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Boosting South-South Links

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YET another initiative to enhance trade and investment links between Asia and Africa has been taken with the establishment of a consortium called Utas Asia Sdn Bhd.

Utas, the acronym for United Trans Africa Services, was established in November 2001 by a group of local businessmen at the suggestion of Datuk J Jegathesan, the senior investment and technology adviser to the UN Industrial Development Organisation's (Unido) Asia-Africa Investment & Technology Promotion Centre and Unctad. He is also an advocate of trade with Africa along the South-South cooperation concept promoted by Prime Minister Datuk Seri Dr Mahathir Mohamad.

'Utas is a private limited company with about 10 local partners and a paid-up capital of RM600,000. The partners come from various fields of businesses - tourism, logistics, agriculture, education, etc. The consortium has started some business in Zimbabwe and is now looking at opportunities in countries like Senegal, Tanzania and Ghana,' says Pardip Kumar, the chairman of Utas.

The company's main aim is to promote trade and investment between the two continents as well as venture into viable projects. It hopes to do that by gathering intelligence and establishing contacts with counterparts in Africa.

Utas will source for products from the region to sell in Africa and vice versa. 'At the moment African countries are buying mostly from Europe at high prices. Interestingly, most of the goods from Europe are made in Asian countries. That makes our goods less competitive going through Europe. So we want to focus on moving Malaysian-made products directly, followed later with products from other Asian countries,' Pardip says.

The company has exported about RM2.5 million worth of goods and has taken a minority stake in two projects in Zimbabwe - a cotton ginning project near Harare and an information technology institute in collaboration with the University of Zimbabwe.

Utas' Singapore shareholder has already shipped seven containers of electronic products to Zimbabwe. 'There is a big market to explore. We are a little bit conservative but with a decent size of investment and a little risk, we could open up a lot more opportunities there,' says Pardip.

Utas' present shareholders include Pardip's Grand Paradise Holdings Sdn Bhd, Instant Group of Companies, Inbam Holdings Sdn Bhd, Anstead Institute, Transworld Star Sdn Bhd, Setia Air Cond Electrical Sdn Bhd, Cabletron Electronic Sdn Bhd, Integrated Logistics Bhd, Consolidated Farms Bhd and Singapore-based T.B.S International (S) Pte Ltd.

Jegathesan told Malaysian Business last December that he proposed the idea of Utas after noticing the interest expressed by a business mission from Zimbabwe to Kuala Lumpur led by Metropolitan Bank chairman Enoch Kamushinda. He gathered some local businessmen friends who then went to a few African countries to scout for opportunities. Many came back impressed with what they saw and subsequently established Utas.

Utas aims to be a vehicle for businessmen from both continents to forge ties and partnerships and to take advantage of trade and investment opportunities in the two continents. The company has two African shareholders - Metropolitan Bank of Zimbabwe Ltd and Zimbabwe Asia Corporation (ZAC), a general trading company - to assist in market

intelligence and networking with the government and private sectors.

With its African partners, Utas has established the Zimbabwe Asia Expo Centre in Kuala Lumpur, which showcases Zimbabwean products.

'We provide the bridge for African businessmen to invest and buy products from Asia. That is the purpose of the Zimbabwe Asia Expo Centre and the reason for our establishment,' Pardip explains.

Utas is now moving purposefully to look at trading opportunities that have so far been constrained by the acute currency problem in Zimbabwe, where a parallel market exists for the country's currency. The government has stabilised the currency by pegging the Zimbabwe currency to the US dollar since March.

'Our analysis shows there is a need for Malaysian-made products that we can supply to African countries. Pricing is reasonably competitive. We just need to get our network going more aggressively,' says Pardip. The company is looking into setting up an Asian products expo centre in Senegal to tap opportunities there. Last March, Utas' counterparts in Singapore opened a Kuala Lumpur-styled expo centre in the city-state.

Pardip admits that trade and investment activity has been slow to take off but with the currency situation now under control in Zimbabwe, Utas and ZAC are exploring the sourcing for and trading of African goods in Malaysia and the region within the next six months.

'We feel African commodities like tobacco, tea, cotton, handicrafts and granite have a big market in the region. We are trying to put together a mechanism to get these products here. Very few Asian countries have been doing serious trading with Africa, especially in terms of purchasing. Our homework tells us we should be able to move these products into this region soon, and we have had some good inquiries from Malaysia, Thailand and Singapore,' says Pardip.

Utas' move into Africa could help boost investment and trade relations between Malaysia and Africa. After an initial spurt of investments by large Malaysian companies, like Telekom Malaysia Bhd, Petroliam Nasional Bhd and Renong Bhd, into Cameroon, Ghana, Gabon, Guinea, Sudan and South Africa and trading forays by the Malaysia South-South Corporation, interest in the continent has been waning in favour of trade and investment opportunities in China and India.

'We have been to Zimbabwe twice and feel things there are reasonably stable and not as bad as portrayed in the media. We hope things would stabilise after the Iraq war and the SARS problem. We have had a lot of good inquiries from African countries. Now it's a matter of executing the inquiries,' says Pardip.

Anstead Institute, which is investing RM230,000 to establish an information technology (IT) college in collaboration with the University of Zimbabwe, is already planning to move into assembly and distribution of personal computers.

'We will source components from Malaysia and assemble and market about 1,000-2,000 computers in Zimbabwe with business partners. We plan to come up with our own brand,' says Anstead chief executive officer Dr P Krishnasamy.

Anstead's IT college has enrolled 250 students, with classes expected to begin in May. The college plans to increase its enrolment to about 2,000 students when in full operations. Anstead plans to franchise its programmes to neighbouring countries like Uganda, Ghana and Botswana.

Utas currently has six directors and three full-time employees. There has been strong interest from Singapore about Utas' activities and services but the lack of knowledge on the company has limited its growth.

Utas has been using the network of African embassies in Malaysia and abroad to create awareness of the company. The company also undertakes its

own e-mail marketing and some direct marketing.

Utas has big plans but it may require a lot more effort to achieve its aims. Nevertheless, Pardip is upbeat about the company's prospects. 'We are now going through the development phase like any other company, but patience will pay,' he says.

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