

**SPEECH BY
YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI
AT THE BUSINESS LUNCHEON - "BUSINESS OPPORTUNITIES IN MALAYSIA
AND VENEZUELA", AT CARACAS, VENEZUELA
18 DECEMBER 2006**

His Excellency Hugo Rafael Chavez Frias,

President of the Bolivarian Republic of Venezuela,

Distinguished guests,

Ladies and Gentlemen,

A very good afternoon and welcome to all of you. First and foremost I must congratulate His Excellency President Chavez on his success in the recent Presidential Elections. I am sure his resounding victory will see the continuation of the pragmatic approach that has been the hallmark of his leadership of this country. In fact, under President Chavez's leadership, Venezuela has recorded impressive growth and is now one of the fastest growing economies in the Americas.

2. Economic growth and political stability are two sides of the same coin. Both President Chavez and I believe that governments need to focus on economic growth. Governments must also ensure that wealth generated from national resources is used to enhance the quality of life of all citizens. The ability of a country to do this is predicated on the social wellbeing of its people and the existence of stability in the domestic political environment. The integrity of leadership is equally essential. Indeed, President Chavez and I share many views in common.

3. I am indeed very pleased to be here in Caracas today, and to be addressing this important gathering of leading business persons. I know that this gathering would not have been possible if not for the hard work of officials from both sides.

4. While Malaysia's economic linkage with Venezuela is growing from strength to strength, there is still much business potential which our private sectors have yet to explore. I am come to Venezuela to reinforce the importance of deepening our bilateral ties.

Excellencies, Ladies and Gentlemen,

5. The Malaysian Government will stay on the course of continued integration of Malaysia into the global economy. This approach has effectively contributed to our economic growth. Total exports, as a percentage of Gross Domestic Product, increased from 77.7 per cent in 1996 to 107.9 per cent in 2005. Imports grew from 77.8 per cent to 87.8 per cent over the same period. Malaysia's strong linkage with the global economy is reflected by its position as the 19th most globalised country, based on A.T. Kearney's 2005 globalisation index.

6. Being such an open economy means that Malaysia must be prepared to face the challenges of increasing global competition. It is for this reason that Malaysia does not leave economic development to chance but to detailed planning. In April this

year, I launched the Ninth Malaysia Plan. This developmental plan is the blueprint of strategies and programmes to realise the economic and social objectives of the country for the period between 2006 to 2010. It focuses on strengthening the existing economic sectors, while generating new knowledge-intensive activities, especially in information and communications technology, biotechnology and the services sectors.

7. In addition to the Ninth Malaysia Plan, my Government has also put in place the Third Industrial Master Plan which is aimed at enhancing Malaysia's long term competitiveness. The two Plans provide a comprehensive guide on Malaysia's national economic development. In particular, the Plans contain provisions to ensure that Malaysia remains an attractive location for foreign direct investment. They are also designed to maintain Malaysia's competitive advantage as a major global trading nation.

8. I am aware that Venezuela, too, is now on the path of greater participation in international trade. I note with interest recent economic developments in Venezuela which focused on external sector improvements, with a focus on a greater degree of openness, including trade and investment liberalisation. The impressive development and rapid wealth creation taking place in Venezuela underscore the benefits that can be reaped from active participation in the international economic system.

9. Indeed, this increasing engagement with the global economy by Malaysia and Venezuela provides more avenues for enhanced economic and business collaboration between our countries. We furthermore have the advantage of geography that we can share with each other. Malaysia is a gateway to the ASEAN region. Venezuela is a springboard to the South American markets. The facts speak for themselves.

10. Malaysia shares borders with almost all the ASEAN member countries, which has a combined population of 550 million people and G.D.P of nearly US\$800 billion.

11. Venezuela, in its role as a full member of the MERCUSOR, provides an important channel to the South American market of more than 220 million people and a combined annual G.D.P of more than one trillion dollars. Just as ASEAN completes its duty elimination programme by 2010 for its original six members, and by 2015 for its newer members, MERCUSOR is making every effort to achieve a free trade area by 2013.

Excellencies, Ladies and Gentlemen,

12. Given the size of the regional markets that Malaysia and Venezuela have access to, it is unfortunate that trade and investment between us is limited. In 2005, Malaysia's trade with Venezuela totalled only U.S\$39.6 million. Malaysia's exports to Venezuela totalled only U.S\$25 million, and imports only U.S\$14.6 million.

