

China ties: 30 years on

'We value friendship with KL'

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CHINA appreciates that Prime Minister Datuk Seri Abdullah Ahmad Badawi chose China as the first country outside Asean to visit since assuming office.

Chinese Prime Minister Wen Jiabao said yesterday this demonstrated the value Malaysia places on friendly relations with China. "Your visit is of great significance," he said, reminding his audience that Abdullah had also visited China last year before becoming Malaysia's fifth Prime Minister.

"We know each other, and it is a great pleasure to meet you again," he said at the start of bilateral talks at the Great Hall of the People.

Abdullah is on a five-day official visit to China, which also marks the 30th anniversary of diplomatic relations between the two countries. But contacts between Malaysia and China can be traced back 600 years;

In response, Abdullah expressed his thanks and appreciation for the hospitality extended to the delegation and said he was "happy to be back here again".

Abdullah noted that it was not the first visit for many members of the delegation, "and for myself I am happy that I am coming

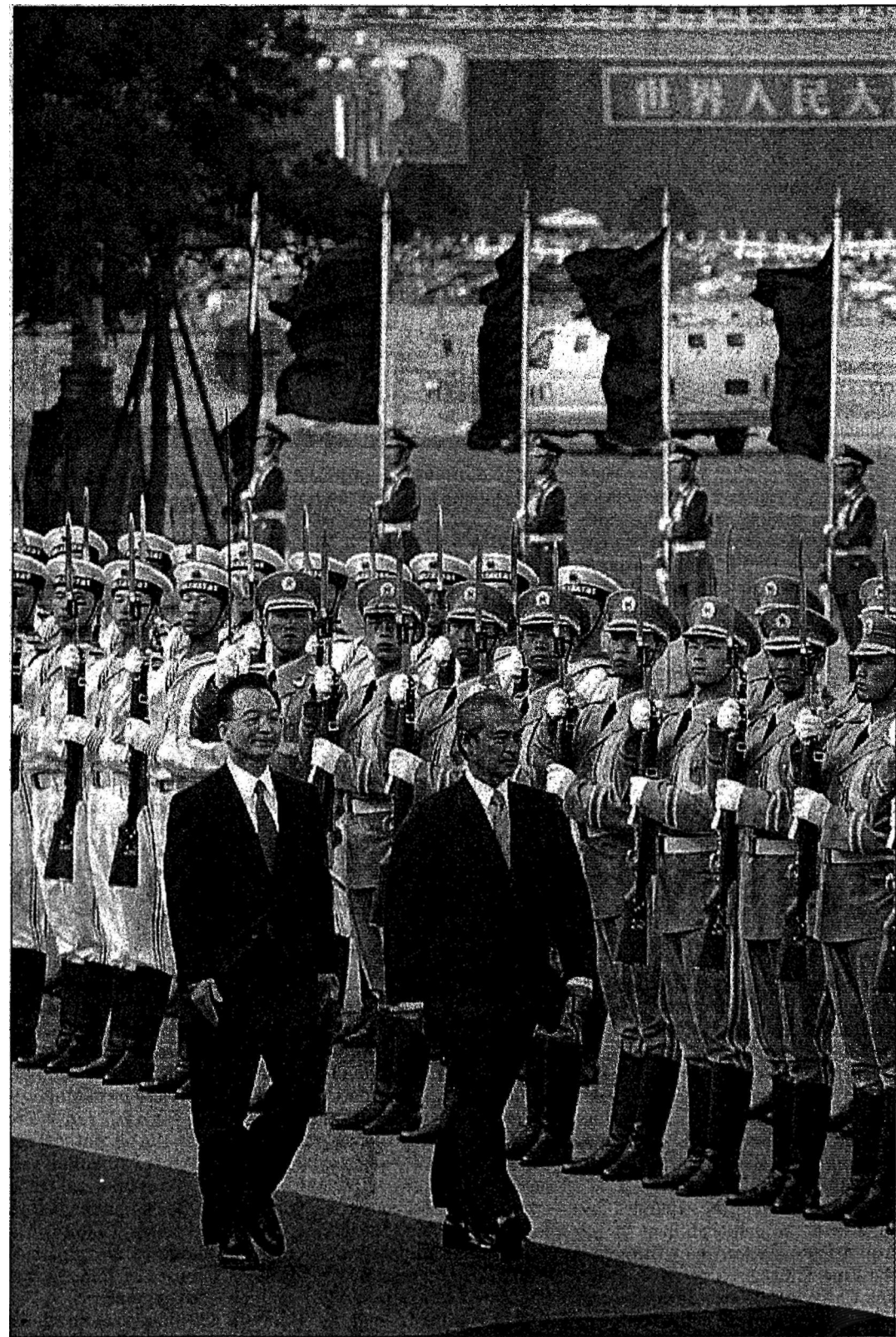
here again in a different capacity".

