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Invest more in banking sector: Horn

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MALAYSIA, already known in Hungary's banking and finance, has been asked to invest more in the sector.

Hungarian Prime Minister Gyula Horn made this request during his meeting with Prime Minister Datuk Seri Dr Mahathir Mohamad in Kuala Lumpur yesterday.

Briefing reporters on the hour-long meeting, acting Foreign Minister Datuk Syed Hamid Albar said Malaysians are already known in the banking and finance sector in Hungary through a majority stake in International Commercial Bank, with investment of US\$9.5 million (US\$1 = RM2.51).

Syed Hamid said both leaders discussed wide-ranging issues on bilateral cooperation where they proposed joint ventures in tourism and the Trans Asia railway project.

Apart from banking and finance, Horn expressed interest in encouraging Malaysian investment in environmental technology. Syed Hamid said the visiting Prime Minister also expressed interest in Malaysia's privatization programme, technology and industrial parks and the Multimedia Super Corridor.

On the Trans Asia railway project, Dr Mahathir told his counterpart that Malaysian and Hungarian firms can form joint ventures to pursue the project.

Dr Mahathir, on the converse, said Malaysia is impressed with the tourism industry in Hungary and would be keen to learn from the country. To this, Horn proposed that joint ventures be established to jointly develop this sector.

Hungary, located in the east/central Europe, will be a strategic gateway into the European market while Malaysia can be used as one for Asia, Syed Hamid said.

After the meeting, the two leaders witnessed the signing of a bilateral agreement on scientific and technological cooperation and a memorandum of understanding on mutual cooperation on trade promotion.

The agreement on scientific and technological cooperation was signed by Minister of Science, Technology and Environment Datuk Law Hieng Ding and Hungarian Minister of Industry, Trade and Tourism Szaboles Fazakas.

The trade promotion deal was signed between Malaysia External Trade Development Corp director Mohd Abdul Halim and Hungarian Investment and Trade Development Corp deputy general manager Dr Mariann Farkas.

Last year, exports amounted to RM146.6 million, an increase of 94.9 per cent from RM75.2 million in 1995.

Imports were valued at RM34.8 million in 1996. Balance of trade was RM98.7 million which was in Malaysia's favour.

Horn, his wife Anna and delegation are on a two-day official visit to Malaysia which ends today. They had spent two days in Langkawi on a private visit.

Earlier, at a press conference, Hungary's commercial counsellor in Malaysia, Mr Denes Hunkar, called on Malaysian businessmen to explore the vast opportunities offered by the republic's privatization programmes.

Again, Malaysian "expertise" in banking was mentioned. Malaysian investors are also asked to consider privatization projects in Hungary's shipping, energy and public utility sectors.

"Although privatization of government-owned entities are approaching its end, there is still room for Malaysians," he said.

The republic's privatization exercise started in 1989 and has been successful in nurturing its economic growth. This year is expected to be the last privatization year for Hungary.

Hunkar said Malaysian companies, whose strengths are in banking, aviation and petroleum sectors, are not too late. So far, Malaysian investors are not involved at all in the sell-offs of Hungarian state-owned companies.

"This may be due to lack of awareness of each others' potential. We aim to change this via seminars and conferences on business opportunities in Hungary," he added.

Hungary has emphasised market-based privatization since the beginning of 1989. The primary purpose is to help the country restructure its economy and not simply to acquire cash revenue.

Privatization affects its economy and generated billions of dollars in revenue. Of the 2,000 companies that were state-owned in 1989, fewer than 300 are still under the state at the start of this year. By the end of the year, there will only be about 100 companies in partial or full state ownership.

Hunkar said the privatization policy has resulted in the republic's private sector is now responsible for approximately 70 per cent of its gross domestic product.

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