13. The bulk of the items traded between our countries consist of electrical and electronic products. In 2005, these products accounted for more than a quarter of Malaysia's exports to Venezuela. Similarly, 81.9 per cent of Malaysia's total imports from Venezuela comprised electrical and electronic products. I hope therefore that the business networking session today will lay the foundation not only for expanding the volume of trading between our countries but also for expanding the trade base.

14. Indeed, Venezuela is now Malaysia's 6th largest trading partner in South America. But this trade with Venezuela accounts for only 0.02 per cent of Malaysia's global trade. Please therefore use this occasion to explore the real potential for expanding the volume and value of trade between Malaysia and Venezuela.

15. I note that the situation is about the same on the investment front. Malaysia's investments in Venezuela are mainly confined to oil and gas. I know that PETRONAS, Malaysia's national petroleum company, is engaged in the purchase and redistribution of petroleum from Venezuela. Another Malaysian company is involved in the oil and gas services industry. Clearly, there is much more that can be done in the area of investment. Some sectors that may be of interest to Venezuelan investors in Malaysia are the following:

- biotechnology, pharmaceuticals and advanced electronics;
- palm oil, wood and non-metallic minerals;
- machinery, components and parts.

Excellencies, Ladies and Gentlemen,

16. I have been informed that many Malaysian companies are keen to enter the services sector of Venezuela. We must capitalise on our complementarities in services. I suggest we explore possibilities in information and communications technology, tourism, construction services, education and health.

17. Let me elaborate a little on two services sectors we can explore further for mutual benefit, namely the ICT and tourism sectors. The Malaysian Government accords special incentives for the promotion of the ICT sector. The Multimedia Super Corridor, or M.S.C Malaysia, is leading the way for investments in this sector. We should capitalise on our strengths in this sector so that we complement the manufacturing with the services sector.

18. Malaysia celebrates 50 years of its independence next year in 2007. The tourism sector will get an additional boost under the special programmes for Visit Malaysia Year 2007. On its own, tourism and its related services will always present itself as a sector that has massive potential for both Malaysian and Venezuelan service providers. I am well aware that tourism services are also strong in Venezuela. I am confident there is much that we can learn from each other, and do more together in the tourism sector.

19. I must reiterate that both the Government and private sectors have their respective roles in facilitating trade and investment. On the government side, we must make progress on the Investment Guarantee Agreement. I believe work on that Agreement has commenced. I hope we can finalize it soon.

20. Malaysian is determined to keep the momentum. Next year, 2007, the Malaysian Ministry of International Trade and Industry will come back to Venezuela on a General Marketing Mission and Trade Promotional Visit. I urge the private sectors of both countries to actively participate in these events. They will definitely be useful in identifying new opportunities for trade and investment.

Excellencies, Ladies and Gentlemen,

21. In August this year, when President Chavez and I met in Kuala Lumpur, we had exchanged ideas on how trade and investment can be expanded. One such idea was the possibility of setting-up a Malaysia-Venezuela Joint Business Development Council to encourage the business communities of both countries to collaborate. Physical distance between us had posed a challenge to the deepening of our trade and investment relations. I am confident that, before long, the Malaysia-Venezuela Joint Business Development Council can become a reality and help resolve this challenge.

22. The Council can facilitate the strategic sharing of expertise and resources. It can build on the strong regional and global networks enjoyed by both our economies. We can make use of the Council to expand trade and investment opportunities well beyond our respective national boundaries.

Excellencies, Ladies and Gentlemen,

23. At the governmental level, Malaysia and Venezuela have cooperated in various international fora including the United Nations, Non-Aligned Movement, the G-15, the G-77 and the World Trade Organisation. I am sure Venezuela agrees with Malaysia that a successful Doha Round will spur economic growth and offer tangible means to reduce poverty globally. Indeed, Malaysia and Venezuela must continue to collaborate on all fronts, whether bilateral, regional or multilateral.

24. This opportunity to interact with the Venezuelan business community is an important part of my visit to this great country. It is important because, ultimately, it is the members of the private sector who can translate Government initiatives into business reality.

I thank you for your attention.