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A spirit of equality and respect

BRITAIN wants to pursue a relationship of "equal partners" based on mutual respect with Malaysia. It is looking at three main areas - investment between the two countries, education and culture - where relations between the two countries can be further enhanced.

British High Commissioner to Malaysia Mr David Moss, who described the British-Malaysia relations as being a "close" and "full relationship," said: "The big areas for the future, I think, are going to be more investments, clearly both ways but certainly more investments in Malaysia. We know big British players are still looking at Malaysia.

"Another area is bound to be education. One other area in which I would like to see more done is with regards to cultural contacts," he told Business Times in an interview to coincide with Queen Elizabeth II's birthday. The Queen is scheduled to make a state visit to Malaysia in September.

Moss, underlining the importance of British-Malaysia relations, said that it is merely a historical relationship but one that is relevant to the turn of the century.

During the Queen's visit, he said the British Government is keen for her to look at "high-tech" Malaysia and see what the country can do at the turn of the century.

"I hope that the people of Britain - when they see what the Queen has seen and done here - will realise that she has come to a modern and vibrant country.

"We want to make it illustrative of Malaysia in 1998 and not be playing on traditional ties. We are talking to the Malaysian Government now and we know that London wants to give the visit an up-to-date resonance.

"It will be a visit relevant to a mature relationship, one that is looking to the future," he added.

Excerpts from the interview:

Q: How would you describe relations between the two countries since Malaysia gained independence from Britain 41 years ago?

A: British-Malaysia relations are very close. We have known each other a long time and we have many things in common. We share a historical experience. The relationship covers a very broad spectrum such as political contacts, a commercial link, a very strong educational link, cultural contacts and, something which is not always remembered, a defence relationship between the two countries in the Five Power Defence Arrangement.

We do not always see eye-to-eye on details but, I think, we have always been able to talk through the issues in a friendly fashion if there are any divergences.

The point that we want to emphasise is that this relationship, which has lasted for decades and well over a century, is now a relationship of equal partners and based on mutual respect. We see that in many ways.

The relationship is close and we think it is comfortable. I think that was the word Malaysian Prime Minister Datuk Seri Dr Mahathir Mohamad used a year ago in describing the bilateral relationship and we agree with him. We think it is a comfortable relationship and we are happy with it.

Q: There were hitches during the 41 years of relations. How would you describe these hitches?

A: I think Dr Mahathir had described them best. He called them "hiccups"

and I cannot think of a better word. That was his word. We have put it (the hiccups) firmly behind us now.

Q: Trade and investment trends in the past years?

A: It has always been a key issue and it is particularly important to Malaysia now during the economic downturn.

I was impressed, when I first came here, by the sheer size of the trade flows. In 1997, the two-way trade flow was RM20 billion. That makes Malaysia a very important market for Britain. Not many British people know that Malaysia is a more important market for Britain than either China or Russia.

Britain is an even more important market for Malaysia because there is an imbalance in the trade. The balance in favour of Malaysia last year was RM5 billion. It is a very important market for Malaysia, particularly for high-profile products such as the Proton cars.

As far as we can see, our trade flows are holding up pretty well. We are equally impressed to see the number of British businessmen coming to Malaysia. There has been no falling off in the number of British businessmen coming to Malaysia this year.

We had wondered whether all the news about the downturn in the region would lead to a falling off in the flow but the numbers have held up well. The other thing that we have been able to do is to keep up the number of trade missions, bringing about one trade mission a month to Malaysia. We did that through 1996 and 1997 and we are to do it again in 1998. We are keeping up the rhythm of one trade mission a month.

Trade is important and seems to be holding up pretty well at the moment as are the business interests in Britain.

As for investments, we cannot really get an accurate figure for British investments in Malaysia but our best estimate is that it is probably around RM20 billion. In the recent two to three years, there were more signs of Malaysian investments in Britain. These were some high-profile investments.

The Invest in Britain Bureau, which is responsible for the flow of foreign investments into Britain, says that they are still getting Malaysian enquiries and that there is still interest in Malaysia about investing in Britain.

We have to take the long-term view where investments are concerned. For British investors in Malaysia, they know that the downturn is going to be temporary. They know that the economy is basically sound and will come out of the downturn. They want to be here for the long term. They will continue to look at the investment possibilities.

I think that Malaysia has to export its way through its difficulties. One of the world's three most important markets is clearly the European Union (EU) and we see Britain as the natural base for any Malaysian companies of any size which want to operate there.

I think what we are finding - and I guess it is true for Malaysian companies - is that we have got beyond the stage where you cannot export by having a manufacturing operations 7,000 miles away and sending people to Malaysia expecting to sell. You have to have an operation in Malaysia. You have to look now at joint ventures or other forms of partnerships here. That is probably going to be true in reverse for Malaysian companies. They are going to find that if they want to export on any real scale to Europe, they have to set up operations at the other end.

We feel that investments are a long-term business and it is not good to just stop because of the economic downturn. You have to keep going.

Q: You said that the High Commission wants to maintain the rhythm of one mission a month. Does the mission keep tabs on these delegations?

A: The Department of Trade and Industry helps set up the mission while

the High Commission organises programmes for them while they are here. We give them a briefing at the beginning of their visit about doing business in Malaysia. At the end, before they leave the country, we bring them in for another talk to find out how they got on. Later when they are back in Britain, we will follow up to see whether anything actually happens. So, we keep pretty close tabs on them.

What we found is two things. Firstly, some of them come here wondering - having heard the news about the downturn - whether they will get to do much business. They go away on the whole very pleased, having found that it is possible to find people interested in their products or services. In other words, they come in a rather quizzical frame of mind but they go away usually finding that they are able to do business.

