

28/08/2001

Malaysia showing the way in Africa

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MALAYSIA blazed the trail for economic development in Africa and helped in building Africa-Asia business linkages in the past decade. Through a number of Smart Partnerships, sub-Saharan businesses appear to have discovered each other in a serious way.

Other countries and leaders have followed Prime Minister Datuk Seri Dr Mahathir Mohamad's commitment to Africa and aim to help with its economic development. These initiatives have enabled African Lions to embrace Asian Tigers.

The Asia Africa Business Forum (AABF II) held in Kuala Lumpur generated deals worth US\$20 million (RM76 million). The AABF II saw 104 Memorandums of Understanding (MoUs) being signed worth US\$74.5 million. Of these 22 were intra-African deals.

But the benefits of the AABF go beyond the agreements. The meeting, just as the Smart Partnership dialogues initiated by Malaysia, has helped to dispel the myths each held of the other.

India and China have followed Malaysia's lead by venturing into the banking and finance sector in Southern Africa.

Dr Ken Kwaku of the World Bank told the Global 2001 dialogue in Uganda last week that the Indian EXIM bank has extended lines of credit to several African states and recently extended a first "rupees" line to Namibia.

In 1999 China's total trade with Africa was nearly US\$7 billion. By the middle of last year about 480 Chinese companies operated in 47 African countries with total Chinese capital estimated at US\$530 million.

The Bank of China, which already has an office in Zambia, in November opened a branch office in Johannesburg, South Africa. Today there are eight major Chinese banks in South Africa - seen as a "gateway" to the rest of Africa.

More importantly, the constant contacts between and among African leaders and the exchange of ideas in an informal setting has brought them closer together. There is now a mindset change and they are beginning to think of working closely, co-operating and harmonising policies to attract foreign investments.

The leaders are beginning to explore ways that will yield mutual economic benefits for the younger generations. President of Malawi, Dr Bakili Mulizu, spoke of the need for a revision of the education systems. He noted that "many of our education systems seem to have been designed to prepare the youth for white collar jobs rather than the business and enterprise".

With the change in the world environment and nature and character of businesses "we need a workable formula for bringing change to move away from... the clerical tendency to an enterprising tendency" which will prepare the youth and people for today's competitive world.

There is increased competition on all fronts. In attracting FDI, the African countries, may be less favourable as locations. But Dr Mahathir said there are a number of positive but little known facts about Africa, such as the considerable improvements by African governments of their FDI policy frameworks and the vast resource base that is yet to be tapped.

A new facility, the African Trade Insurance Agency (ATI) will provide the political risk insurance and other financial instruments to support trade and investments in Africa. This will provide the necessary boost for

foreign investors and entrepreneurs.