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`Find niche areas in China'

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MALAYSIAN businessmen need to tackle opportunities in China in a more aggressive manner to compete with other foreign investors in the country's services and trade.

Malaysian ambassador to China Datuk Abdul Majid Ahmad Khan said in an interview in Shanghai yesterday that Malaysian businessmen should find niche areas in order to have an advantage over other investors who include multinationals and small and medium sized industries.

Malaysia is China's second largest trading partner in the Asean region after Singapore. Palm oil, timber, chemicals and electronic components are among the main exports.

After joining the World Trade Organisation, China will push for greater openness in services and trade.

Foreign investment in these areas will therefore increase sharply within a short period of time.

Abdul Majid, who has been posted to China for three-and-a-half years now, identified consumer item services, management and design as areas which China is still weak in and therefore provide a window of opportunity.

"We started with businesses mostly related to manufacturing, real estate and infrastructure."

He said the ground work for Malaysians to do business in China has already been in place. Goodwill between both countries cannot be far better than at this juncture especially since the Chinese hold Prime Minister Datuk Seri Dr Mahathir Mohamad in high regard.

Abdul Majid however warned that Malaysia's plus points to foreign investors can be eroded by the Chinese who are mostly looked to for cheap production costs.

China, he said, is securing intellectual capital and is already drawing on the experience of the IT experts from elsewhere, including neighbouring India.

Already there are 6,000 Chinese studying in Malaysia. Its keenness to learn and be pragmatic has led to every department being backed by R&D.

Opening up the economy has brought ideas and concepts to the Chinese who have not been close to the rest of the world.

Ahead of that country's accession into the World Trade Organisation, China's education system will encourage colleges and universities to adopt bilingual education policies to meet the needs of employers.

Abdul Majid said China's open door policy has exerted a deep influence on the country's social and economic development.

Opening up has stimulated industrial adaptation and foreign companies are not faced with equity restrictions.

Machinery, electronics, petrochemicals and the automobile and construction industries have also developed rapidly under a competitive mechanism.

Chinese enterprises have become more competitive within the international market through foreign capital, advanced technology, equipment and management expertise.

Certain household appliances have also made their mark on the international market.

The Haier Group company in Qingdao 720 kilometres from here which Dr Mahathir visited on Monday has also indicated expanding its operations in

Malaysia.

Abdul Majid said China' progress and Gross Domestic Product growth which was achieved during a short period had given concern to countries like Japan and Singapore.

"Undeniably it has a huge market and it is popular as a manufacturing base for multinationals," he said, adding that the country's high disposable income is also an attractive lure to foreign investors.

He cautioned that those keen on embarking on projects to undertake feasibility studies, including scrutinising the various barriers which exist in different provinces.

Previously, a number of Malaysian businessmen had to get their business projections revised when they faced difficulties due to the difference in business models and procedures in both countries.

The country's transition from a communist state to a capitalist nation with international standards had caused many Malaysians to be hesitant to make a beeline for China.

"Relook at China now. Those who have faced disappointments in the past need to be more cautious and do a feasibility study (including respective provinces) or even attend trade fairs.

"When setting up businesses here, it is important to look at the locality and establish the business," he said, adding that several Malaysians have established names in the retail sector.

Foreign businesses are encouraged to invest in infrastructure construction and resource-development projects in agriculture, ecology, irrigation, transportation, energy, municipal engineering, mining, tourism and environment protection.