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Smart partnership changes Africa's outlook on FDI

Dzulkarnain Taib in Munyonyo (Uganda)

MUNYONYO (Uganda), Tues: African governments that have embraced Malaysia's smart partnership concept say it has changed the way they look at foreign direct investments (FDI).

The Smart Partnership International Dialogue which encompasses the Langkawi International Dialogue (LID) and the Southern African International Dialogue (Said) has brought African countries together through the spirit of cooperation and win-win situation.

It is also attracting an increasing number of nations which share the ideals of smart partnership and want to be associated with it.

Prime Minister Datuk Seri Dr Mahathir Mohamad said the effects of the dialogue are reflected in the positive change of attitude of governments.

"Since 1995, the dialogues have practically changed the mindsets of leaders in southern and eastern parts of Africa.

"Today, they appreciate the need to accept FDI and work with the private sector and the workers.

"They are now focused specifically on FDI, something which is very new to them," Dr Mahathir said to reporters at the end of the third day of the Global2001 Said/LID Smart Partnership International Dialogue at the Munyonyo Dialogue Village in Kampala.

He said unlike Malaysia which has been exposed to the idea of FDI since independence, many countries are wary of these investments.

As such, many foreign holdings in these countries were nationalised upon achieving independence and this situation held investors at bay, he added.

"This frightened foreign investors away, and not only did these countries not develop, they actually regressed.

"But now, after exchanges of information between participants, their attitudes have changed.

"They feel that they have to be a part of the world economy, accept foreign direct investments, cooperate between the Government and the private sector and get their bureaucrats to understand the need to stimulate their economies," Dr Mahathir said.

Even though tangible results may not be the direct outcome of the dialogues in a short span of time, the paradigm shift obvious in the thinking of participating heads of states and governments together with other participants is in itself proof of a resounding success.

"Because of their willingness to accept foreign participation, many Malaysians have been able to invest and participate in the economies of these countries. Petronas is one of the active ones, and now in Uganda you have the Malaysian Business Centre," he added.

However, realising the importance of economic prosperity through the promotion of FDI is only the first step.

There are other factors at play.

For one, conceptual unity must be followed through with unity of action.

Aware of this issue, Dr Mahathir said African countries must stand united if their voice is to be heard.

"There are many problems ahead. The WTO is one. If you go there fragmented and divided into small states, you are not going to be able to influence the shape of WTO or globalisation.

"We know that the present concept of globalisation which is completely confined to free movement of capital is not very good for the developing countries," he said.

He said Malaysia's experience from the sudden exit of foreign capital from its capital market had resulted in the reduction of some RM250 billion in its market capitalisation.

"It is our duty to inform them that they should welcome FDI but at the same time be cautious and watch out for possible sudden withdrawals of capital."

The problem of being obliged to donor countries seems to be a nagging issue among many African nations so much so that they are not able to implement policies freely.

"We know that people who are giving aid are also insisting that these countries do certain things which in the end are detrimental to them.

"That is why they are very keen to learn from experiences elsewhere. They keep on asking how Malaysia did it and we try to help them through training in administration and financial management so that they will not be permanently in debt, in which case they will always be obliged to the rich countries," Dr Mahathir said.

Commenting on the issue of the proposed World Tax for rich countries, Dr Mahathir said he expects stiff opposition from developed countries.

"Their media refuses to mention even one bit about it. They are so adversed to Malaysia that they described this meeting as being participated by many countries but refused to mention Malaysia at all," he said.

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