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MAHATHIR-CHINA

VIEW CHINA'S ECONOMIC DEVELOPMENT POSITIVELY, SAYS DR MAHATHIR

PETALING JAYA, Oct 8 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today urged the Malaysian business community to view the ongoing economic development in China positively.

Although China is a competitor, it also presents opportunities for cooperation towards increased trade and investment crossflows, the prime minister said.

Malaysian firms should therefore position themselves to partake of the large business potential in China, Dr Mahathir said in his opening speech at the Malaysia-China Economic Conference-Challenges, Impact and Prospects here.

Since 1991, total trade between China and Malaysia has grown by six-fold, export to China by seven-fold and imports from China by six-fold.

During the first seven months of 2002, China has emerged as Malaysia's fourth largest export market as well as import source.

Malaysia meanwhile was China's 10th largest trading partner, ninth largest in import source and 14th largest export market.

For the period from January to June 2002, Malaysia was China's 7th largest trading partner globally and largest trading partner among the Asean countries.

Dr Mahathir said that the strong expansion of bilateral trade in recent years was a reflection of the potential that exists to further expand trade and investment linkages between the two countries.

He also urged Malaysian firms to ally with Chinese manufacturers in areas where the Chinese have technological advantage.

This partnerships would help Malaysian companies to penetrate the Chinese market as well as regional and global markets, he advised.

He also asked Malaysian entrepreneurs to explore opportunities for cooperation and collaboration with their Chinese counterparts in the services sector such as healthcare-related services, education, tourism, franchising, retail trade, chainstores, supermarkets, telecommunications, information and communication technologies, consultancy services, management and logistics.

Dr Mahathir said that the composition of goods traded between Malaysia and China has changed over the years.

Around 47 percent of Malaysia's export to China are made up of electrical and electronic products and other products include palm oil, chemical and chemical products, petroleum and machinery equipment.

Likewise, he said that 55 percent of Malaysia's import from China are also made up of electrical and electronic products followed by machinery equipment, cereals, chemical and chemical products and textiles and garments.

On investments, Dr Mahathir said that cumulative Malaysian investments in China up to June 2002 amounted to RM9.31 billion in 2,216 approved projects.

Last year, Malaysia ranked as the 18th largest foreign investor in China, he added.

Amongst the major sectors invested are in the production of wood-based products, computers, office equipment, plastic-based products and foodstuffs.

Investments in the service sector include infrastructure development, construction, power generation and hypermarket business chain.

Dr Mahathir said that China's huge domestic market and labour should be made used by Malaysian enterprises seeking overseas market and production facilities.

A more feasible and effective way, he said is to be near the market by setting up production bases in China and this could be done through joint manufacturing activities and marketing efforts to gain firm foothold in the domestic market.

Dr Mahathir said that Malaysian business community has the advantage of understanding Chinese languages and cultures and this advantage should be used effectively in facilitating business ties between both countries. --  
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