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The world beyond

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AN UNEVEN trade balance between two countries does not necessarily mean that one party has got an enviable advantage over the other. The Dutch-Malaysian relationship is such an exception.

According to the Malaysian External Trade Development Corporation (Matrade), our exports to the Netherlands in 1995 totalled 2.03 billion guilders (around RM2.95 billion at 1997 exchange rates), up from 1.65 billion guilders the preceding year.

Most of these exports took the form of palm oil, rubber, chemical products and electronic components. In comparison, imports from The Netherlands - mainly ships, boats, machinery, specialised equipment, including telecommunications, dairy products and semiconductors - rose by about 12 per cent to 606 million guilders over the same period.

It appears that the Dutch buy from Malaysia more than three times what they sell. But the Dutch are far from perturbed. In fact, they have promised to facilitate the flow of Malaysian commodities and manufactured goods to the European Union (EU) and give Malaysian businessmen more access to their country. The pledge was made by Prime Minister Wim Kok when Prime Minister Datuk Seri Dr Mahathir Mohamad visited The Netherlands in early December.

Kok pointed out that as his country is strategically located at the hub of the continent, it could play a major role in helping Malaysian-made products penetrate European markets, including the Balkans. 'Although trade between Malaysia and the Netherlands is in Malaysia's favour, we are not jealous because it can easily be adjusted to a win-win situation,' the Dutch prime minister said.

Upon his return to Malaysia, Mahathir said the statistics on trade between the two countries were not an accurate reflection of the true situation. He explained: 'The trade figures are distorted. When our goods go through Rotterdam for onward export to other countries, the Netherlands considers them our exports to the country. In fact, the goods are going elsewhere.'

Both countries agree that more can be done to increase direct trade. Following his visit to the Netherlands, Mahathir said Kok and his government were keen to foster stronger trade relations with Malaysia. Both countries are also keen to host investments from each other. In her speech on 'Malaysian Policies on Investment and Trade' at The Hague in December, International Trade and Industry Minister Datuk Seri Rafidah Aziz said Dutch investment in Malaysia is relatively low compared with other European nations such as France, Germany, the United Kingdom and Ireland.

She said the Netherlands ranks as the 16th largest foreign investor in Malaysia, with 312 projects involving RM520.4 million approved between 1991 and September last year. The projects are mainly in the electrical and electronics, rubber products and machinery sectors.

Rafidah said that with Europe's growing interest in East Asia, it would be viable for Dutch companies to base their offshore manufacturing and distribution operations in Malaysia. 'They can combine their technology and manufacturing know-how with Malaysia's competitive advantages,' she suggested.

On the Dutch side, the authorities are banking on several factors to attract foreign investment. These include the country's strategic location

in the heart of Europe, its comprehensive infrastructure, its high quality services industry and its stable labour climate.

The Netherlands Foreign Investment Agency, a division of the Netherlands Ministry of Economic Affairs, facilitates private sector investments in the country. It promotes and develops new foreign business and encourages the expansion of what is already there.

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