

Matrade to promote local brands abroad

STAR 13 SEP 2003

THE Malaysia External Trade Development Corp (Matrade), which will be corporatised with a launching grant of RM100mil, will immediately undertake international road shows including those to the Middle East and Africa to promote Malaysian products.

"We must redouble our efforts to become a global trader by promoting Malaysian products directly to a wider international market, in particular non-traditional markets," Prime Minister Datuk Seri Dr Mahathir Mohamad said in his Budget 2004 speech yesterday.

He said Matrade would bring in expertise from the private sector in the promotion of exports.

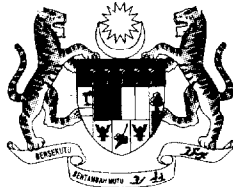
In addition, the government would also encourage private sector initiatives to establish trading houses for Malaysian exports.

"The Government will identify and assist capable individuals and private companies to undertake these initiatives," Dr Mahathir said.

On the promoting the domestic private sector as the engine of growth, he said the domestic sector must make a "quantum leap" to become the nation's investor, producer and exporter.

"Our domestic private sector must develop and produce Malaysian brands of world-class quality, able to penetrate international markets.

"We must export goods, which we produce ourselves. We must promote private sector initiatives to produce



BUDGET 2004

local products with high value creation, beginning from our own research findings to utilising local components as well as domestic logistics.

"This will ensure wider spin-off effects and higher wealth creation for all Malaysians," he said.

Dr Mahathir said the country must be "bold enough" to transform the economy from being foreign direct investment (FDI)-driven to domestic-led investment.

Although FDI had been a major contributor to the country's growth in the past particularly in the manufacturing sector, these foreign companies in Malaysia had financed their investments largely from Malaysia's domestic sources.

"As such, the inflow of foreign capital into the country is actually smaller than perceived. Furthermore, these

companies do not produce Malaysian brands, have low backward and forward linkages and utilise foreign technology developed abroad," he said.

The main contribution of FDI had only been in terms of job creation, he said, but since Malaysia was experiencing full employment, FDI would only benefit foreign workers.

To further develop private venture capital companies, Dr Mahathir said the fund for Malaysian Venture Capital Management (Mavcap) would be increased by RM300mil to RM800mil.

The Government has also established the Malaysian Debt Venture (MDV) with a fund of RM650mil and the Malaysian Technology Development Corp (MTDC) with a fund of RM1bil to finance investment in areas such as logistics and modernisation of agriculture.

Malaysian Venture Capital Association chairman Chok Kwee Bee welcomed the government's move to provide funds to Mavcap and the MTDC to further develop the private venture capital companies.

"This would certainly enhance the development of private venture capitals as well as nurture more players in the venture capital industry," she said in a statement.

The tax exemption for venture capital management companies on income received from profit sharing agreements would encourage venture capital to perform better, she added.