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WTO-CHINA

M'SIA CAN GAIN FROM CHINA'S ENTRY INTO WTO

KUALA LUMPUR, Oct 24 (Bernama) -- China's entry into the World Trade Organisation will benefit Malaysia as the country will have a much bigger regulated market to trade with, Arthur Andersen & Co's managing director Datuk Zainal A Putih said here today.

He said that although there would be a short impact on the country, Malaysia has a lot to gain from the entry which would see trading being more consistent with international trade practices and protocols.

However, he said that Malaysia must try to bring back foreign direct investment (FDI) which is rolling out to China from Southeast Asia.

"We must give them (foreign investors) a better environment. Our workers must be more productive if they want to counter the effect of China in the world market today," he said at "Andersen's 2002 Budget Press Conference."

Meanwhile, Arthur Andersen tax services' executive director Dr Veerinderjit Singh said currently none of the countries in the Asia Pacific region can compete with the low labour cost in China.

And this may see the downstream manufacturing activities moving away from Malaysia or this part of the world to China, he said.

"So we cannot be downstream manufacturers anymore. We have to move upstream and brace technology to become producer of critical components," he added.

With this in mind, he said that Prime Minister cum Finance Minister Datuk Seri Dr Mahathir Mohamad has laid out many incentives for the manufacturing of equipment in the 2002 Budget tabled on Oct 19.

Zainal said that the emphasis on knowledge-based economy (k-economy) in the 2002 Budget was also one way to compete with China, "that is the answer to the low cost labour advantage that China has," Zainal said.

He said that Malaysia has the advantage of moving up fast to produce value-scale products based on k-economy compared to China.

"It will take some time before China can catch up, as it has a huge population. So we must be good at that (k-economy) and bring up the level of our services to a better position," he added. -- BERNAMA

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