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BY
SPEECH ~~FOR~~ YAB TIMBALAN PERDANA
MENTERI/MENTERI PERDAGANGAN DAN
PERINDUSTRIAN, ON THE OCCASION OF
THE OFFICIAL OPENING OF THE THIRD
ASIAN MEETING TO PROMOTE INDUSTRIAL
PROJECTS AT NIRWANA BALLROOM,
KUALA LUMPUR HILTON ON 14TH
NOVEMBER, 1973 AT 10.00 A.M.

Chairman of the Government Organising Committee
Encik Jamil Jan,

Mr. Leguay, Director, Industrial Policies
and Programming of UNIDO,

Excellencies,

Distinguished Delegates,

Ladies and Gentlemen,

1. It gives me great pleasure to be here today to officially declare open this Third Asian Meeting to promote industrial projects. On behalf of the Malaysian Government, I would like to bid welcome to all participants and also to all the members of UNIDO from Vienna. I would also like to take this opportunity on behalf of the Malaysian Government and all participants at this meeting to thank UNIDO for its efforts in making this occasion possible.

2. During a period in the history of our world where in many areas man is involved in confrontation and hostilities, this meeting to promote joint ventures between companies from developed and developing countries is most significant. It is also significant that if we work towards the mutual benefit of all concerned, the kind of links that are being established in commerce and industry are those that will undoubtedly last the longest and bring about the greatest benefits to the most number of people.
3. All of you who have come to Malaysia from abroad from both developed and developing countries are seeking partners for the establishment

of joint venture projects. In this respect, I see Malaysia as a "bridal chamber" with UNIDO playing the role of the match-maker between potential partners from different parts of the world. I am sure that many useful contacts will be made and will result in concrete projects. I also sincerely hope that some industrial joint venture "marriages" will be consummated in Malaysia during this period.

4. These Asian Meetings to promote joint-ventures which are being sponsored by UNIDO are significant in that they represent a form of development that will increasingly influence the future development of industries around the world.

● This is a movement which all companies in developed countries should take note of. All of you, I am sure, at one time or another would have come across the expression that the production of goods and services should be undertaken in areas where there is the greatest comparative advantage. This is an economic theory propounded decades ago. However, it has for long only remained as a theory. During the colonial days (if I may use that expression) the structure of world manufacturing and trade was designed to favour the colonial masters. The developing countries were used as huge plantations, mines, and markets and the least possible processing or manufacturing was undertaken in these areas despite the obvious

economic advantage of such operations within the developing countries. The situation was such where raw materials were sent to developed countries and the same raw materials returned to developing countries in finished forms.

5. However, the situation is slowly but surely changing. With independence, developing countries are asserting their economic rights and also demanding for what can be called "a piece of the action". This awakening of developing countries and their assertion of economic independence has brought and is still continuing to bring about the establishment of import substitution industries within these countries.

There is no doubt that in this new trend, there is again the contradiction of the comparative advantage theory as some products that could perhaps be most economically be manufactured in developed countries are being manufactured in developing countries behind high protective tariff barriers and other restrictions. One might well regard this as the "backlash" effect of history.

6. However, simultaneously, we see the emergence of a new type of economics where the theory of comparative advantage is beginning to assert itself. This is in the field of export oriented industries. In many developed countries, companies are facing problems

relating to the spiralling costs of labour, industrial relations problems, problems relating to availability of raw materials, transportation costs, high costs of pollution control, etc. These pressures on companies in developed countries are forcing them to look to developing countries to find bases where they can manufacture their products most efficiently to supply the international markets. We have seen this development very dramatically in the electronics industry and we are now witnessing this development in other industries where labour or raw material availability are crucial factors. Everyday, the list of such industries seeking locations in developing countries is growing.

It appears, therefore, that the law of comparative advantage is now slowly becoming a fact of life and benefits will accrue equally to both the developed and developing countries with the formation of mutually beneficial joint venture projects.

7. Within the context of the above, it is now up to developing countries to put their best foot forward and to organise and develop their investment climates. Only if this is done in a rational and coherent manner will companies in capital exporting countries be able to make their investment decisions with more confidence on the ability of developing nations to meet this challenge of the future.

Ladies and Gentlemen,

8. As I have said earlier, we are now setting the pattern of future manufacturing activity in the world and I would like to urge companies, in capital exporting countries to look to developing countries as their partners in development, so that developing nations can also share in the benefits that accrue out of manufacturing activities and international trade. There is no doubt, in my mind, that the companies that are hesitant in investigating possibilities of export operations from developing countries and those who are blind to the trends taking place in world economic development will be left behind and will

surely lose whatever established markets they have, not only in the developing countries but also in their own developed countries.

9. While on the subject of the inflow of foreign investment into developing countries, one very important factor is the setting up of mutually beneficial joint venture projects. Different countries will have different attitudes and policies to this very same question, but I am sure all such policies are aimed at meeting the national aspirations of the people in those nations.

