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Set up Malaysia-Lebanon business council, PM calls

Hardev Kaur in Beirut

BEIRUT, Tues: The private sectors of Malaysia and Lebanon have been urged to consider establishing a joint business council to spur cooperation in trade and investments.

Prime Minister Datuk Seri Mahathir Mohamad urged the Lebanese businessmen to take a keener interest in Malaysia and seek out trade and investment opportunities and jointly with Malaysian businessmen in third countries.

They were also urged to cooperate in the production of value-added products from Malaysian resources for export to other emerging West Asian markets.

Likewise, Malaysian businessmen should identify goods that can be imported from Lebanon, including foodstuff. Malaysia, Dr Mahathir said, should explore mutually advantageous ventures "that will bring more meaningful and lasting benefits to both our peoples".

There are now no Malaysian investments in Lebanon, but Dr Mahathir reiterated Malaysia's interest and readiness to participate in various sectors of the Lebanese economy. Among the areas of interest to Malaysia are infrastructure development, housing and construction, telecommunication networks, power generation and distribution, and banking and financing.

Dr Mahathir, the first Malaysian Prime Minister to make an official visit to Lebanon, said: "My visit reflects Malaysia's earnest desire to strengthen the ties between our two countries."

In a speech during dinner hosted by the Lebanese Chamber of Commerce and Industry here tonight, the Prime Minister noted that for a relatively small country, Lebanon has had a very significant impact on the economies not only of West Asia but also Africa.

It is time, he added, that Lebanon involve itself in the Malaysian and South-East Asian economies as well. Cooperation with Malaysians should help this process.

In manufacturing, Dr Mahathir said Lebanese companies can explore the possibility of establishing mutually beneficial joint venture companies in at least four main areas:

- * The resource-based industries that utilise Malaysia's abundant natural resources - rubber, timber, palm oil, cocoa, tin and clay - to manufacture higher value-added products, especially for the export markets;

- * Agro-based activities such as the cultivation and processing of fruits and vegetables, and livestock and aquatic products;

- * Ancillary and supporting industries that will provide the necessary linkages to the established larger industries, such as moulds and dies and sub-components; and

- * Manufacturing of industrial machinery and parts, tooling, machine tools and related engineering products.

Dr Mahathir said while other countries may have cheaper land and lower rentals and wages than Malaysia, the country continues to offer a stable, strong and business-friendly government, consistent policies, a safe and healthy environment, and a forward-looking, dynamic and innovative economic regime to help investors succeed without undue constraints.

The Malaysian Government plays a strong facilitating role in providing a climate conducive to trade and investment.

This has attracted not only domestic investment but also substantial

foreign direct investments which bring along benefits such as capital, technology and overseas market linkages.

More than 3,000 manufacturing companies from over 35 countries have made Malaysia their offshore production base.

The Prime Minister told the Lebanese businessmen that they should not look at Malaysia in isolation, but as part of the Asean market of 440 million consumers, and beyond. With the admission of Myanmar, Laos and Cambodia, the 10-member grouping will have a population of almost half a billion.

Last year, Asean economies registered a robust growth of about 7 per cent and intra-Asean trade amounted to some US\$130 billion (US\$1 = RM2.51). This year, the economies are further poised to grow at an average rate of 8 per cent.

When the Asean Free Trade Area (Afta) is fully implemented by the year 2003, there will be a single Asean market in which tariffs for Asean manufactured products will not exceed 5 per cent.

The majority of products however will draw zero tariff.

This huge and dynamic regional market will mean that foreign investors can locate their operations in any one Asean country to serve the whole region. Dr Mahathir urged Lebanese entrepreneurs and investors to increase their business presence in the region by using Malaysia as a springboard for the production and distribution of their products in the whole region.

To enhance Malaysia's regional and international linkages, Labuan has been designated as an International Offshore Financial Centre (IOFC) where all necessary infrastructure and an attractive package of fiscal and non-fiscal incentives have been put in place.

Touching on bilateral trade, Dr Mahathir noted that it is small in relation to Malaysia's global trade but has been growing steadily from US\$10.5 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 as compared to US\$18.8 million in 1995. Major export items to Lebanon were radio and television receivers, heating and cooling equipment, and rubber tyres.

Dr Mahathir hoped that Lebanon will source from Malaysia other products such as building materials, chemicals, medical equipment and supplies, foodstuff, wood-based and plastic products, household items, and automotive spare parts and accessories.

Malaysia bought US\$290,000 worth of products, mainly printed matter and food processing machines, from Lebanon in 1996, up from US\$95,000 the year before.

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