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No better place and time

THE Asian financial crisis in 1997 caused such a whirl that the region's once vibrant and dynamic economies are still grappling with its deep impact; and with the many questions asked of what they had thought were reasonably well worked success formulas. Though these countries are now back on the growth path, the region's economic landscape is probably forever changed, as are its relations with the rest of the world, in some cases more apparent than others. Like the other countries hurt by the turmoil, Malaysia had had to make some very difficult adjustments and decisions, at first to contain the fallout, then to restore stability and revive the economy. In fact, it was ridiculed and risked being ostracised by the global community for adopting measures perceived by some as "heretical".

Through it all, however, one thing was constant for the country: the Government remains firmly business-friendly. It has always believed in creating the best possible environment for doing business, without compromising on its obligations to society. The Government has learnt a long time ago that the two objectives are not mutually exclusive, and this policy was readily recognised by investors, local or foreign, during all those heady years preceding the crisis. But when Malaysia opted for some controversial measures aimed at quelling the turbulence of three years ago, the country ironically fell out of the global investment community's favour; ironical because they were intended as much to benefit the business as the social sector. The investors already in the country - the long-term ones that is - when the selective capital controls were introduced would tell all those analysts, if they had only asked, that the measures were a welcomed relief as their operating environment were almost immediately stabilised. If anything, the multinational corporations (MNCs), especially, probably felt the tough policies ought to have been adopted earlier.

International Trade and Industry Minister Datuk Seri Rafidah Aziz said on Tuesday that Malaysia is now emerging as a favourite location for regional manufacturing operations. Up till May 31, the Government has approved 636 representative offices, 335 regional offices, 52 operational headquarters and 47 international procurement centres. And in the 16 months to April 2000, the manufacturing sector drew 911 projects involving investments worth to RM19.4 billion, of which RM10.6 billion was invested in new projects and RM8.8 billion in expansion or diversification. About 70 per cent of the new capital is foreign, the minister said.

It is less than three years before the Asean Free Trade Agreement comes into full effect, and there is arguably no better place and time for a manufacturer eyeing the region's vast market to be in than here and now. The population is highly educated, meaning the workforce can be easily trained; the country is multi-cultural, which affords products to be conceived, designed and produced for the entire region; costs are still low, although labour is no longer cheap; and the infrastructure is among the best in the world, in some areas surpassing even those in developed countries. And of course, there is the Government which is always "responsive to constructive and viable suggestions from the private sector to finetune policies and measures", as noted by Rafidah.

It is not just the MNCs that Malaysia is happy to attract to its shores. The small and medium-scale industries (SMIs) and enterprises are equally

welcome, as can be seen from the invitation issued by Prime Minister Datuk Seri Dr Mahathir Mohamad himself to Japanese SMIs during his working visit to Tokyo earlier this month. Vast opportunities are expected to be generated in the manufacturing support industries, and it is again of mutual benefit that SMIs set up base in the country. Then there is the intensified drive towards the establishment of a knowledge-based or k-economy, where operations do not really have to be very big to be competitive; just smart. For big and small companies, Malaysia is surely shaping up as the smart choice.

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