also acknowledged Kuwait's liberalisation and deregulation measures to reinvigorate its economy.

"Recently, Kuwait has also introduced laws to protect and encourage investments and promote privatization.

"Such measures will eventually result in creating substantial markets in the South, that are able to supply a wide range of products, ranging from raw materials to products with high technology content," he added.

On the two-way trade between Kuwait and Malaysia, Dr Mahathir said total trade volume between both countries has been growing steadily, from US\$36.9 million in 1992 to US\$107.68 million in 1996, reflecting an increase of 48 per cent a year.

Nevertheless, he said Malaysia's imports from Kuwait for 1996, which amounted to US\$37.39 million, was a significant drop from US\$68.51 million in 1995.

Major import items from Kuwait include crude petroleum and copper waste and scrap with the former accounting for about 94.5 per cent of total imports.

Malaysian exports to Kuwait, which amounted to US\$70.28 million last year, have shown an increase of only 2.6 per cent as compared with the corresponding period in 1995.

A substantial amount of exports to Kuwait comprised products like electrical and electronic goods, jewellery and other precious metals, wood and wood products.

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