

**SPEECH BY  
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Excellencies, Ladies and Gentlemen,

I am very pleased to be in this exciting city of Nairobi, and I welcome very much this opportunity to speak to you about Malaysia and the business and economic opportunities that exist between Kenya and Malaysia.

2. This is Malaysia's 50th anniversary of its independence in 1957. Since then, the country has made great strides in various fields including trade and industry. For many years, the economy in Malaysia was centered on rubber plantations and tin mining. Today, Malaysia has grown to be one of the world's leading exporters of semiconductor devices, computer hard disks, audio and video products, and room air-conditioners. We have also become a provider of high quality services of various kinds. We have set ourselves a target to become a developed nation by the year 2020. Indeed, in Malaysia today, it is a time of dynamic and significant changes.

3. A stable and peaceful domestic environment enabled the Government to adopt pragmatic policies and take concrete steps for development. The Government that is in power today is the same Government which has been elected to rule Malaysia, again and again, since fifty years ago. That is the measure of the stability that we have in our country.

4. Malaysia is now one of the most open economies in the world, with total trade making up more than twice that of our Gross Domestic Product. Trade expanded 77 per cent from RM164.3 billion in 1996 to RM291.5 billion in 2006. In 2005, the World Trade Organization ranked Malaysia as the 19th largest trading nation, 19th largest exporter and 24th largest importer.

5. Being such an open economy means that we must be prepared to face the challenges of increasing global competition. We have therefore opted for detailed forward planning. We have launched, in April last year, the Ninth Malaysia Plan. This plan is the blueprint of strategies and programmes to provide for the realization of our economic and social objectives for 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 communication technology, bio-technology and the services sectors.

6. 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.

7. Together, these two plans provide a comprehensive guide on Malaysia's economic development strategies, for ourselves and for those interested in investing and doing business in Malaysia. We are determined to make Malaysia an attractive location for foreign direct investment. We are equally determined to maintain our competitive advantage as a major global trading nation.

Excellencies, Ladies and Gentlemen,

8. 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. In 2006, the Malaysian economy registered a growth of 5.9 per cent compared with 5.2 per cent in 2005. This growth is expected to be sustained through 2007.

9. I note that Kenya's economic growth has also strengthened considerably in recent years, with real GDP growth in 2005 to 2006 exceeding 5 percent. I am told this is the highest growth rate in well over a decade. I have also been given the information that growth in Kenya is expected to remain robust this year in an environment of lower inflation. Such overall macro-economic good news is also good news for business.

Excellencies, Ladies and Gentlemen,

10. This is my message. As we celebrate Malaysia's golden anniversary, we would like to share with the business community of Kenya our enthusiasm for further growth and development. There is certainly much that both sides can gain if we continue to build on our relationship. In fact, the trade and investment engagement between our countries had begun to take shape as early as 1965 when Malaysia opened a Trade Office in Nairobi.

11. Today, Kenya is Malaysia's 8th largest trading partner in the African region. That said, however, the value of total bilateral trade in 2006 was still small, amounting only to USD 90.3 million. This figure accounts for less than 0.1 per cent of Malaysia's global trade. Malaysia's exports to Kenya totaled USD 78.2 million and imports USD 12.1 million. I am pleased to note, however, that trade between our two countries is on the upward trend. Furthermore, the structure of trade indicates that there is much scope for expansion of the trade coverage.

12. Malaysia's exports to Kenya comprise palm oil, rubber, wood, chemicals, machinery and petroleum products. Imports consist mainly of chemicals, agricultural produce, and metal products.

13. Clearly, the range of products being traded between our two countries are limited. We must examine more closely our complementarities for trade expansion. For instance, Kenya has agricultural and mineral resources, while Malaysia's comparative advantage is in secondary industrial products such as equipment and machinery, chemicals and chemical products. You should take note as well that Malaysia has much experience in the oil and gas sector which, I believe, has also become an emerging sector in Kenya.

14. I hope that this business forum today will provide the impetus for greater exchange between the business communities of Malaysia and Kenya. We must set our sights at diversifying and expanding the trade between our two countries. Let us explore also possibilities not only in manufacturing but also in manufacturing-related services, in upstream as well as in down-stream oil and gas activities.

