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Sri Lanka confident of stronger bilateral ties

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VISITING Sri Lanka President Chandrika Bandaranaike Kumaratunga, in describing her Malaysian visit as "successful", yesterday expressed confidence that bilateral ties will be at a higher level.

"I would rate the visit with top rating. We had a successful visit which has already begun to bring practical results in the form of investment agreements and negotiations," she told a press conference in Kuala Lumpur at the end of her visit yesterday.

Kumaratunga said her four-day visit has allowed the Sri Lankan Government to establish a very "close and warm contact" with Malaysia, especially with Prime Minister Datuk Seri Dr Mahathir Mohamad.

"Now that we have developed this, the long-lasting relationship should bring more ties between the public and private sectors of both countries," she added.

Kumaratunga said in terms of investment in Sri Lanka, the visit is expected to generate investments worth over US\$1 billion (US\$1 = RM3.02) from Malaysia. The investments are in the areas of construction and information technology.

During the visit, four memorandums of understanding on investment projects were signed between Malaysian companies and the Sri Lankan Board of Investment.

"We hope to take advantage from the relocation of Malaysian labour-intensive industries, and from Malaysian expertise in building industrial townships and toll roads.

"We have formed a stronger alliance with the Multimedia Development Corp. We hope to promote developments in the IT-related sector of the two countries," she added.

Kumaratunga also said Sri Lanka believes it could learn a lot from Malaysia's experience in the areas of economic development and retaining its cultural traditions.

To a question whether the present financial crisis in the region will see less Malaysian investment in Sri Lanka, the President said:

"We believe the Malaysian economy is strong enough and stable enough to withstand the disadvantages emitting from this currency crisis. Furthermore, Malaysia has enough capital and Sri Lanka provides incentives to facilitate foreign investments," she added.

Commenting on Sri Lanka's low volume of investments in Malaysia, Kumaratunga said the island is a less developed country compared with Malaysia.

"According to many economic indicators, Sri Lanka is a developing country. As such, we have very much to catch up with Malaysia. So the investment flow will be more from Malaysia to Sri Lanka rather than the opposite," she added.

Kumaratunga said as far as bilateral trade goes, Sri Lanka suffers a huge deficit and trade is in favour of Malaysia.

Asked whether Malaysia Airlines is interested to be part of the Air Lanka's privatization project, she replied: "I do not think so. It (Malaysia Airlines) has not shown any further interests."

Kumaratunga said the privatization exercise is going on as scheduled, and it should be finalised by end of the year.

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