10. As far as Malaysia is concerned, I wish to state quite categorically that Malaysia welcomes foreign private investments into the

manufacturing sector. Malaysia seeks the know-how, advanced technology and managerial skills, the training of Malaysian technical personnel, access to overseas markets and to a certain extent capital which foreign investments can bring in. Foreign investors with viable projects can rest assured that they will have no difficulty in finding Malaysians with sufficient capital for the formation of joint ventures. Due to the fact that the manufacturing sector plays a predominant role in the achievement of the various targets laid down in the Second Malaysia Plan, the Government is giving top priority to industrial development and to create an investment climate conducive to the speedy establishment and healthy growth of industry.

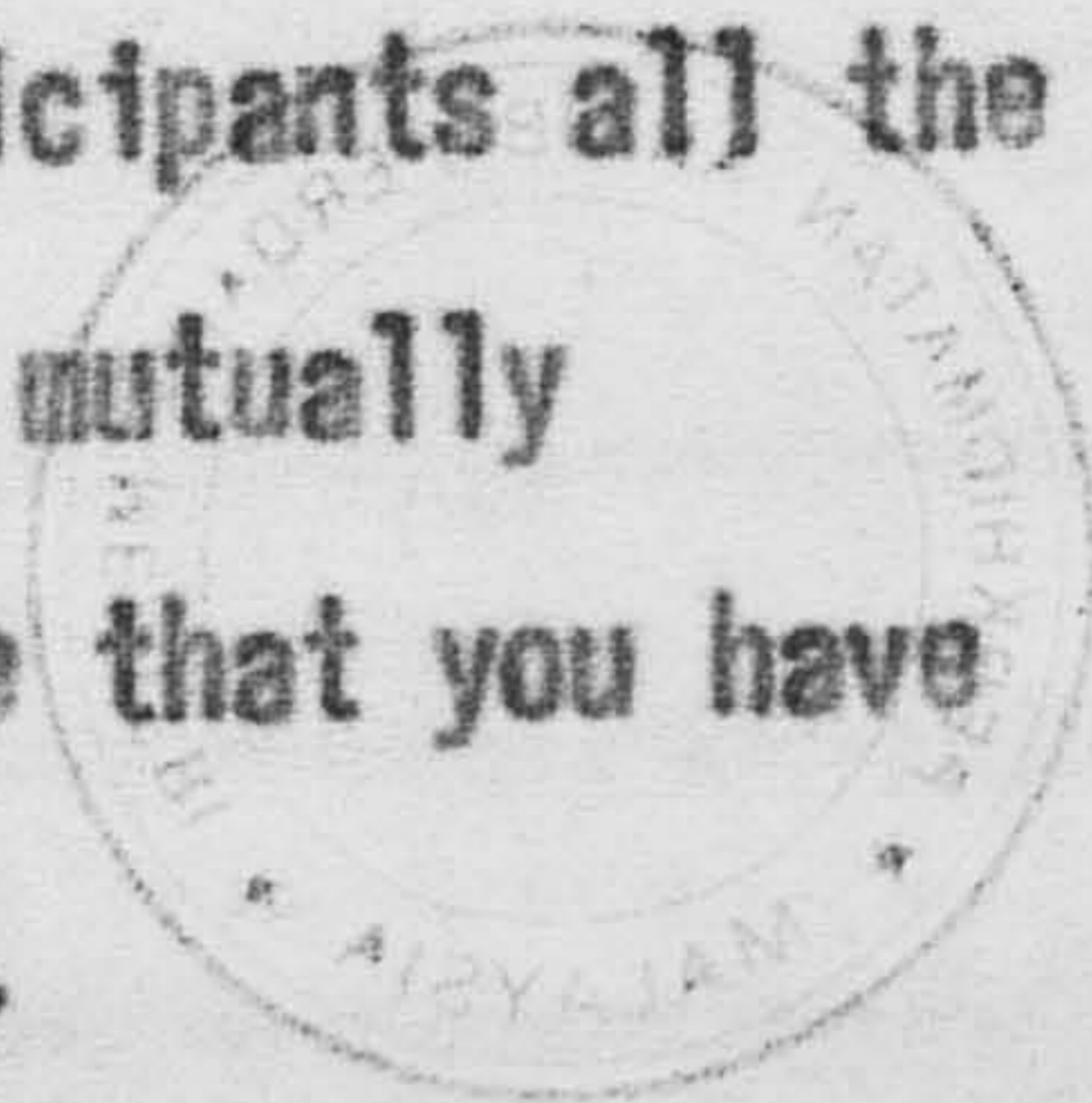
It is significant to note that companies from more than 30 countries have invested in various manufacturing projects in Malaysia: these bear eloquent testimony to our attitude of welcome to foreign investments.

11. Needless to say the inflow of foreign investments into Malaysia should be mutually beneficial to the foreign companies and to Malaysia. We feel that the best way to maximise this is through the formation of joint venture projects with Malaysian parties.

12. I wish to conclude by saying that I am proud that Malaysia is able to play a small role in accelerating this trend in world economic development especially towards the

establishment of joint ventures in developing countries, by hosting this Third Asian Meeting sponsored by UNIDO. I understand that a very intensive programme has been drawn up for all of you during these period of your stay here and that these include several social functions and sight-seeing tours where you will be able to see more of Malaysia and mix with Malaysians outside the confines of the conference rooms.

13. May I wish all participants all the best in their efforts to find mutually satisfactory partners and hope that you have a very happy stay in Malaysia.



Thank you.

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