

13 OCT 2003

GERMANY-MALAYSIA

BIZ COUNCIL URGES QUICK FOLLOW-UP TO SCHROEDER'S MALAYSIA VISIT

By: Manik Mehta

BERLIN, Oct 13 (Bernama) -- There is an urgent need to follow up the recent visit by German Chancellor Gerhard Schroeder to Malaysia.

The visit has generated considerable interest among Malaysians who see Germany as an attractive investment site, say German experts.

The Hamburg-based Asia Pacific Business Council, popularly known by its German acronym OAV, stated in its latest October report that while Schroeder's visit provided a strong political impetus to bilateral German-Malaysian relations, it was now up to the German industry to take urgent follow-up action.

It reported the German ambassador to Malaysia, Juergen Staks, provided a "very positive" assessment of German-Malaysian relations during an OAV meeting of the Malaysia committee.

The creation of a new bilateral economic committee, a result of Schroeder's visit, is seen from the viewpoint of industry representatives as an "important step" to improve Germany's position while bidding for large projects in Malaysia.

The OAV maintained that the fundamental conditions of German-Malaysian economic relations were not going to change after Prime Minister Datuk Seri Dr Mahathir Mohamad retires.

Germany expects Prime Minister designate Datuk Seri Abdullah Ahmad Badawi to maintain a political continuity.

The OAV said it expected elections to take place soon after the transition from Dr Mahathir to Abdullah, who could benefit from the pro-Dr Mahathir sentiments and give the ruling UMNO party a stable majority.

"The economic development in Malaysia continues to have a positive run, thanks to a stable domestic demand and growing exports," the OAV reported.

German exports to Malaysia have also developed in a dynamic manner and the investments have been growing in a slow but solid manner.

Besides bagging big projects, Germany's small and medium-sized companies have been successful in a number of sectors such as, for example, in the automotive parts and accessories industry.

The OAV pointed out, however, that German companies had not fully tapped the opportunities available in some niche sectors.

"The role of Malaysia as a regional site is being increasingly appreciated, after DHL/Danzas set up a unit in January 2003, (German car manufacturer) BMW is also establishing in Malaysia a logistics centre for the entire Asia-Pacific region," the OAV said.

"In order to effectively take advantage of Malaysia's attributes as an attractive site, cooperation in Asean must also intensify," said the OAV.

In order to push cooperation, it would be necessary to exercise pressure on the part of foreign economies; from the political side, the European Union had already pointed to the need to quickly enforce AFTA (Asean Free Trade Area).

As a result of the missing dynamics in this context, Malaysia seemed to be relying less on cooperating with the regional group and depending increasingly on "Asean+3" group dominated by China.

This would be a realisation of Dr Mahathir's dream of a strong East Asian Economic Caucus (EAEC). This grouping, created in the early 1990s at the initiative of Malaysia as a counterweight to the Western dominated APEC group, was degraded to a purely consultative forum, observed the OAV.

But Asean had proved its mettle this year, particularly in security

issues, with the formation of the South East Asian Centre for Counter-Terrorism. Because of its open borders and easily accessible sensitive zones, Malaysia has shown keen interest in a stable security situation in the region.

In an effort to attract foreign investments, Malaysia had eased its investment equities guidelines. The new investment law even offers the possibility of a 100 percent foreign ownership in certain areas of the manufacturing sector and those interested have been urged to contact the office of the Malaysian Investment Development Authority (MIDA). -- BERNAMA

MM TJK