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Explore tremendous opportunities, PM urges UK investors

Ahirudin Attan in London

LONDON, Thurs: With prospect of Mr Tony Blair making his first visit to Malaysia next year, Datuk Seri Dr Mahathir Mohamad today told British investors that while they are already quite big in Malaysia, they can achieve more.

In manufacturing, for example, Britain is the ninth largest investor in Malaysia, with investments worth US\$394 million (US\$1- RM3.80) in 118 projects between 1995 and July this year.

"You will agree with me ... Britain should really rank among the top three," the Prime Minister said.

There are also vast opportunities for British investors in the Multimedia Super Corridor (MSC), for their multinationals to set up international procurement centres (IPCs) to tap and penetrate the regional market, and even in the traditional sector of education.

On Malaysia's part, Dr Mahathir gave his assurance that "the Government will continue to maintain the most conducive environment for business which will pay off for those who are ready to invest".

He was addressing over 200 of Britain's major investors at the Whitehall Place, a stone's throw away from No. 10 Downing Street where he met Blair yesterday and invited the British Prime Minister to pay Malaysia a visit.

Blair is expected to do next year, having agreed with Dr Mahathir that there are prospects for even closer bilateral, economic and investment cooperation.

Addressing the Third Malaysia-British Business Council Meeting, Dr Mahathir urged the British business leaders to explore the "tremendous opportunities for investments awaiting foreign investors" now that the Malaysian economy has regained its footing.

He told them that the economy's recovery has gathered significant momentum, with gross domestic product (GDP) growth of slightly more than 10 per cent in the first half. That growth has been broad-based and driven by aggregate demand and supply: manufacturing output should sustain an 8 per cent expansion this year while export-oriented industries should step up output by an average of 7.9 per cent, and the services sector should increase in terms of value-added at a rate of 5.3 per cent.

In addition, inflation has moderated to 2.8 per cent in 1999 from 5.3 per cent in 1998 and should stay below 4 per cent this year. Barring any major downside risks that could derail the favourable world economic outlook, Dr Mahathir said, Malaysia should achieve 5.8 per cent growth in GDP this year.

In the first seven months of this year, Malaysia has received investment applications worth US\$4.6 billion, more than the US\$3.68 billion proposed projects for the whole of 1999.

Britain has always been an important trading partner for Malaysia. Despite the economic downturn towards the close of the 20th century, the two countries saw bilateral trade increase over the last seven years, from RM8.79 billion in 1993 to RM17.68 billion last year.

"Even throughout the bleak years of recession, the increase in bilateral trade did not slow down significantly."

Among the European Union countries, Britain is Malaysia's second largest partner, accounting for 22.2 per cent of its trade with the EU last year. Globally, Britain is Malaysia's 9th largest trading partner with 3.1 per cent of Malaysia's total global trade.

Malaysia's exports to Britain reached RM12.07 billion last year, making it the country's 7th largest market. One-third of the 14,586 cars exported by Proton until March this year was shipped to Britain.

"(But) we cannot rest on our laurels because I am sure we can achieve more," the Prime Minister said.

They can do this by forming partnerships with Malaysian companies and invest in high value-added manufacturing industries and technology sectors, facilitating transfer of technology knowhow that would reap profits for both sides, exploring possibilities of training Malaysia's knowledge workers, and by going big on ICT (information and communication technology at MSC).

He said British companies such as British Petroleum, Druid, Madge and Reuters are playing a significant role in the MSC.

"I can foresee more avenues for cooperation among Malaysian companies and our counterparts in the Silicone Glen and Fen in Scotland, as well as Cambridge in England.

"The MSC should be highly attractive for British companies wishing to develop or use multimedia technologies to provide value, and for expansion into Asian markets," he said.

British multinationals should also set up IPCs to take advantage of the region's trade liberalisation in 2003 (combined sales of IPCs located in Malaysia should reach US\$3.97 billion this year).

Some of the biggest investors in Malaysia are British Telecoms, Blue Circle, British Petroleum, National Power, Royal Dutch Shell, Unilever, Rolls-Royce, and Cold Storage.

Dr Mahathir also said British-Malaysia ties are not a one-way thing.

"Given that Britain has one of the most business-friendly environments in the EU, including easy access to the EU, a skilled and flexible workforce, and a world-leading science base, I am sure Malaysian investors can also benefit by investing in Britain.

"Proton's investment in automotive engineering by acquiring Lotus is a prime example of the many strategic opportunities available for Malaysians to invest in Britain, especially in areas where we lack technical expertise.

"In fact, the technology acquired from the purchase of Lotus has enabled Proton to improve the ride and handling of its cars. Excel, the new exhibition centre on the Thames, is another example," he said.

The Prime Minister will be visiting the Lotus plant in Norwich tomorrow, where he is expected to unveil an all-Malaysian car engine using Lotus technology and know-how.

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