

11/03/1998

Malaysia's focus is now on promoting trade, says PM

Lokman Mansor in Yangon

YANGON, Tues: In view of the higher costs of investing abroad due to the depreciation of the ringgit, Malaysia is focusing on enhancing external trade instead, Prime Minister Datuk Seri Dr Mahathir Mohamad says.

"We must be judicious. We cannot be as free with investments as before. While we should continue to invest overseas, we must be careful how much money is taken out of the system as this may delay our recovery, and also affect our capacity to invest later on," he said.

Speaking at a luncheon talk organised by the Malaysian Association (Myanmar) here today, Dr Mahathir said Malaysia's capacity to invest in other countries has been greatly reduced by the currency problems.

"Where it once cost us RM2.50 to get US\$1.00 to invest, it now costs us RM4.00. So we have to reduce our investments abroad. We hope on-going investments can continue, but for the time being we do not encourage Malaysian investments abroad. As soon as things recover we will resume," he said.

The Prime Minister, on a two-day official visit to Myanmar, returned to Kuala Lumpur later in the afternoon.

Dr Mahathir said the focus for Malaysia is currently more on trade than investment and the Government is "very seriously" looking into ways of reducing the use of foreign currencies.

This can be done by tallying imports against exports and paying only the balance, he said.

"We want to use Asean currencies when trading with each other and with other countries because we do not have enough US dollars for the purpose. We have spoken to both Asean countries and other trading partners about this and they are very keen to use their respective currencies in trade," he said.

The Prime Minister also noted that Malaysia's trade with Myanmar exceeds RM1 billion, with the balance in Malaysia's favour. For this reason, Malaysian businesses should identify products which can be sourced from Myanmar as part of efforts to correct the imbalance as well as to reduce the demand for foreign currencies.

"For example, Myanmar has chillis, onions, potatoes, granite, marble, minerals and precious stones.

"All these we can buy, and if we buy more from Myanmar, we can also sell more to Myanmar," he added.

Dr Mahathir said Malaysians can also buy Myanmar goods for re-export to third countries. This will help increase the earnings of Myanmar and allow it to buy more from Malaysia.

"Malaysia has a lot to sell, including electrical appliances and building materials. This is how we intend to trade with our partners, not by having a big surplus but through balanced trade," he said.

Asked about the changes in Myanmar since his last visit in 1988, Dr Mahathir said it is obvious that a great deal of progress has been made in implementing a market-driven economy.

"As a result, there are more Malaysians here than 10 years ago, and most of them are involved in some business or other. This is something we encourage. By investing in these countries, we are helping them and also helping ourselves," he said.

Dr Mahathir reminded Malaysian investors not to think only of profits but to always remember to give something back to the host country.

He said Asean countries have made great strides forward through the exchange of information, investments, cooperation and smart partnerships. Some have progressed more than others but those which are currently less developed will soon catch up.

"In the case of Myanmar, the port has been modernised, industrial estates have taken off, and the roads are wide and clean," Dr Mahathir said.

Asked about the cases of memorandums of understanding (MOUs) for Malaysian investments being signed but not implemented, Dr Mahathir said this happens not only in Myanmar but also elsewhere.

"Initially, the company involved may be very enthusiastic and signs the MOU, only to find out later that it does not have enough capital or technology," he said.

Because of this, the Government now requires Malaysian businesses to inform the country's embassies abroad before signing MOUs with foreign parties.

"If the MOU is not implemented, it gives us a bad name. I hope Malaysians would not sign any MOU until they have fully studied not only its viability, but also our own capability."

Asked if Myanmar would be participating in the Asia-Europe meeting in London next month, Dr Mahathir said Asean countries will be there not as a bloc but as individual countries.

"There has not been any inclusion of new members either on the European or Asian side since the last meeting in Bangkok. For this reason, Myanmar will not be going to Asem. I will be going," he said.

(END)