

**SPEECH BY
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AT THE MALAYSIA - BOSNIA AND HERZEGOVINA BUSINESS FORUM
AT SARAJEVO
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Mr. Slobodan Zupljanin,
President of Foreign Trade Chamber of Bosnia and Herzegovina,

Excellencies, Ladies and Gentlemen,

I am very pleased to be here in Bosnia and Herzegovina and be provided with this opportunity to share with you my thoughts on how Malaysia and Bosnia and Herzegovina can enhance our business linkages.

2. was here in 1997, when this country was just emerging from the aftermaths of war. Today, however, I am very encouraged by the signs of recovery all over this country. Bosnia and Herzegovina has a long history of greatness in the past. I am confident that the people of Bosnia and Herzegovina will rise again and bring back stability and prosperity to this country.

3. This visit also serves to illustrate Malaysia's commitment towards strengthening bilateral ties with Bosnia and Herzegovina. I am keen that both our business communities work together, building on our strengths for mutual benefit.

Ladies and Gentlemen,

4. Both Malaysia and Bosnia and Herzegovina have had to face challenges in the quest for our nationhood. History has provided both of us with significant lessons in the value of national reconciliation, as well as the importance of political stability, to economic growth. As a multi-ethnic and multi-religious country, Malaysia has always placed a high premium on maintaining inter-communal and inter-religious peace through dialogue and cooperation. The peace and political stability which Malaysia has enjoyed over the years have been a major contributor to the steady economic development of the country.

Excellencies, Ladies and Gentlemen,

5. Malaysia's pragmatic policies coupled with its deliberate efforts to improve the business environment have also facilitated economic expansion. 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.

6. To ensure that we continue on this path of growth, my Government launched two important blueprints in 2006, namely the Ninth Malaysia Plan and the Third Industrial Master Plan. These Plans focus on strengthening existing economic sectors while generating new knowledge-intensive activities.

7. My Government is keenly aware that while plans are important, it is the effective implementation of the plans which matter more. In this regard, I place much value in the public and private sector partnership to bring to fruition the objectives of the

plans. In Malaysia, the public sector assumes the role of facilitating business while the private sector is the engine of growth. To this approach, we have given the name "Malaysia Incorporated", to symbolize the unity of purpose between the public and the private sector in the pursuit of the national agenda.

8. The "Malaysia Incorporated" approach has significantly contributed towards enhancing Malaysia's cost-competitiveness, and, in large part, to Malaysia's ability to continue to attract Foreign Direct Investment, or F.D.I, amidst intense global competition. In 2006 Malaysia recorded US\$12.5 billion in approved investments in the manufacturing sector. This was the highest total in the country's history. Of these, F.D.I totalled US\$5.5 billion and accounted for 44 per cent of total approved investments.

Excellencies, Ladies and Gentlemen,

9. Given the limited size of Malaysia's domestic market, very early in our development, we decided that our focus would have to be on the global market. Thus, from an agro-based, subsistence economy of 50 years ago, Malaysia is now ranked as the 19th largest trading nation in the world, the 19th largest exporter and 23rd largest importer. Malaysia's global trade expanded 77 per cent from USD 164.3 billion in 1996 to USD 291.5 billion in 2006.

10. From labour-intensive manufacturing in the 1970s and 1980s, Malaysia's strength is now in high technology, and skills and capital intensive manufacturing. Today, manufacturing accounts for a third of Malaysia's Gross Domestic Product. In 2006, 76.7 per cent of the country's total exports comprised manufactured goods. I must stress that the business community has been pivotal in bringing about the necessary diversification of the economic base of the country, and the changes in the economic profile, over the five decades of our existence as a sovereign nation.

Excellencies, Ladies and Gentlemen,

11. Bilateral trade between Malaysia and Bosnia and Herzegovina has been expanding. However, at just under USD 2 million, our bilateral trade accounts for a small proportion of Malaysia's total global trade. Malaysia's exports to Bosnia and Herzegovina comprised almost entirely of electronics and electrical products, while Malaysia's imports from Bosnia and Herzegovina consisted mainly of furniture and aluminium.

12. We must expand our trade ties by focusing not on our individual markets per se, but on the larger regional markets that we have access to. In your case it is the access to the Central European region through the signing of the Central European Free Trade Agreement in December 2006, while for Malaysia it is the market reach to the rest of Asia through the ASEAN Free Trade Agreement, as well as the Free Trade Agreements that ASEAN has entered into, or are negotiating, with China, Japan, Korea, India and Australia and New Zealand.

Excellencies, Ladies and Gentlemen,

13. In recent years, Malaysian services providers have expanded their operations abroad. Areas of services where Malaysians have successfully ventured into include construction and construction-related services, franchising, professional services, telecommunications, healthcare and education.