"I am happy to meet you. And I know that this meeting will further expand our bilateral relations and strengthen economic, political and social co-operation."

Ministers and senior members of the Chinese Government attended the bilateral talks. The two Prime Ministers later witnessed the signing of four memorandums of understanding between the two Governments and six memorandums of agreement between the private sectors of the two countries.

The MoUs between the two Governments are in education, diplomacy and international relations; on the WTO Agreement on Technical Barriers; Sanitary and Phytosanitary Co-operation; and between the Chinese Association of Mayors and the Malaysia-China Business Council.

The memorandums of agreement are with Pharma Niaga in pharmaceuticals; Pati Herba for a research and development centre, in Biovail; a group of Malaysian companies for the 500Kv "Missing Link" project in Malaysia; the handover of a High-Energy X-ray accelerator from Nuctech Company to University Technology Malaysia; and two by Astro with China International Television Corporation' and



WELCOME: Abdullah and Wen reviewing a guard of honour at Tiananmen Square yesterday. -AP picture

PM outlines five areas for co-operation

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the China Film Group.

Earlier, at the Malaysia-China Business Dialogue, Abdullah also witnessed the signing of 28 MOUs by the two countries' private sectors.

The Prime Minister reminded the parties involved that they should "put into effect all the points of agreement they have entered into. If they do not, it will not be good for their business or for their reputation".

In his speech at the opening of the Malaysia-China Business Dialogue, Abdullah said five areas - construction; information and communications technology and biotechnology; education; healthcare services and franchise arrangements — as areas of business co-operation with China.

These five sectors could offer wider collaboration, he said.

Elaborating, Abdullah said in the healthcare sector Malaysia offered a wide range of specialist services equipped with state-of-the-art medical facilities and equipment.

Business visitors and tourists could

take advantage of their time in Malaysia to receive dental treatment, health screening, cosmetic surgery or visit health spas.

The combined market of China and Asean would generate more investment opportunities for entrepreneurs and businesses from the two countries and they should take advantage of it, Abdullah said.

The market would be expanded further with the establishment of the Asean Free Trade Area (Afta). And the Free Trade Area between Asean and China by 2010 would open up an even larger market for the businessmen from Malaysia and China.

Malaysian and Chinese businessmen could also set up joint ventures in third countries. Construction and professional services lend themselves for this as Malaysian companies have experience and a good track record not only within Malaysia but also in West Asia, India and Africa.

There is much complementarity between the two countries and there are many similarities in economic characteristics that lend themselves to

greater collaboration and co-operation,

Malaysia, Abdullah said, was aware that China's importance as a business partner extended well beyond bilateral considerations. With its entry into the WTO and progressively completing its integration into the multilateral trading system, China is set to play a pivotal role, in creating new economic opportunities for the region and the world.

The Prime Minister said Malaysia's cumulative investments in China as of 2003 totalled US\$3.1 billion (RM11.7 billion), making Malaysia the 16th largest foreign investor in China.

Meanwhile, Chinese investments in 108 approved projects in Malaysia were valued at US\$1.1 billion.

Abdullah said potential investors should look at Malaysia in the context of the Asean market.

Last year Malaysia accounted for 24.7 per cent of intra-Asean trade valued at US\$160.1 billion. Intra-Asean trade is on the uptrend and set to gather momentum with Afta.

The trade relationship is important for both countries and there is room for further expansion. China can source much of its consumer, intermediate, and industrial goods and services from Malaysia.

"Malaysia can be a reliable supplier of palm oil, natural rubber, cocoa and pepper," Abdullah said.

Total bilateral trade was valued at US\$14.1 billion last year and in global terms, China is Malaysia's fourth largest trading partner, sixth-largest source of imports, and 13th largest export market.

Malaysia, on the other hand, is China's seventh-largest trading partner, accounting for some 4.6 per cent of the country's total trade.

The Prime Minister said "there exist very good reasons for Malaysia and China to be doing much more business with each other, not only in the future but right now".

Malaysia was determined to provide a cost-competitive environment for foreign investors, those from China included. Malaysia is a "safe and competitive investment destination,"

the Prime Minister assured the businessmen, adding that it was "also a good place to do business".

Malaysia registered GDP growth of 5.2 per cent in 2003 on the back of low inflation, low unemployment and strong reserves. This year the economy is expected to expand by 5.5 to six per cent. In the first quarter GDP growth of 7.6 per cent was above most forecasts.

Abdullah said those wishing to explore investment opportunities in the industrial sector should consider the priorities set out by Malaysia. These include higher-end electronic products, medical devices, engineering supporting industries and automotive components.

'Last night Wen Jiabao hosted a banquet for Abdullah at the Great Hall of the People on Tiananmen Square, where Abdullah received a full ceremonial welcome including a 19-gun salute.

The Malaysian premier then inspected a guard-of-honour.