

**SPEECH BY
YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI
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Excellencies, Ladies and Gentlemen,
Assalamualaikum, and a very good afternoon to all.

I am very pleased to be here in Khartoum on the first leg of my current visit to three countries in Africa. As Prime Minister, this is my first visit to Sudan. But, it is very much a part of Malaysia's continuing attention to the enhancement of its relations with African countries, particularly in the economic sphere. With Sudan, there is the added dimension of our desire to develop close cooperation as fellow members of the Organization of Islamic Conference.

2. I have come here at a time when Malaysia is celebrating its 50 years of independence. Indeed, we have much to celebrate. Fifty years ago, we were merely the largest producer of rubber and tin in the world. Today, Malaysia produces palm oil on an industrial scale and leads as an exporter of many manufactured products as well as services. The World Trade Organization ranks Malaysia as the 19th largest trading nation, the 19th largest exporter and the 24th largest importer in the international trading system. This would not have been possible if Malaysia had not enjoyed peace and stability over the last five decades of its existence as a sovereign nation.

Excellencies, Ladies and Gentlemen,

3. It gives me great pleasure to be here at this seminar to address this gathering of business persons from both Malaysia and Sudan. I know that the level of engagement between the Malaysian and Sudanese business community is already very high. This is particularly so in the oil, gas, and construction industries. We can be proud of the achievements we have made in these areas. But I would like to see diversification and expansion of the business relationship into other spheres of trade and investment. This is why I consider this meeting with the business community very important. There is definitely more that we can do together.

4. As I have indicated, Sudan is indeed a significant trade and investment partner for Malaysia in the North African region. In 2006, Sudan was Malaysia's 16th largest export destination in Africa. Total trade amounted to USD 51.9 million, with exports valued at USD 51.7 million. Malaysia's major exports to Sudan were metal products, palm oil, electric and electronics, and machinery.

5. In terms of investments, Malaysia's national oil company, PETRONAS and its affiliates have a strong presence in Sudan. We in Malaysia are very proud of the company's excellent record as a responsible corporate citizen. In this country, I must commend PETRONAS for its involvement in capacity building and human capital development through the award of scholarships and other forms of technical training for Sudan nationals.

6. Another Malaysian corporation, the Malaysian International Shipping Corporation (MISC), has also made inroads into Sudan. M.I.S.C and Keer Trans, a Sudanese transport and forwarding company, have been in collaboration since January 2005, providing integrated logistics services in Sudan, covering freight forwarding, warehousing and distribution.

7. Yet another Malaysian venture, Alami Oil Products, is involved in the manufacture and processing of palm oil products at the Port of Sudan. I have been informed that the company had recently obtained further approval from the authorities in Sudan to build a facility for storage of palm oil in bulk.

8. There are, furthermore, many Malaysian companies currently involved in construction projects throughout Sudan.

9. All these show that Sudan's potential as a partner for economic and social development is already a matter of fact. What we need to do from now onwards is to build upon, and exploit to the fullest, the complementarities that exist between Malaysia and Sudan in the area of trade, investment and other mutually beneficial economic ventures.

Excellencies, Ladies and Gentlemen,

10. It is also a fact that Malaysia and Sudan have long established cultural and religious linkages which have grown stronger over the years. This provides us with another avenue for collaboration, namely the promotion of Halal products and services, where both countries have a distinct advantage. The possibilities in this regard are substantial, not merely in the context of the global Muslim community but also the non Muslim world. We know that Halal products and services are readily accepted everywhere so long as they meet global standards of quality, product and service integrity. Of course, they must also conform to the market requirements pertaining to safety standards and care for the environment.

11. In this context, the Malaysian Halal Standard and the Malaysian Halal Logo reflect the meeting of requirements of Syariah laws and regulations pertaining to Halal products and services, as well as market place requirements, such as standards certification, Good Manufacturing Practice and Good Hygiene Practice, Codex Alimentarius and HACCP (Hazard Analysis and Critical Control Point) pertaining to food safety.

12. The Malaysian International Halal Showcase, or MIHAS, now held in Malaysia annually, has become an important platform for promoting business and trade in halal products and services. For the fourth consecutive year, Malaysia will host MIHAS in Kuala Lumpur from 9 to 13 May 2007. This exhibition will display halal products and services from more than 500 companies world-wide. Malaysia will also be hosting the World Halal Forum from 7 to 8 May 2007. These two events will provide an excellent opportunity to promote and strengthen the application of halal precepts throughout the entire value chain of products. I would like to extend my personal invitation to the Sudanese business community to come to Malaysia and participate in these two events.

