

10/04/1997

#### Plan for Malaysia-Bahrain panel

Ahmad A. Talib in Manama, Bahrain

MALAYSIA and Bahrain will set up a joint commission comprising ministers and officials whose duties would be to look for ways and means to improve trade relations between the two countries, Datuk Seri Dr Mahathir Mohamad said.

The Prime Minister, who was on a three-day official visit to Bahrain, said this was discussed during talks with top leaders from Bahrain since he arrived here on Monday from Kuwait.

An economic minister from each country would head their sides in the joint commission while other members may include Government officials and representatives from the private sector.

"The commission can meet regularly and work closely to help improve ties in all fields," he told a Press conference following a series of talks with Bahraini leaders soon after delivering a keynote address at the Gulf Economic Forum yesterday morning.

He also met top business leaders and bankers to exchange views on financial, trade and investment matters.

"Trade between Malaysia and Bahrain is increasing," the Prime Minister said. "In my discussion with Bahraini leaders, one common thing stands out - we need to seriously work hard to bring our trade to a higher level."

"That is why I think that a joint commission headed by ministers from both sides could help strengthen our trade relations," he said. "More Government-to-Government contacts and between the private sectors of both sides would also help enhance trade."

Asked whether Malaysia planned to set up an embassy in Bahrain, Dr Mahathir said he was thinking of having an honorary consul based in Manama first who may be able to provide a channel of communication between the two countries.

Malaysia's ambassador to Kuwait is also accredited to Bahrain.

Asked on prospects for Islamic banking and whether this was discussed during his meeting with Bahraini bankers and Government officials, Dr Mahathir said the matter was raised but added that more discussions were needed.

In this area, he reiterated his call that some form of consensus was needed among Muslim scholars, especially pertaining to the Syariah laws governing such financing.

Asked whether he foresees more Malaysians enhancing business in Bahrain, Dr Mahathir said Malaysian businessmen must first have a complete understanding of the Bahraini market, particularly the people's taste and requirements.

But he was keen to see more transactions on a direct basis, rather than dealings through third parties such as Singapore.

"Direct trade would benefit both countries tremendously," he said.

Dr Mahathir also spoke of enhancing communication links between Bahrain and Malaysia, particularly on air services.

Bahraini airline, Gulf Air, flies into Kuala Lumpur but this has not been reciprocated by Malaysia Airlines.

MAS, he said, should hold talks to see how this could be done.

(In an immediate reaction, MAS chairman Tan Sri Tajudin Ramli, who is part of the Dr Mahathir's entourage, instructed his senior management to begin talks with Gulf Air to improve air services between Malaysia and Bahrain).

"Direct air links would bring the businessmen and people from both countries closer," he said, "and pave the way for better understanding of each other's country and economic development."

Dr Mahathir, who earlier delivered a keynote address at the annual Gulf Economic Forum and whose speech provoked much discussion, was also asked to elaborate on security in the region and international relations.

He was particularly asked whether he had any strategy which could be applied in promoting stability in the Gulf region as well as the Indian sub-continent.

"In the old days," he responded, "it was believed that the one must be prepared for war if one is to have peace."

"Well, this may no longer apply today," he said. "I subscribe to the belief that if one helps his neighbour to prosper, and becomes prosperous himself, then there is less tendency to become envious and so there's one less enemy."

"When one starts looking at another as potential enemy, then trouble starts. Which is why I keep saying that it's better for countries to invest in prosperity."

The Prime Minister also commented on China, especially the role he thought the country would have in the future.

"China would grow to become one of the most powerful world economies," he said.

Noting that China's has 1.2 billion hard-working Chinese on the mainland, he said its economy was being liberalised gradually and the people were now responding to new changes around them.

"I see a China with an economy that is twice more powerful than Europe, more powerful than North America," he said. "I also believe that China wants prosperity and I like to think that expanding the economy is better than having military adventures."

(END)