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Mahathir-Saudi

M'SIA-SAUDI RELATIONS TO SPUR COOPERATION AMONG ISLAMIC COUNTRIES

PUTRAJAYA, Oct 25 (Bernama) -- Datuk Seri Dr Mahathir Mohamad is confident that economic and trade enhancement between Malaysia and Saudi Arabia will spur bilateral relations further as well as contribute towards closer cooperation among Islamic countries.

"Malaysia and Saudi Arabia could play a big role because we represent this region whereas Saudi Arabia represents that part of the world," he told reporters after a 45-minute meeting with the Saudi Second Deputy Prime Minister Prince Sultan Bin Abdul Aziz Al-Saud, here.

Earlier, they witnessed the signing of a bilateral investment guarantee agreement and the agreement on the accession of Saudi Arabia to the World Trade Organisation (WTO).

Asked by a Saudi journalist on Malaysia's future following the 1997 financial crisis, Dr Mahathir said the country was badly hurt then but the economy had completely turned around now.

He said Malaysia was growing well and it would continue to grow.

"There may be other attempts to attack our economy but, we think we should be able to handle it," he said.

The investment guarantee agreement (IGA) was signed by International Trade and Industry Minister Datuk Seri Rafidah Aziz for Malaysia and Saudi Arabia's Acting Minister of Planning and Telecommunication Khalid M. Al-Gosabi.

The agreement on the accession of Saudi Arabia to the WTO was inked also by Rafidah and Minister of State and Member of the Council of Ministers Dr Abdulaziz Al-Manea.

The main objective of the IGA is to expand and deepen trade, economic and industrial cooperation between Kuala Lumpur and Riyadh.

The IGA will further facilitate Saudi Arabian investors in exploring investment opportunities in Malaysia such as in the downstream petroleum-processing sector.

It will also encourage Malaysian companies to participate in business opportunities in Saudi Arabia, especially in infrastructure projects.

Meanwhile, the signing of the second agreement signifies the conclusion of bilateral market access negotiations within the context of Saudi Arabia's accession to the WTO.

The negotiations were concluded in Geneva last Friday.

Under this agreement, Saudi Arabia has agreed to offer Malaysia a package of concessions in the form of tariff bindings and tariff reductions for 318 products of export interest to Malaysia.

These concessions will be binding upon Saudi Arabia's accession, and further reductions will be implemented within three to 10 years.

The major products of export interest given tariff concessions include palm oil, palm kernel oil, cocoa and cocoa products, manufactured rubber products, furniture and jewellery.

In addition to these concessions, Malaysian exporters will also benefit from Saudi Arabia's participation in the information technology agreement which will require Saudi Arabia to eliminate duties on information technology products within five years upon accession.

Total trade between Malaysia and Saudi Arabia grew from RM1.4 billion in 1995 to RM2.2 billion last year.

Exports from Malaysia increased from RM847 million to RM1.14 billion for the same period.

In the first eight months of this year, total bilateral trade amounted to RM2.2 billion.

Prince Sultan arrived yesterday for an eight-day visit at the invitation of Dr Mahathir.

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