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Dr Mahathir hopes Malaysia can emulate Luxembourg's success

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PRIME Minister Datuk Seri Dr Mahathir Mohamad yesterday ended his two-day official visit with hopes that Malaysia can emulate Luxembourg's success as a small but rich country.

He said there was a lot that Malaysia could learn from this tiny European country which had developed from one that produced steel to one that was an important financial centre in the continent.

"They must be doing something right and we want to learn from them," he said at the Le Royal Hotel before leaving for home.

He said the per capita income of Luxembourg, which has a population of about 440,000, was about US\$27,000 (RM102,600).

He said Luxembourg had found a niche in banking and finance when its steel-based economy was hit by the entry of Japan and Korea into the market. He said Luxembourg promoted the idea of becoming a financial centre and was now home to some 200 banks and 100 insurance companies.

Asked whether Malaysia could be as rich and successful as Luxembourg, he said it was a matter of whether or not the people wanted to, adding that if opportunities to be successful were wasted, then "we will never be rich".

Asked if there was too much politicking in Malaysia that could have hampered efforts to better the country, he said politicking was harmless if people at the same time concentrated on working hard to improve their lot. "People are also politicking here, but when it is work, they work. It is destructive politicking that brings about problems."

To another question, he said Malaysia's admiration for Luxembourg's success story did not mean that it had a shift in its Look East policy, adding that "looking west" was an addition to its policies towards economic progress.

He said meetings with Luxembourg Prime Minister Jean-Claude Juncker, his Cabinet Ministers and the private sector were fruitful.

Malaysia and Luxembourg will sign two agreements - on open sky and double taxation - which will be signed in August when its Economic and Transport Minister Henri Grethen visits Malaysia. Flight connections between the two countries have a long history. Luxembourg's CARGOLUX (an all-cargo freight operator), which began operations in Malaysia in 1974, on Jan 10 launched its sixth weekly flight to Malaysia.

Dr Mahathir said as a financial centre, the double taxation agreement would benefit Luxembourg.

Also at the Press conference was Malaysian ambassador to Luxembourg Datuk Deva Mohd Ridzam.

Earlier yesterday, the Prime Minister held a breakfast dialogue with the president of the Banque Centrale du Luxembourg Yves Mersch and CEOs of banks and financial institutions.

Later, he and his delegation held a meeting with Lord Levene of Portspoken, who is vice-chairman of Deutsche Bank and other key representatives of the bank.

He also toured International Electronics Engineering (IEE), a company specialising in the production of force-sensing resistors for the automotive industry, in Findel, a 30-minute drive from the capital city.

Last night, he attended a dinner hosted by Juncker at Chateau Senningen during which he said that Malaysia and the region considered Luxembourgers and Luxembourg-based financial institutions responsible and serious

investors. This was because during the the Asian financial crisis,
Luxembourg-based portfolio investors largely remained in Malaysia.
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