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Investing under China's 'Go West' policy

Ashraf Abdullah in Bandar Seri Begawan

BANDAR SERI BEGAWAN Wed. - Prime Minister Datuk Seri Dr Mahathir Mohamad said today Malaysia may invest in China's western region under the republic's "Go West" policy for regional development.

Dr Mahathir said China was trying to promote investment in its western region which was less developed than other parts of the country.

"They are inviting foreign participation and if there is opportunity, we would like to participate," Dr Mahathir said.

He was speaking after a bilateral meeting with Chinese President Jiang Zemin on the sidelines of the Asia-Pacific Economic Co-operation Summit here.

The "Go-West" strategy is part of China's wide-ranging policies and measures to step up market development, take precautions against a possible financial crisis and promote sustainable economic growth.

Of the US\$48.49 billion (RM184.26 billion) worth of treasury bonds issued by the Chinese central government last year, US\$12.20 billion was used for investment, of which 60 per cent was poured into the middle and western regions.

There are at least three economic and technological development zones in the Gansu Province of western China - in Jinchang, Gansu Lanzhou, and Baiying.

The region is rich in metals, coal and petroleum. Existing industries include machinery, building materials, chemistry and medicine.

Leasing prices are said to be lower, and preferential policies and services are provided for investors.

Dr Mahathir said besides the western region, China was also focusing on greater investment in food production to feed its 1.26 billion population.

"We discussed mainly bilateral matters but also in general about management of a country's economy, the WTO (World Trade Organisation) and currencies.

"(We discussed) why currencies should have a fixed exchange rate and he agrees that we should manage (our) currency," the Prime Minister said.

Malaysia had pegged the ringgit at RM3.80 to the US dollar following the regional financial crisis.

China's renminbi is also stable against the US dollar, with the year-end exchange rate at 8.2793 yuan to the US dollar. The country's exchange reserves stood at US\$154.7 billion at end 1999.

"He (Jiang) says we should continue to have good relations and that Prime Minister Zhu Rongji is looking forward to the meeting (at the Informal Asean Summit) in Singapore (next week)," Dr Mahathir said.

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