

23/04/1997

Grabbing investment chances

DURING her visit to Budapest two summers ago, International Trade and Industry Minister Datuk Seri Rafidah Aziz noted Hungary's technological prowess, a fact little known to Malaysians then. She said there were vast opportunities to be tapped by Malaysians, especially in the republic's privatization programmes. What both countries have witnessed since then was an increase in activities, but at a pace too slow for either's comfort.

The visit by Hungarian Prime Minister Gyula Horn this week, is aimed at giving this somewhat casual progress in bilateral cooperation some sense of urgency. There is much that each can learn from each other, but more effort and initiative will be required. There is little that Malaysian businessmen know of Hungary except that it was a part of the former Soviet bloc and practised "goulash communism" - the more liberal brand than Moscow's rule-of-thumb communism - that has transformed itself into a market economy. Hungary is highly developed in terms of industrial and technological capacity, but as Dr Mahathir said, Malaysians are ignorant of this.

Another reason why cooperation is slow could be because both countries are not each other's "traditional" markets. Hungary, considered one of the emerging markets in eastern Europe, has its sights on the European Union and the lucrative single market there. In fact, Budapest is looking forward to being accepted into the EU soon after having been accepted last year into the Organisation of Economic Cooperation and Development (OECD). Naturally, Hungary's traditional trade partners are in Europe. On the other hand, although Malaysia is an established trading nation, its traditional partners are in East Asia, Europe and the US. During the last decade, Malaysia has pushed for greater South-South trade and has been encouraging its private sector to venture into non-traditional markets. While this policy has reaped huge benefits in recent years, there is still vast room for improvement where Hungary is concerned. About the most important Malaysian investment in Hungary to date is the majority shareholdings in the republic's first foreign-owned bank. The Shapadu Group entered into an agreement with Taurus Rubber Company in 1995 and last year Crucial Resources Sdn Bhd and Kris Heavy Engineering and Construction Sdn Bhd struck deals with Vegyepszer Co Ltd and Ganz-Hunslet in petroleum/gas and railway lines in Malaysia and Bosnia-Herzegovina, respectively. Trade amounted to less than US\$80 million (US\$1 = RM2.51) last year, small by either country's standard. Those "opportunities" in Hungary's collosed privatization programmes Malaysian investors have been told about, were eventually snapped up by others.

The first thing that both governments will have to do is to educate their respective private sectors about the opportunities that have been missed and those that await them if they act fast. Although privatization in Hungary is in its final phase, Malaysian investors still have some 300 sell-off options to choose from. The various agreements and memorandums of understanding signed during Horn's visit show that both sides have reason to look into the future with sufficient optimism. The two prime ministers, during their meeting Monday, identified specific fields where cooperation can be pursued and these include tourism, banking and finance, fibre optic and telecommunications, the Trans Asia railway project, the Multimedia Super Corridor, environment, science and technology.

In the coming weeks and months, Hungary will need to hold exhibitions and seminars to inform Malaysian industrialists and investors of the opportunities that await them in the republic. At the same time, Malaysia must sell itself to Hungarian exporters as a gateway to the 400 million consumer market of Asean. At governmental level, trade missions and high-level visits will help boost the level of friendship as well as economic and business cooperation. What is important is for neither side to leave the present state of relations to chance.

(END)