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Opportunities for Malaysian business community

ON this auspicious occasion of the 41st anniversary of Ghana's independence, it gives me much pleasure to convey to His Majesty the King, the Government and people of Malaysia fraternal greetings from the Government and people of Ghana, and best wishes for their well-being and prosperity.

Today, in the midst of conflicts and turmoil we see raging in some parts of the world, there are islands of peace and political stability that offer themselves as havens for foreign investment. One such haven is Ghana.

Ghana's favourable attributes include a stable political and social environment in which the safety of any person, property and investment is assured; a determined and consistent Government following a prudent and disciplined economic reconstruction programme; a liberalised trade policy and exchange rate regime that has permitted a complete transformation of access to foreign exchange in the economy.

Ghana has a very well-endowed natural resource base that includes gold, diamonds, manganese, bauxite and other minerals; large tracts of arable land and climate that together create a good basis for agriculture and exploitation of marine resources.

In an environment of relatively cordial relations between labour and management, we seek to establish regular and close consultation between Government, employers and labour unions under a tripartite negotiations mechanism. The workforce itself is well educated and quite skilled.

Ghana can boast of a warm, friendly, intelligent and honest people who are a delight to do business with.

Under the Ghana Investment Promotion Act, 1994 (ACT 478), an investor only needs to register or incorporate an enterprise in accordance with the Ghana Companies Code, 1963 (ACT 179). Incentives and concessions are triggered automatically and do not require separate application and approval.

Incentives under the law include full exemption from Customs import duties on plant, machinery and equipment required for the setting up of the enterprise; accelerated depreciation; guaranteed transferability of profits, dividends, royalties, director's fees and capital in the event of liquidation of an enterprise; guarantees against expropriation of the enterprise; guarantees against being forced to cede any part of an investor's interest in the enterprise, and a framework for settlement of investment disputes.

Ghana is a member of the Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group. As such, investors can benefit from the insurance and guarantee services provided for projects in member countries of the World Bank.

The Ghana Stock Exchange has been ranked among the best of emerging markets in terms of performance and capital appreciation. When the New York Times in April 1994 recommended five major African Stock Exchanges on which foreign investors might invest, the newspaper placed the Ghana Stock Exchange at the top of the list.

With more than 70 per cent in annual average stock appreciation in 1993 and also in 1994, the stock market in Ghana, though young, is already providing an attractive framework for foreign investors to participate in Ghana's economic transformation. With a current market capitalisation of

US\$1.8 billion, it is also the third largest stock exchange in sub-Saharan Africa.

We in Ghana have, over the last decade, become in the eyes of objective observers, a role model for good performance and successful economic recovery. Our key objective has been to stimulate productivity, to encourage both foreign and local private investment, and to ensure a prudent and effective harnessing of public resources.

Among the important priorities have been the restoration and maintenance of fiscal and monetary discipline, and the control of inflation. We have succeeded in bringing down inflation from nearly 130 per cent per annum in the early 1980s to less than 30 per cent today.

Meanwhile domestic savings and investments have increased by 12 per cent and 14 per cent per annum, respectively, in recent years. Inflation has to go down much further, and we are currently focusing on how to achieve this.

Ghana's economic progress has been reinforced by the successful political transition to multiparty democracy and constitutional rule. We established a new constitutional order from January 1993 after presidential and parliamentary elections, which were won by the National Democratic Congress under the leadership of President J.J. Rawlings.

The mandate of the Government was renewed by the electorate in the second presidential and parliamentary elections held in December 1996. Since January 1993, democracy has been practised in Ghana under very trying conditions, as some elements tried to provoke situations of anarchy under the guise of freedom, but the Government has not been unduly prickly about even some excesses.

It is a credit to the Judiciary that it has stood firm, asserted its independence by operating unrestrained. All this is an eloquent pointer to the tolerance, degree of understanding, and the willingness and determination of the Government and people of Ghana to succeed in fulfilling our national aspiration of prosperity in freedom and justice.

Ghana has a bright future. That future depends not only on sound and stable government policies in a peaceful environment, but also on a larger role for the creativity of the private sector.

That future must involve the foreign business community, particularly the Malaysian business community. In this regard, I am happy to announce that following the investment mission to Malaysia in 1995 by H.E. President J.J. Rawlings, and the reciprocal visit to Ghana by H.E. Datuk Seri Dr Mahathir Mohamad in 1996, response to Ghana's overtures by the Malaysian business community has been very encouraging indeed.

A few projects will help to illustrate the strong presence of Malaysian companies in Ghana. Penang Shipyard (a subsidiary of Business Focus Sdn Bhd) has entered into joint partnership with the Ghana Government for the operation of the Tema Shipyard and Drydock. The ownership structure is 60 per cent (Malaysian) and 40 per cent (Ghana Government).

The Metropolitan and Allied Bank Ltd currently in operation, is a joint venture between Business Focus Sdn Bhd of Malaysia and a consortium of private and institutional investors on a 30:70 per cent equity basis. Telekom Malaysia International has formed a consortium (G-Com Ltd) with three Ghanaian companies to acquire 30 per cent equity shares in Ghana Telecom LTD.

GAMA Media Systems Ltd is a joint venture between GAMA Media International Ltd of Malaysia and the Ghana Government on a 70:30 equity basis. It is involved in film production, audio and video recordings, film distribution and exhibitions, and other related activities.

TV3 Network Ltd, a subsidiary of Gama Media Systems Ltd of Malaysia, has already started operating a private nationwide free to air television in

Ghana. Cable View Network Ltd, another subsidiary of Gama Media Systems Ltd of Malaysia, is currently preparing the groundwork for the launching of a nationwide multichannel subscriber-based television network (pay TV) in the country.

International Commercial Bank, which is already in operation, is a Malaysian Commercial Bank solely (100 per cent) owned by Putera Capital Berhad, a major company with diversified interests including property development. Denko Industrial Corporation of Malaysia is negotiating for the acquisition of 40 per cent shares as a strategic investor in Ghana Commercial Bank.

Berjaya Capital Berhad of Malaysia and the Social Security and National Insurance Trust of Ghana are engaged in negotiations for joint development of hotel complex on the beach land of Accra, the capital. Berjaya is also interested in taking up 40 per cent equity shares in the State Insurance Company.

United Engineers of the Renong Group is seeking participation in Accra Express Ways Ltd for development of toll roads in Accra. The Oriental Gold Mining Company Ltd of Malaysia has been granted concessions for gold mining in Ghana. The company is also seeking to pre-finance the construction of housing units for public institutions on terms to be agreed with the Ghana Government.

A major project in Ghana which has attracted the interest of Malaysian companies is the Mokwe Lagoon Property Development Project. It involves the construction of housing units, office and conference complex, beach resort and a golf course. Negotiations with the interested companies are on-going.

The projects listed above clearly indicate that tremendous opportunities exist for Ghana and Malaysia to translate their shared values, common aspirations and historical ties into concrete manifestations of South-South co-operation. We must seize the opportunity now.

Africa, we are told, is the last unconquered frontier for business. It is my hope that the Malaysian business community will take up the challenge and participate in Africa's economic development, specifically in Ghana.