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Japan's pledge a boost for Malaysia's efforts to attract investments

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THE Japanese fact-finding team returned to Tokyo last Friday, taking with it probably a bunch of proposals and requests from Malaysia for part of the US\$30 billion "Miyazawa Aid Initiative".

Although there is no indication that Malaysia will receive a certain amount of loans under the initiative, the country's efforts in trying to attract foreign investments received a further boost, with the pledge and commitment given by a high profile Japanese business group last week.

Prior to the visit by Miyazawa's delegation, members of the Japan Federation of Economic Organisations (Keidanren) were already in Malaysia for a two-day visit which began last Wednesday.

Their mission was to assess Malaysia's requirements and potential as well as the impact of the present economic problems on Japanese companies operating in the country.

This business group, which wields strong influence on Japan's economic policies, had indicated that Japanese investments in the country will remain despite the current economic problems faced by most Asian economies, including Japan and Malaysia.

Billed as the second largest economy in the world, Japan has the responsibility to help revitalise the economy of its Asian counterparts.

This was noted by Keidanren chairman Takashi Imai, who led the 24-member delegation at the press conference at the end of the visit.

Besides Malaysia, the Keidanren delegation had visited Vietnam, Thailand and the Philippines from October 1-8.

During the visits, leaders of these countries of the Association of South-East Asian Nations (Asean) had come out with a common message that Japan's economy must recover as soon as possible to enable it to help other affected Asian countries.

Furthermore, Japan's investments in four of the nine Asean economies, namely Thailand, Indonesia, the Philippines and Malaysia, have shown an increase during the 1997/1998 fiscal year (from April 1997 to March 1998). During that period, Japan's investments in the four countries increased by 150 billion yen to 750 billion yen (RM1 = 32.64 yen).

Thus, the commitment of the Japanese investors that they will continue to invest and expand their operations in Malaysia is most welcome and appreciated.

Statistics show Japan is still one of Malaysia's largest foreign investors, with Japan's investment in projects in the country totalling RM1.4 billion in the first seven months this year.

Other major foreign investments are from the US (RM2.5 billion), Taiwan (RM583 million), and Singapore (RM385.5 million).

This also goes to show that Malaysia is still an attractive place to invest, particularly to Japanese investors, despite the fact that Kuala Lumpur had implemented what some had considered to be drastic and conservative measures to tackle the country's economic woes.

Malaysia had implemented the currency exchange rate controls since September 1, which, of late, have shown positive results such as increasing foreign reserves, the pick-up in house and car sales and the interest rates coming down.

Imai, who is also Nippon Steel Corp chairman, acknowledged this after meeting Prime Minister Datuk Seri Dr Mahathir Mohamad, Special Functions Minister Tun Daim Zainuddin, and Minister of International Trade and

Industry Datuk Seri Rafidah Aziz.

Rafidah, when speaking to reporters after meeting the Keidanren delegation, also said the Japanese investors had conveyed their concern about the possible impact on goods produced in Malaysia as the country is vocal on a number of international issues, especially currency trading.

In this regard, Rafidah had explained that Japanese investors need not worry as the goods produced are of high quality and there will be continued demand for such products. In fact, Dr Mahathir had on numerous occasions acknowledged that the quality of made-in-Malaysia goods is on par with goods manufactured overseas.

It was perhaps after listening to the Malaysian leaders that Imai and the other Keidanren members renewed their commitment and pledged to continue to invest and expand their operations in Malaysia.

In addition, Imai also pledged that on returning to Japan, the Keidanren will try to hold talks with Japanese Prime Minister Keizo Obuchi and other economic ministers, including Finance Minister Kiichi Miyazawa to present Malaysia's requests for aid.

With such a commitment from the powerful and influential Japanese business group, Malaysia will have a better chance to obtain the required help from Japan to mobilise its economic activities.

It should be noted that the Keidanren was represented by several major Japanese companies such as Mitsui & Co Ltd, Asahi Breweries Ltd, and Sony Corp.

Thus, it is highly likely that Malaysia's requests will receive a fair evaluation from the Japanese Government.

While it will probably take time for the Japanese Government to evaluate Malaysia's proposals for assistance under the Miyazawa initiative, especially as Miyazawa himself had indicated he intends to resign, Malaysia can still bank on the commitment of the Keidanren delegation.

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