13. As fellow members of the O.I.C, Malaysia and Sudan can assume important roles in facilitating trade liberalisation through initiatives such as the Trade Preferential System among O.I.C Member Countries, or TPS-O.I.C. As firm believers in economic

development and global trade, Malaysia and Sudan have much to contribute to trade expansion, not only between our two countries, but also within the O.I.C.

14. I say this with much conviction, based on Malaysia's experience. Malaysia's total trade with O.I.C countries in 2006 expanded by 22.9 per cent to reach USD 22.7 billion compared with 2005. In 2006, Malaysia's exports to O.I.C countries amounted to USD 11.8 billion, an increase of 17 percent over the 2005 total of USD 10.1 billion.

15. More than 60 per cent of the exports were manufactured products, with the electrical and electronic products constituting the largest share. Other major export items include palm oil, chemicals and chemical products, jewelry as well as machinery, appliances and parts.

16. In 2006, Malaysia's imports from this region increased by 30 per cent to USD 10.9 billion, compared with USD 8.4 billion in 2005. Major imports were crude petroleum, refined petroleum products, chemicals and chemical products, manufactures of metal, and electric and electronic products.

17. Quite clearly, therefore, that enhanced liberalization of trade among members of groupings such as the O.I.C can lead to further expansion and diversification of trade.

18. In the light of these potential benefits, I would like to urge Sudan to ratify the Protocol on the Preferential Tariff Scheme, or PRETAS, of the O.I.C. Given the provision that the Protocol cannot become operational until 10 member countries ratify it, I urge Sudan to do so. Implementation of PRETAS would boost intra-O.I.C trade.

19. Let me draw your attention to Malaysia's involvement and role in ASEAN, the Association of ten countries in Southeast Asia. Through the ASEAN Free Trade Area, Malaysia has access to a population of more than 560 million and a combined G.D.P of USD 876.1 billion. Malaysia's trade with her ASEAN neighbours continues to grow as trade and investment barriers are increasingly dismantled. For example, in 2006, Malaysia's trade with ASEAN amounted to USD 75.3 billion, an increase of 14.4 per cent over the 2005 total of USD 65.8 billion.

20. We expect to experience even more growth in intra-ASEAN trade and investment upon the elimination of practically all tariffs when the ASEAN Free Trade Area is fully realised in 2010. Further, ASEAN is envisaged to become an Economic Community by 2015, resulting in a single market. This will allow for the free flow of goods, services, investment and labour as well as a freer flow of capital.

21. In addition, Malaysia is strengthening economic ties with its major trading partners, namely China, Japan, Korea, India, Australia and New Zealand, not just through bilateral initiatives but also through our role in ASEAN.

Excellencies, Ladies and Gentlemen,

22. The year 2006 has been a good year for Malaysia, with the Malaysian economy registering growth of 5.9 per cent compared with 5.2 per cent in 2005. This growth is expected to be sustained through 2007.

23. Today, Malaysia's macroeconomic fundamentals remain strong with low inflation at 3.6 per cent, low unemployment rate of 3.5 per cent, low external debt levels, strong external balance, high reserve levels and a strong banking sector.

24. The manufacturing and services sectors are the main contributors to economic growth. In 2006, the manufacturing sector expanded by 7 percent compared with 5.1 per cent in 2005, and accounted for 31.9 per cent of Malaysia's G.D.P, and 76.7 per cent of the country's total exports.

25. The non-Government services sector grew by 6 per cent and constituted the largest component of G.D.P, at 50.8 per cent. This growth was driven by rapid expansion in the financial, telecommunications and logistics services.

26. The point I am making is that Malaysia is a country which now has the capacities to engage in large scale business, and other economic ventures, with other countries.

27. In fact, we are now into the Ninth Malaysia Plan, which is the blueprint of strategies and programmes to realise the economic and social objectives of the country for the period between 2006 and 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.

28. To complement the Ninth Malaysia Plan, we have also in place the Third Industrial Master Plan that specifically aims at enhancing Malaysia's long-term competitiveness.

29. Together, these two plans form a comprehensive guide to Malaysia's national economic development, including our strategy for maintaining our country as an attractive and favourable trade and investment destination.

30. We are aware that Sudan is also making much progress in the economic field. There are now higher levels of foreign investment, robust economic growth of 8 per cent in 2005, a strengthening of the external position, and single-digit inflation. This is good news for business. We feel we are here at the right time.

31. It is therefore my hope that the business matching sessions scheduled after this seminar will open up new avenues for the enhancement of trade and investment engagement between our two brotherly countries.

32. Let me say once again that we would particularly like to welcome our Sudanese friends in Malaysia this year, to do business with us, or just to enjoy our country's hospitality in this special Visit Malaysia Year 2007.

33. On that note, I wish the best for all of you. Thank you.