

PM's visit to Germany will attract more investments into Malaysia

Nst - 8 SEP 2001

KUALA LUMPUR, Fri. — Prime Minister Datuk Seri Dr Mahathir Mohamad's visit to Germany from Sept 18 to 20 is expected to boost the excellent bilateral relations between the two countries as well as attract German companies to invest in Malaysia, a German diplomat said today.

Deputy Head of Mission of the German embassy here, Peter Rondorf, said the visit was

expected to emphasise attracting more German small- and medium-scale enterprises (SMEs) to invest in Malaysia.

He said the current German investment in Malaysia was quite sizeable and stood at RM6 billion with 300 German companies operating in this country, mostly in the electronics, engineering, medical and petrochemicals sectors.

In terms of investment in Malaysia, he said, the country ranked fifth last year, behind countries like the United States, Japan and Singapore, and was the third major investor among European Union (EU) member countries, after the United Kingdom and the Netherlands.

"However, most of them are re-investment of capital by big German companies and less

investment by the small- and medium-scale companies," he said in a briefing at the German embassy here for Malaysian journalists who will be covering the visit.

On the reasons for the German SMEs' hesitation to invest in Malaysia, Rondorf said it could be due to competition from other countries like China which offered lower costs.

"From the German perspective, a German company will invest in the region because of two reasons — one is market penetration and the other is cost as German labour is the most expensive in the world," he said.

Rondorf described the current trade relations as excellent and was confident that the visit would increase and strengthen the potentials of both countries.