

14/07/2000

France eyeing bigger role in Malaysian industry

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FRANCE, a major partner of Malaysia, wishes to strengthen industrial and commercial cooperation between the two countries. Minister of Foreign Trade Mr Francois Huwart, when he visited Malaysia with a large delegation of French businessmen in March, had said France is also encouraging greater investment in Malaysia in view of its fast pace of economic recovery.

Bilateral ties between the two countries are excellent and can be extended to many other areas. France has many world-class companies with vast experience in the environment and energy and automotive industries and their participation in Malaysia would enhance current cooperation between the two countries.

Among areas in which France can contribute to Malaysian development are the water and space technology sectors. For example, one third of Malaysians drink tap water processed by subsidiaries of French water groups Suez-Lyonnaise des Eaux and Vivendi.

One of the major achievements in the water and environment sector is the Water Academy created jointly by the Malaysia-France Institute in Bangi and the Vivendi Group to train young Malaysian engineers in the maintenance of water treatment plants installed by the French company in this country.

MFI, a joint venture between Mara and the AFPI in Lyon, was established in 1995 to run specialised courses in industrial technology.

Malaysia is France's second partner in Asean - after Singapore but before Thailand - with trade that came up to RM8 billion (US\$1 = RM3.80) in 1999.

With Malaysia's exports to France totalling RM5 billion, France is the fourth largest buyer of Malaysian products in Europe, mainly electrical and electronic goods, fast-moving consumer products and air-conditioning systems.

French consumers have cited Malaysia's expertise in these fields as their main reason for buying products made in this country. For instance, Malaysia is known as one of the largest exporters of electronic goods apart from major powers like the US and Japan. Malaysia's exports to France - which remained stable in 1999 - increased by 29 per cent in the first quarter of 2000, reflecting the strong recovery of the economy.

French exports to Malaysia increased by 9.8 per cent in 1999 to RM3 billion. Main exports were electronic components, transmission and broadcasting equipment and refrigerating and cooling equipment.

Exports of electrical and electronic components showed an improvement of 11 per cent at RM361.8 billion in 1999 while exports of mechanical equipment between 1998 and 1999 rose by 12 per cent to RM137.5 billion. Sales of consumer goods also improved, rising by 21 per cent in 1999, especially household appliances (up 45 per cent). France, renowned for its wines, is a major player in the Malaysia market with a 50 per cent share.

Malaysia's central location in South-East Asia, coupled with its strong economic development and highly-skilled workers, make it a market opportunity not to be missed.

With more than 250 companies established here, France is contributing to the development of a very promising country which has bounced back to a high level of growth after the 1997 Asian crisis.

The fact that only a few French companies left Malaysia during those difficult times should be considered concrete evidence of France's

commitment to this country. Malaysia continues to appeal to French companies that wish to establish regional offices here.

The Lafarge Group, which owns eight roofing tiles factories in Malaysia, is a key player in the building materials sector. In the automotive sector, Renault produces a Malaysian commercial vehicle in association with the Berjaya Group and is also studying other projects of cooperation.

French electronic firms like ST-Microelectronics, Thomson-CSF (which operates a local joint venture with Sapura), Alcatel or TPC employ several thousand Malaysian workers in their factories, contributing to the strong industrial development of this country.

Alcatel's CEO and chairman Mr Serge Tchuruk is a member of the special committee responsible for advising Prime Minister Datuk Seri Dr Mahathir Mohamad in the Multimedia Super Corridor.

A seminar on radio and television broadcasting co-organised by the French Trade Commission and the French Industrial Cooperation Agency, CFME Actim, was held in March in Kuala Lumpur. This event was a follow-up to the Industrial Partnership Agreement signed in 1998 between CFME Actim and Mida to strengthen bilateral industrial and technological cooperation.

A total of 23 French companies, along with representatives of Asian broadcasters, participated in this event. The seminar ascertained that Malaysia is a top priority for French suppliers, especially since the local broadcasting companies are in transition from analogue to digital.

As a large city which is already a regional capital, Kuala Lumpur has important infrastructure requirements. Dragages et Travaux publics (Bouygues Group) is part of the KL Sentral project which will see the opening of a futuristic railway station as a hub to interconnect the existing capital transport systems.

In the energy sector, Alstom signed last year one of the most important contracts ever awarded by Tenaga Nasional to build the 2100 MW Manjung power plant on the West Coast.

As Malaysia remains an important producer and player in the oil and gas industry, several French engineering companies, such as Technip, Bocard and Spie Capag, have participated in the development of the Malaysian oil and gas fields, refineries, petrochemical industry and pipeline network in its different states. For example, Technip is currently participating in the development of the Cakerawala gas field in the Malaysian-Thai Joint Development Area.

With their technical expertise, it is also important for French companies to contribute in the development of the Malaysian agri-food industry. Danone and Clouet are key players in the manufacturing of biscuits and canned food locally.

To further develop the local agri-food sector, the French Trade Commission is co-organising with Mida technical seminars on aquaculture and vegetable and tropical fruit processing which will take place in Kuala Lumpur and in Sabah and Sarawak in October 2000.

More than 20 French engineering companies are due to participate in these events. A French Food Fair will be held in Kuala Lumpur to introduce most of our country's agri-processed products to the Malaysian public.

A month ago, 12 French wine producers gathered in Kuala Lumpur to exhibit a large selection of their famous country wines and "chateaux" at the last French Wine Fair.

Carrefour last year opened its sixth hypermarket in the Mid-Valley shopping mall in Kuala Lumpur. The presence of the French distributor also benefits Malaysian producers as almost 95 per cent of the purchased products are locally-produced, thus enabling local farmers and manufacturers to boost their business.

As the third largest rubber producer in the world, Malaysia has also

attracted French companies in this sector. Mapa-Hutchinson, which is established in Ipoh, Bentong and Penang, manufactures 70 per cent of its worldwide production of latex surgical gloves in Malaysia. Other companies like Wearsafe, Joubert and Safic-Alcan are also active in the Malaysian rubber industry.

Malaysia's favourable business climate will certainly convince more French companies to invest here and transfer technologies to increase their market share in the region.

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