

04/02/1998

Historic visit paves way to strengthen economic relations

IT was a landmark in the relations between the two countries when the President of Sri Lanka H.E.Chandrika Bandaranaike Kumaratunga undertook a state visit to Malaysia in September 1997 at the invitation of His Majesty the Yang di-Pertuan Agong Tuanku Ja'afar ibni Al-Marhum Tuanku Abdul Rahman and Prime Minister Datuk Seri Dr Mahathir Mohamad.

The last state visit was recorded 30 years ago in 1967 when the Prime Minister the late Hon. Dudley Senanayake visited Malaysia.

The President was accompanied by Foreign Minister Lakshman Kadirgamar, Mrs Kadirgamar and senior officials of ministries and the Board of Investment of Sri Lanka.

During her stay in Malaysia, President Kumaratunga had an audience with their Majesties the Yang Di-Pertuan Agong the King and the Raja Permaisuri Agong Tuanku Najihah and was hosted to a state banquet by their Majesties.

The President held talks with Dr Mahathir and witnessed the signing of Government-to-Government agreements between Sri Lanka and Malaysia, and four memoranda of understanding between the Board of Investment of Sri Lanka (BOI) and leading private sector conglomerates in Malaysia on projects including infrastructure development, industrial and science parks, airport expansion and technological co-operation.

Later, following the signing of the MoUs, the President had one-to-one meetings with potential investors and also paid a visit to the Economic Planning Unit (EPU) and the Technology Park.

Addressing the Malaysian business community at a luncheonorganised by the National Chamber of Commerce and Industry of Malaysia on 17th September 1997 at Renaissance Hotel Kuala Lumpur, President Kumaratunga said: "Let me briefly go back to the 19th century when the Malay Peninsula and Ceylon were both part of the British Empire. During the 1860s Ceylonese of pioneering spirit emigrated to Malaya as traders in gems, jewellery and spices.species. The British ad ministration brought in scores of technical and ad ministrative personnel from Ceylon for the construction and operation of railways and to run the booming rubber and tin mining industries. Today descendants of the early Ceylonese, numbering around 50,000 have contributed vastly to the rich cultural diversity and economic progress of your nation.

"In a similar vein, descendants of Malays domicile in Sri Lanka, also numbering around 50,000 continue to retain their language and ethos in our multi-ethnic nation of 18 million people comprising Sinhalese, Tam ils and Muslims.

"Today, we are here to invite you to actively participate in our development process as investors. Three years after my Government assumed power, I believe we have created an environment which is more conducive towards attracting a new wave of Malaysian entrepreneurs to Sri Lanka.

"A major thrust of the Government's strategy to wards increasing Sri Lanka's competitiveness and private sector-led growth is a well-planned programme of privatisation.

"In 1995, the Government sold a controlling interest in Colombo Gas Co to Shell BV of Netherlands. My Government has already reached the final stages of probably the largest privatisation of plantation estates in the world. A total of 19 out of 23 plantation companies are already owned and managed by the private sector. Some have been floated on the Colombo Stock Exchange and balance will begin listing shortly.

"Reputed companies in the UK and Korea have already purchased controlling interests in the duty free shopping franchise at Colombo Airport and Ceylon Steel Corporation, respectively.

"By far, the largest and most significant privatisation executed in Sri Lanka was the sale of a 35 per cent stake in Sri Lanka Telecom (SLT) to Nippon Telephone and Telegraph Company, or NTT of Japan for US\$225 million. The company has already drawn up a new investment programme to transform SLT into a regional telecommunication giant.

"This will enable Sri Lanka to become a regional tele communications hub and contribute towards our nation's competitiveness in industry and services.

"The attractive investment opportunities and incentives offered by Sri Lanka have not been lost on Malaysian entrepreneurs. By the beginning of this year, several large Malaysian conglomerates including Land and General and Telekom Malaysia have already committed almost US\$200 million into several projects.

"Whilst these investments are within important sectors of our economy, the quantum of direct investment committed thus far by Malaysian firms remains insignificant in comparison to the total stock of FDI held by Malaysian companies in certain countries in the Asean region and Europe.

"However, I am pleased to announce today that this is about to change with the signing of memoranda of understanding between the Board of Investment of Sri Lanka and several Malaysian conglomerates to undertake large scale investment projects in Sri Lanka.

"I wish to recognise the fact that a visit to Sri Lanka in 1996 by a business delegation led by Tun Daim Zainuddin, former Finance Minister and Economic Advisor to the Government of Malaysia, paved the way for what I now consider as landmark direct investments proposed by Malaysian companies in strategic projects in my country."

(END)