Excellencies, Ladies and Gentlemen,

15. I would certainly wish to see the expansion of investments between Kenya and

Malaysia. To date, investment cross-flows between our countries is limited. I understand that PETRONAS, through its subsidiary ENGEN Kenya Limited, is engaged in petroleum distribution activities throughout the country.

16. I am also aware that the Malaysian Construction Industry Development Board or C.I.D.B is engaged in talks with authorities here for the planning and implementation of infrastructure projects. Given the experience of C.I.D.B, and that of Malaysian construction companies as a whole, I am confident that they will be able to contribute well to Kenya's infrastructure development.

17. I do urge the business communities of both Malaysia and Kenya to explore investment opportunities in various forms. They can take the form of joint ventures with equity considerations, strategic alliances or technological collaborations. While the private sector drives the business imperatives, the role of government is to create the environment which is conducive for investments to take root. Government officials on both sides have an important part in the creation of such an environment. I refer specifically on the need to work towards the conclusion of an Investment Guarantee Agreement. Such an Agreement will facilitate the systematic liberalization, promotion as well as protection of investments.

Excellencies, Ladies and Gentlemen,

18. In many ways, Kenya and Malaysia share a strategic advantage which is similar to both. While Kenya is the gateway to East Africa, Malaysia is the opening to the ASEAN region of ten member countries of the Association of South-East Asian Nations.

19. As the primary economic hub for this part of the world, Kenya boasts of the region's best transportation linkages, communications infrastructure and trained personnel. I know that the African Union is also working towards the creation of an effective common market. Such developments will make Kenya an attractive destination for traders and investors interested in the East African market.

20. Kenya's central role within the East African community of 100 million people is not unlike Malaysia's position within ASEAN and its population of 560 million.

21. Through the ASEAN Free Trade Area, Malaysia has access to the ten ASEAN countries which has a combined G.D.P of USD 876.1 billion. Malaysia's trade with her ASEAN neighbours is continuing 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.

22. We expect even more growth in intra-ASEAN trade and investment when the ASEAN Free Trade Area is fully realized in 2010, with the removal of practically all tariffs. The regional Association is also pursuing plans to turn the Southeast Asian region into an Economic Community by the year 2015. When this is accomplished, a single market will come into being, which allows for a free flow of goods, services, investment and labour as well as a freer flow of capital.

23. As a member of ASEAN which maintains a Dialogue relationship with many important countries, Malaysia has also been able to strengthen its economic ties with such countries as China, Japan, Korea, India, Australia and New Zealand. This is

complementary to the initiatives which we also undertake at the bilateral levels.

24. The important point about Kenya's and Malaysia's engagements with our respective neighbours is this. Businesses can and should look at Malaysia and Kenya not only as individual markets, but also as gateways to a larger economic environment. As I have already said earlier, Malaysia can be the springboard to ASEAN, and Kenya the point of entry into East Africa.

Excellencies, Ladies and Gentlemen,

25. Malaysia and Kenya must leverage on our comparative advantage to further enhance our economic relations. I want to invite the business community to look beyond trade and investment in manufacturing, or investment in the construction sectors.

26. I want to draw your attention to the obvious. Both Malaysia and Kenya are blessed with an abundance of natural beauty. Your national and safari parks are world-renowned. Malaysia is well known for eco-tourism, diving sites and animal sanctuaries. Two of Malaysia's tourist sites are listed under the UNESCO's World Heritage, namely the Kinabalu Park in Sabah and Gunung Mulu National Park in Sarawak, both on the island of Borneo. I am convinced that tourism is an area of massive potential for Malaysian and Kenyan service providers. There is much room for cooperation between us towards enhancing eco-tourism, while ensuring sustainable development through prudent investments and exchange of expertise and knowledge. I urge you therefore to explore this niche and collaborate for mutual benefit.

Excellencies, Ladies and Gentlemen,

27. My aim today is to share with you my ideas on areas that Malaysia and Kenya can tap to expand and enhance our bilateral ties. While the Government has a role in facilitating this process, it is ultimately the private sector which can put into effect our aspirations for enhanced economic linkages. I call upon all of you to do just that.

28. On that note I wish all of you every success in your business meetings, and I thank you for your attention.