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Dr M: We can supply halal food to China

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PETALING JAYA, Tues. - Datuk Seri Dr Mahathir Mohamad said Malaysian companies are in a good position to supply halal food to China, which has a Muslim community of about 60 million.

The Prime Minister said research and development and the application of modern technologies had enabled Malaysia to export food products that meet international standards.

"Malaysian businessmen could also establish halal food outlets in China. In addition to halal food, we can also export other halal products such as cosmetics, toiletries and skin care products."

Addressing some 1,800 participants of the Malaysia-China Economic Conference at the Sunway Lagoon Resort, Dr Mahathir advised the local business community to view China's progression as an opportunity to increase trade and investment.

He said although China was a competitor, it also presented opportunities for co-operation towards increased trade and investment cross flows.

"Despite the difficult and diverse challenges posed by China, I urge the Malaysian business community to view the economic development in that country in a positive manner.

"Malaysian firms should, therefore, position themselves to partake of the large business potential in China."

Emphasising that the republic was an important and growing market for Malaysia's goods and services, the Prime Minister said Malaysian companies possessed the advantage of understanding the Chinese language which should be used effectively in facilitating business ties between both countries.

"China can also be viewed as a competitive location for joint ventures between Malaysian and Chinese companies to serve the Chinese, regional and global markets and a source of foreign direct investments to Malaysia."

Dr Mahathir said it was heartening to note that Malaysian companies had taken steps to make inroads into the Chinese market.

Cumulative Malaysian investments up to June in the republic amounted to RM9.31 billion in 2,216 projects, with Malaysia ranked as the 18th largest foreign investor in China.

Since 1991, trade between the two countries has grown sixfold, exports to China sevenfold and imports from China sixfold. During the first seven months of this year, China has emerged as Malaysia's fourth largest export market as well as import source.

Dr Mahathir said demand for foreign goods was rising in line with the increase in purchasing power of the 130 million middle-class Chinese concentrated mostly in the cities, growth centres such as Shanghai, Beijing, Guangzhou and other coastal towns.

"The Chinese middle and higher income earners have developed a taste for higher-end, branded foreign goods.

"Malaysian companies should intensify efforts to produce high-end branded consumer products such as garments, apparel, shoes and handbags."

Other areas where co-operation and collaboration with Chinese firms could be carried out are in healthcare-related services, education, tourism, franchising, retail trade, chain stores, supermarkets, telecommunications, information and communication technology, consultancy services, management and logistics.

Dr Mahathir said China's membership in the World Trade Organisation had allowed for improved market access for Malaysian products.

Among the products where greater market access opportunities have been created for Malaysia are the increased global quota for palm oil from 1.5 million tonnes in 2000 to 3.168 million tonnes in 2005 and phased elimination or reduction of duties on semiconductors, furniture, wooden panel products and consumer electronics.

The Prime Minister said China's growth could contribute to the prosperity of neighbouring countries.

He said Asean-China free trade area envisaged within 10 years was being negotiated in the context of a broad Asean-China co-operation framework which would involve finance, tourism and agriculture.