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Dr M: Use us as trade springboard

Farush Khan in Beirut

DATUK Seri Dr Mahathir Mohamad yesterday encouraged Lebanese entrepreneurs and investors to increase their business presence in Asean by using Malaysia as their springboard for the production of their goods in the region which commanded a potential market of 440 million people.

The Prime Minister said when the Asean Free Trade Area was fully implemented by the year 2003, there would be a single Asean market in which tariffs for Asean manufactured products would not exceed five per cent and with the majority attracting zero tariff.

"This huge and dynamic regional market will, in itself, be attractive to foreign investors who can locate their operations in one Asean country to serve the whole region," he said at a dinner hosted by the Lebanese Chamber of Commerce and Industry.

The 35-member business delegation, led by Malaysia Airlines Berhad chairman and chief executive Tan Sri Tajudin Ramli, also attended the dinner.

Dr Mahathir said Labuan had been designated as an International Offshore Financial Centre with the necessary infrastructure support and facilities put in place to complement and enhance Malaysia's regional and international linkages.

An attractive package of fiscal and non-fiscal incentives had also been offered to companies that located their regional headquarters in Malaysia, he said.

The Prime Minister, who arrived here on Monday for a three-day official visit, noted that bilateral trade between the two countries, though small in relation to Malaysia's global trade, had been growing steadily.

It grew from US\$10.5 million (RM26.2 million) in 1992 to US\$22.2 million in 1996, with the trade balance in Malaysia's favour.

In 1996, Malaysia exported US\$21.9 million worth of goods to Lebanon compared to US\$18.8 million in 1995.

It imported from Lebanon goods amounting to US\$290,000 in 1996 as compared to US\$950,000 in 1995.

Dr Mahathir was certain there was considerable scope for expansion of bilateral trade and investment.

"Given the numerous opportunities and incentives for trade and investment in our two countries, the time has come for us to foster strategic linkages to create partnerships in economic development."

He said Malaysia was encouraged by the economic and fiscal reforms undertaken by the Lebanese government.

"These incentives and liberalisation policies will surely create greater confidence among foreign investors, hence, paving the way for increased prospects of economic growth in Lebanon," he said.

The Prime Minister said Malaysia had found that foreign investment had helped it to transform its economy.

Investments had provided jobs, foreign exchange, transfer of technology, expanded its industrial base and provided linkages between the agricultural and industrial sectors. It had also spawned the growth of small- and medium-scale industries.

"I believe the Lebanese and Malaysian public and private sectors can complement each other in the fields of economic and social development," he added.

He said the private sectors of the two countries could perhaps consider

establishing a joint business council for trade and investment co-operation.

Dr Mahathir told the Lebanese businessmen that his visit to their country reflected Malaysia's earnest desire to strengthen ties between the two countries.

"I look forward to our special relationship being further nurtured through the regular exchange of visits, the implementation of concrete action programmes and increased activities between the public and private sectors of Lebanon and Malaysia in the years to come."

To facilitate this bilateral co-operation, he said, the Governments of the two countries had taken steps to put in place the necessary framework agreements for the conduct of commercial and economic relations.

"We have already signed an Air Services Agreement which has facilitated travel between our two countries. We have also signed a bilateral Trade Agreement in 1995 which would help our traders to expand their businesses in both countries," he said.

The Malaysian Government, he explained, played a strong facilitating role in providing a climate conducive to trade and investment. This had attracted not only domestic investment, but also substantial foreign direct investments which brought along benefits such as capital, technology and overseas market linkages.

"These are some of the factors that have encouraged more than 3,000 manufacturing companies from over 35 countries to make Malaysia their offshore production base," he added.

The Prime Minister noted that Lebanese businesses and industries had generally concentrated their investments in countries with which they were familiar and had had long traditional links.

Lebanese investors looking at Malaysia should not only think of the market in Malaysia alone, he said, but the regional market of Asean and beyond.

He said Asean commanded a potential market of 440 million people. Last year, Asean economies registered a robust growth of about seven per cent and intra-Asean trade had amounted to some US\$130 billion.

This year, Asean economies were further poised to grow at an average rate of eight per cent.

Dr Mahathir said Malaysian companies were keen to participate in various sectors of development in Lebanon such as infrastructure development, housing and construction, telecommunications networks, power generation and distribution, banking and financial sectors.

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