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Mahathir-Indonesia

INDONESIA WILL REMAIN AN IMPORTANT TRADING PARTNER OF MALAYSIA

JAKARTA, March 9 (Bernama) -- The increasing importance of Indonesia over the years as a trading partner of Malaysia will not diminish now or in the future, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He was confident that even more opportunities will emerge to build Indonesia for a better future and improve the lot of the common people as well as to strengthen friendship between the two countries.

"All the changes taking place in Indonesia will not alter the fact that it is a vital nation in this region," he said at a luncheon meeting with businessmen from Malaysia and Indonesia here.

Some 300 businessmen from the two countries attended the meeting which was also a trade forum themed "Rebuilding Business Opportunities in Indonesia."

It was jointly organised by the Asian Strategy Leadership Institute, the chambers of commerce and industry of Malaysia and Indonesia, the Centre for Strategic and International Studies of Indonesia (CSIS) and the Corporate Leadership Development Institute (CLDI).

The Prime Minister arrived here this morning for an overnight visit. He was accompanied by Datin Seri Dr Siti Hasmah Mohd Ali and a 150-strong business delegation led by Malaysia Airlines (MAS) Chairman Tan Sri Tajudin Ramli who is also President of the Chamber of Commerce and Industry of Malaysia.

Hence Dr Mahathir said from Malaysia's foreign policy aspect, the focus on Indonesia would not see any change whatever the changes taking place in the republic.

"This aspect of Malaysia's foreign policy will remain in place, for Indonesia's strategic position will not change and neither will its geography nor populace," he said.

He said today's meeting signified the strong spirit of neighbourliness between Malaysia and Indonesia.

Hence the business communities of both countries should preserve this spirit and use opportunities fully to develop a strategic approach in managing future trade relations, the Prime Minister said.

Elaborating on the strong links between the two neighbours, he said Malaysia remained the third largest trading partner of Indonesia within Asean.

From the aspect of global trade, Indonesia was Malaysia's 13th largest trading partner last year.

He said there were good prospects for the longterm trading relationship between Malaysia and Indonesia even though it could not be ascertained in the short and midterm.

He said several Malaysian companies were re-evaluating their operations in Indonesia and many were committed to remaining active in this country.

This reflected their confidence in the mid and longterm prospects in Indonesia, he said.

Dr Mahathir reiterated his confidence that the economies of East Asian countries would recover and this recovery would be accompanied by a more open, transparent and flexible economic and political situation.

"Certainly the opportunities will not only increase but also trading will be made much easier. Those able to continue trading during the economic downturn will surely be more successful in this new climate."

He said even though trade within Asean declined during the economic and

financial crisis, it must be remembered that it expanded by 90 per cent from US\$82 billion in 1993 to US\$156 billion in 1997.

"Surely with economic recovery throughout Asean, trade within the region will expand once more and attain previous levels and may even exceed that levels in the not so distant future," he said.

Dr Mahathir also issued a reminder on the menace of the globalisation wave faced by both Malaysia and Indonesia.

He said in this new millennium, globalisation and revolution in information technology would move fast with unlimited rapid flow in capital, goods, services, ideas and information.

While the developed countries would reap much profit from this process, the developing nations should brace for uncertain challenges, he said.

He said globalisation would increase the competitive pressure on the domestic market by opening avenues for big capital inflows and outflows.

"We know this can destroy the entire economy of a country. Just look at the recent Asian financial crisis which destroyed the economies of the East Asian tigers," he said.

He proposed that to obtain something from globalisation, developing nations such as Malaysia and Indonesia and the other Asean countries should study this globalisation and its effects on them.

"After that we determine our stand jointly and we put forward our views and interpretations. If not globalisation will destroy us," Dr Mahathir said.

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