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Council to identify areas for economic partnership

THE newly formed Malaysian-British Business Council (MBBC) has been advised to undertake an indepth study to formulate the future Malaysia-British corporate partnership and identify areas of economic activities where strong partnerships can be developed.

International Trade and Industry Minister Datuk Seri Rafidah Aziz said such partnerships could be taken as a springboard to make inroads into identified markets.

She said the council should identify markets where such partnerships can be competitive, whether in Malaysia, the UK or in third countries.

"Companies with complementary and synergistic resources and expertise can identify areas in which they can collaborate to develop particular strengths in third country economies and markets.

"This can constitute a new wave of British and Malaysian investments overseas, working together to benefit from opportunities within the 21st Century trade and economic environments," Rafidah said when opening the Malaysian-British Business Council meeting in Kuala Lumpur yesterday.

Also present were the MBBC co-chairmen, Sir Patrick Gillam, who is Standard Chartered Bank Plc chairman, and Asian Strategy and Leadership Institute president Mirzan Mahathir.

The MBBC is a private sector initiative, which was formally launched in March this year in London. It brings together a team of high level business leaders from each country in a regular forum to develop strategic approaches in encouraging bilateral trade and investment.

The minister said the Council could also evolve beneficial arrangements from the sharing of expertise and experience.

"This includes advising the respective governments, in the UK and Malaysia, of any required changes in rules and policies that can effectively operationalise the partnership," she added.

She said future partnerships between Malaysian and British companies cannot merely be based on traditional norms, but also on information and communication technology.

Rafidah noted that currently, much of the company-to-company networking has been among the larger establishments but the small and medium-sized enterprises (SMEs) of both countries have not established linkages.

"Malaysia welcomes investments by SMEs to establish supporting and ancilliary industries to meet the requirements of larger multinationals and larger establishments in intermediate and capital goods as well as components and parts," she said.

She said in 1998, Malaysia imported a total of US\$52.6 (US\$1 = RM3.80) billion worth of intermediate and capital goods. For the first eight months this year, the import totalled US\$37.4 billion. Rafidah also talked about economic interlinkages which enhance Malaysia's economic strength and how the country is affected by the "perception gap" of the investors.

"However, countries like Malaysia can take comfort from the fact that serious investors, especially into the real economy such as manufacturing and related areas, have undertaken thorough evaluation of the investment viability.

"Malaysia has continued to see inflows of foreign direct investment (FDIs) into the manufacturing and related sectors, although there has been a decrease in overall global FDIs inflows into developing countries," she said.

According to her, investments approved for the manufacturing sector in 1998 amounted RM26.35 billion, compared with RM25.82 billion in 1997. For the first eight months this year, the amount approved was to RM9.73 billion, where foreign investments accounted for about 77.1 per cent. During the same period, FDIs from the UK amounted to RM189.8 million with 11 projects, the US (RM2.811 billion), Japan (RM804.3 million), Switzerland (RM705.1 million), Singapore (RM631.4 million), Holland (RM504.9 million), the United Arab Emirates (RM309.8 million) and Taiwan (RM190.8 million).

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