

02/03/2003

NAM: Hodgepodge of interests, benefits

Munir Majid

The Economic Front

THE Business Forum during the summit was the first, again a laudable Malaysian initiative. It is now likely to be a feature of future NAM summits. There is now a website, [www.nambisnet.com](http://www.nambisnet.com), for information on potential business prospects.

There is, of course, a long way to go, especially in the field of investment among NAM members, indeed even in intra-NAM trade.

The levels of development among NAM members are so hugely different and they are all too often in competition for the investment dollar.

But the diversity also provides opportunity, if there is better information and a greater confidence in the safety of investment. Dr Mahathir, in his keynote address at the Business Forum, drew attention to the need to provide a certainty and a legal framework to encourage trade and investment.

Reversal of policy by succeeding governments does not encourage future inward investment flow into that country.

At a time when global FDI (Foreign Direct Investment) flow has shrunk by over 50 per cent, an unattractive investment destination would be parched of development funds, without even the ameliorative effect of any intra-NAM flows.

There is, therefore, a need to develop a NAM multilateral investment framework, including an investment dispute settlement mechanism, to give a sense of confidence and security to intra-movement trade and investment.

The different stages of development within the movement afford opportunities to take advantage of different factor endowments and costs of production. Better information and greater confidence would aid the process of reaping the economic benefits.

Malaysia has good experience on both the trade and investment fronts with NAM members. For example, Malaysia's trade with NAM members has grown significantly over the past decade from RM61 billion to RM194.7 billion last year. Many Malaysian companies have significant investments in Africa and poorer Asian NAM countries.

At different regional levels within NAM, where political differences have not interceded, as Indian Prime Minister Vajpayee implied in his speech at the Forum has happened with the SAARC (South Asian Association for Regional Co-operation), there is also a body of experience of the benefits and problems of trade and investment among South countries, which could be shared across the movement, as NAM tries to improve economic co-operation among its members.

After the successful 13th NAM Summit in our country, there is now plenty to do on both the political and economic fronts.