The other thing we find is that they are increasingly setting up joint ventures when they come. They find a business partner and afterwards, negotiate a joint venture. They understand they have got to enter into long-term relationships. They cannot just have one-off orders. These messages seem to have got through.

Q: They don't see the turmoil in the region as affecting their businesses?

A: Increasingly, when they come to the region, they understand better when they leave. Companies find that it is possible to do business in Malaysia. They find everything is more normal than they expected. They are now even understanding better the need to set up partnerships and joint ventures with Malaysian companies. They go away basically reassured.

The encouraging thing is they come on trade missions to start with but after that, they come on their own. Basically, we want to bring them here to show them the opportunities in this market and we want them to follow up and many of them do.

Q: Besides trade and investments, what are the areas which can be worked on between Malaysia and Britain?

A: It is such a full relationship at the moment. There are no big areas missing. The big areas for the future I think are going to be more investments, clearly both ways but certainly more investments in Malaysia. We know big British players still looking at Malaysia.

The other area is bound to be education. We accept the fact that the enormous range of educational contacts between Britain and Malaysia are going the change. It has been changing for some years. Britain has been a popular destination for Malaysian students going overseas for their university education. When the downturn started, we think there were 18,000 to 20,000 Malaysian students in the UK. In the short-term, we have done our best to help young Malaysians cope with the problems caused by the downturn.

The British Government has brought in a scheme - to which British industry has also contributed to - which is meant to help Malaysians already at British universities to cope with the financial pressures and enable them to complete their education. That is one of the things that is changing.

The other thing that is changing, I think, is that Malaysia is going to become more self-sufficient for first degree courses. It is inevitable.

Education overseas is expensive. So, we see that we must concentrate increasingly in Britain on post-graduate, specialist courses and we imagine the flow of Malaysians going to Britain will be increasing in this area. There will be fewer first degree students, more post-graduate students.

We have a High Commissioner's scholarship scheme where we have sent some 70 to 80 Malaysians to study in Britain. We see the need to move that increasingly towards post-graduate training.

What more can we do? How can we improve the relationship? The other area I would like to see more done is the cultural contacts. I know that costs money but I would like to see more British artists, groups and performances in Malaysia.

Q: Britain has undertaken the "Britain in Malaysia" campaign. What is the campaign about?

A: Britain is committed to the campaign. It was evident to us over a year ago that 1998 was going to be an important year for Malaysia with the Commonwealth Games and the Asia Pacific Economic Cooperation summit. We saw then that it was going to be a high profile year for Malaysia. Above it all, you are going to have a state visit by the Queen in September. We thought of activities we could do in support of what Malaysia was doing to promote the year ... things that could complement Malaysia's own efforts.

We have drawn up a programme of events. The high profile event would be the state visit and we are also hoping to organise a major exhibition here in Kuala Lumpur.

We have put together, we think, an impressive list of events in Malaysia this year. We hope it will demonstrate Britain's continued commitment to Malaysia at this difficult time. It seems to us that it is a good time to underline our commitment to Malaysia.

Q: The Queen's visit in September. How would it boost relations?

A: We are trying to underline the fact that the relations between Britain and Malaysia are relevant to the turn of the century. It is not just historical relations but is important to both countries as we move into the new millenium. For that reason, we are not going to look backward during the visit. We are looking at the modern manifestation of the relationship rather than the traditional ones.

This is why we are keen for the Queen to look at high-tech Malaysia and what Malaysia can do at the turn of the century. I hope that the people in Britain, when they see what the Queen has done here, will realise that she has come to a modern and vibrant country.

We want to make it illustrative of Malaysia of 1998 and not be playing on the traditional ties. We are talking to the Malaysian Government now and we know that London wants to give the visit an up-to-date resonance.

It will be a visit relevant to a mature relationship, one that is looking to the future.

Q: On a broader perspective of the EU and Malaysia, how would Britain facilitate EU-Malaysia relations?

A: The British Presidency of the EU came at a good time for Asia. Britain probably has a wider experience with Asia than any other European country. Historically, that must be true. We have an enormous range of connections in Asia.

Britain has always been an outward looking country and has been, what you might call, a blue sea trader. Our horizons have always been beyond Europe and they still are.

When the downturn came in East Asia, Britain, I think, thought that the same was true of the EU that we are still relevant ... with a big role to play in East Asia. I do not think many Malaysians understand that the EU banks have far more exposure in East Asia than both the US and Japanese banks combined. We are enormously involved with what is happening here because our banks are deeply involved.

On another level, we recognised that the thing to do is to thicken up personal relations between the leaders. We thought the Asia-Europe Meeting 2 (Asem) in London recently was very timely in bringing together the top leaders from both Europe and East Asia at this very difficult moment for East Asia. It gave the Europeans a chance to listen to the problems first hand from the leaders instead of reading it in the press or in reports

from the high commissions or embassies.

Specific measures came out of the meeting such as the Asem Trust Fund in terms of technical expertise in financial restructuring and the assessment of poverty impact.

I think that is one tangible way. The other is, of course, for those countries that require International Monetary Fund (IMF) packages. The EU is a big contributor to the packages. Together, the EU contributes more than the US to all of those.

The most important thing that the EU can do for East Asia, including Malaysia, now is to keep its markets open to all the exports from East Asia. That the European leaders have pledged to do, to keep our markets open because you have heard from the Malaysian Government that Malaysia does need to increase its exports but it cannot increase its exports if the main markets are closed. We have pledged to keep our markets open and I think that is the most important single step by far.

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