14. I know that there are Malaysian companies already involved in the construction of residential and commercial buildings under your Township Development and City Centre Projects. The business delegation from Malaysia during this visit includes companies that are already involved in these projects. My Government is supportive of the efforts undertaken by them and will endeavour to facilitate their progress here.

15. I understand that there are several road and highway projects being planned. Malaysian companies have proven their capabilities in highway and building construction in other parts of the world. This includes India, Pakistan, Cambodia and West Asia. These companies are equally ready to participate in similar projects in Bosnia and Herzegovina.

16. Malaysian companies can also offer their expertise in the construction of energy plants which will help Bosnia and Herzegovina achieve its ambition to become a net exporter of power to the region. To the extent that Malaysian companies have achieved a measure of success in similar projects in West Asia, they can indeed undertake such projects here. I understand that the Government of Bosnia and Herzegovina have plans to construct hydroelectric power stations on the Drina and Neretva river basins. I hope that the opportunities to participate in this project will be extended to Malaysian companies which possess the necessary expertise and capacities.

17. Another possible area for forming strategic alliances is in the field of telecommunications. I understand Bosnia and Herzegovina has liberalised the communications sector and initiatives are being undertaken to reform the sector, including the expansion of existing networks, whether mobile, fixed line or broadband. Malaysia's telecommunications companies have contributed to the growth of the industry in Malaysia. Our market for mobile telephony is already mature and as such Malaysian telecommunications service providers have begun investing abroad. I hope that business representatives present here will explore opportunities to share their expertise in the development of this sector in Bosnia and Herzegovina.

Excellencies, Ladies and Gentlemen,

18. My Government believes in the power of human capital in ensuring economic development. To date there are 18 public universities and 515 private colleges and institutions of higher education in Malaysia. We are committed to making the country a centre for educational excellence capable of providing high quality, yet affordable, education, not just for Malaysians but also for students from any country. At present, there are more than 35,000 foreign students studying in Malaysia.

19. Included in the Malaysian delegation are representatives from established private universities and colleges which are interested in attracting students from Bosnia and Herzegovina to study at their respective institutions. I am pleased that one of these Malaysian institutions, Binary University College, is offering five full-scholarships to students from Bosnia and Herzegovina to pursue Masters degree in I.T and business in its University.

Excellencies, Ladies and Gentlemen,

20. Tourism development and promotion is another area where Malaysia and Bosnia and Herzegovina can collaborate and share experience and expertise that can help contribute to the larger goal of environment protection and conservation. In tourism, we are complementary because we offer different attractions. Bosnia and Herzegovina is known for its vast array of landscapes and ski-resorts, while Malaysia is recognised as one of 12 mega-diversity countries.

21. The tropical rainforests, seas and freshwater ecosystems of Malaysia support a rich and diverse range of both flora and fauna species with many of the species occurring in unusually high densities. 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.

22. The World Tourism Organization, has estimated that Bosnia and Herzegovina will have the third highest tourism growth rate in the world between now and 2020. This organisation has also listed Malaysia as one of 30 emerging world destinations. Given the potential in this area, I would like to encourage entrepreneurs from both sides to work together to take advantage of the comparative advantage each country possesses. Our service providers should pool resources towards the development of sustainable eco-tourism.

Excellencies, Ladies and Gentlemen,

23. As I stated at the beginning of my address, my aim here is to encourage greater collaboration between our business communities. I see that the major reason for the paucity of engagement on both sides thus far is the limited knowledge and experience about what each of us has to offer the other.

24. To the members of the Malaysian business representatives present here at this forum, I would like to stress that I wish to see a stronger Malaysian economic presence in Bosnia and Herzegovina. The expansion of business relationships between this country and ours is the logical extension of the well established and friendly relationship at the level of Government-to-Government. This includes the signing of several agreements. As far back as 1994, Malaysia and Bosnia and Herzegovina signed the bilateral Trade Agreement, and the Investment Guarantee Agreement. In 1996, we signed the Bilateral Payments Agreement.

25. The Governments of both countries are clearly committed to creating an enabling environment for trade and investment to flourish both ways. We have also paved the way for enhanced business collaboration when, in 1995, we formalised the Malaysia-Bosnia and Herzegovina Business Council. I would like to see this endeavour take shape and grow.

26. I have shared with you some ideas I have on the possibilities for enhancing the economic linkages between Malaysia and Bosnia and Herzegovina. I hope that you will use the opportunity during the business sessions to build the foundation for a truly fruitful exchange as friends and as business partners.

27. On that note, I thank you very much for your attention.