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US-MALAYSIA

AMERICAN FIRMS STILL CONFIDENT OF MALAYSIA'S INVESTMENT CLIMATE

By: Ahmad Fuad Yahya

KUALA LUMPUR, March 14 (Bernama) -- American firms, firmly convinced that Malaysia is still an attractive investment destination and a good place to do business, are not ready to leave the country right now for China, US-Asean Business Council president, Ernest Z. Bower said today.

Besides being a safe, stable and a business-friendly government at the national and state level, he said American companies also look at their investments in Malaysia as having a comparative advantage.

There had been suggestions that many multinational companies would uproot their operations in Malaysia and move to China because of her lower operating costs.

"Where Malaysia has comparative advantage, we will stay here in Malaysia and take advantage of what will be a huge market in China.

"To the extent that our companies are looking at Malaysia with a lot of confidence because the market here is good, the people are good and infrastructure is excellent."

He also hailed Malaysia's intellectual capability to add value to American companies as this would drive these investors to keep their investments here and take advantage of the China market.

He made these remarks to newsmen after a briefing here on the US-Asean Business Council tour of Malaysia. The briefing was also attended by the US Ambassador to Malaysia, Marie T. Huhtala, who headed the business mission on the four-day, four-city tour, covering Sarawak, Johor, Penang and Kuala Lumpur.

Bower said the new opportunities in Malaysia would revolve around where the country would have a comparative advantage within the 500 million people from the 10 country markets of Asean and even Asean + Three, namely China, Japan and South Korea.

"We see great advantages in the IT sector and bio-technology where Malaysia has the intellectual capacity to focus in the science-based industry, maybe it is even ahead of some other countries in the neighbourhood," he said.

"The high value added in manufacturing will also be Malaysia's niche in an integrated Asian economy in the future," he said.

Huhtala told the briefing that U.S. companies had been welcomed as partners in Malaysia and were working closely with forward-looking officials at the state and federal level.

"We look forward to encouraging more U.S. companies to consider the advantages that these partnerships have to offer in areas such as infrastructure development, high-tech, biotechnology, and services, to name just a few," she said.

Huhtala was also pleased that the businesses of the US companies had contributed to the continued growth and prosperity of the Malaysian economy.

At a dialogue with businessmen later, Huhtala said she would continue to pursue the avoidance of double tax treaty between Malaysia and the US to facilitate American businesses in Malaysia.

According to Bower, both the US and the Malaysian government have been working together on the treaty for almost 20 years and they are now down to the final issue involving banking secrecy.

"If we could pass this (avoidance of) double tax treaty, it will make Malaysia much more competitive in the US market which would make it much

less expensive for Americans doing business here.

"Right now, it costs about 150 percent of what it costs a Japanese or German company to have an executive undertake businesses here, but we are still the biggest investor. Can you imagine if we unlock the cost savings for tax trading, I think we can see a lot more American technology, investment and job creation coming out of that," he said.

Bower said the the unresolved issue over banking secrecy involved the extent of the information both governments were willing to share.

The US government wants the right to access into the American companies in Malaysia once the treaty was signed.

Malaysia did not allow that kind of access to the bank records because of its own rules, he said.

"Now that the Prime Minister (Datuk Seri Dr Mahathir Mohamad) has said that the lack of transparency in banking is something that should be addressed, we have passed an anti money laundering law, we are working together on freezing assets of terrorist-related groups, (therefore) why not do something that is good for Malaysian and American businesses, since we have been working together so closely," he said.

The United States is the top investor in Malaysia, with direct investments totaling about US\$6 billion (RM22.8 billion) at the end of last year.

America is Malaysia's number one export market, buying over 20 percent Malaysia's output totaling US\$22.3 billion (RM84.7 billion) last year.

Likewise, Malaysia is a very important market for the US.

American exports to Malaysia totalled US\$9.4 billion (RM35.7 billion) in 2001, making Malaysia the 11th largest trading partner of the US.

The US-ASEAN Business Council works closely with ASEAN.

The Council's membership includes approximately 150 of the Fortune 1,000 American companies with trade and investment interests in the ASEAN region.

The council's members are represented in diverse industries, including aerospace, agribusiness, automobiles, computers and information technology, consumer goods, energy exploration and development, express delivery services, financial services, health care and pharmaceuticals, software, and telecommunications. -- BERNAMA

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