

**SPEECH BY
YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI
AT THE BUSINESS FORUM MALAYSIA-BAHRAIN BUSINESS OPPORTUNITIES
AT MANAMA, KINGDOM OF BAHRAIN
19 JANUARY 2009**

Distinguished Guests, Ladies and Gentlemen.

1. I am delighted to be here today to address the Bahrain business community. I would like to thank the organizers of this Forum for the support they have given to this event. They include the Ministry of Industry and Commerce of the Kingdom of Bahrain, and the Bahrain Chamber of Commerce and Industry. Your efforts are much appreciated. Malaysia considers Bahrain an important country in the Gulf Cooperation Council, and we look forward to building closer relations with you particularly in the areas of trade, investment, education and tourism.

2. My delegation to this forum consists principally of representatives from the Malaysian private sector. In Malaysia, the private sector is the primary driver of our economy. While the Government defines and regulates the framework for economic activity, it is the private sector that fully engages in it - creating, manufacturing and distributing the products and services that contribute to growth and development. The reason the private sector is designated to play this role is obvious: public sector agencies cannot replicate the drive, the initiative, and the spirit of entrepreneurship that privately-owned enterprises bring to their work. So the private sector is very important to our economy.

3. I have no doubt that in the Kingdom of Bahrain, the private sector also plays an equally pivotal role. It is our hope that the entrepreneurs who are here today will find this forum a useful platform to network and do business. Their success will contribute to the success of our two economies.

Ladies and gentlemen,

4. I believe the convening of this business forum is timely in view of the current global economic slowdown. Both our countries need to find new ways to spur economic growth. Encounters such as this can help to facilitate the marriage of opportunity, capital and entrepreneurship to yield tangible results.

5. What does Malaysia bring to the table in this regard? Let me give you an overview, ladies and gentlemen, of how we are positioned to do business with the rest of the world:

5.1 Malaysia is, primarily, a trading nation. We trade with virtually all countries of the world. Our largest trading partners are the United States, the ASEAN countries, a number of countries in Europe, and also China, India, Japan and Korea.

5.2 In the past, commodities like rubber, tin, timber and palm oil were the mainstays of our economy. But our economy has expanded and diversified over the years and we are now a significant player in sectors such as manufacturing, textiles, wood products, construction, oil and gas, and in service industries such as tourism, education, healthcare, finance and banking.

5.3 The fundamentals of the Malaysian economy have remained strong for many years. Our G.D.P. registered growth of between 5 and 6 per cent annually over the past five years. We expect to record a growth of 5.5 per cent for all of 2008. The performance for 2009 will be affected by the world economic slowdown, but we are confident that we will be able to maintain positive growth.

6. What this suggests, ladies and gentlemen, is that Malaysia offers investors a business environment that is quite unique. Ours is a strong, stable and resilient economy. And we offer

attractive incentives to investors, including good infrastructure, a skilled workforce, and overall, a relatively low cost of doing business.

7. We have also recently revised and improved on the many traditional incentives we offer to investors. Our regional development corridors and industrial parks are now making available specialized incentive packages to interested parties. I know that you were briefed by the representatives from Iskandar Malaysia, the development corridor in the south of Malaysia. I am sure that the Malaysian officials present here will readily share with you details about the other four corridors. These are specific areas that we are targeting in order to spread the development process across the country and leverage on the strengths of each region.

8. Let me now focus on the state of our bilateral trade and investment relationship. Trade between Malaysia and Bahrain has grown from a relatively low base of us\$47.3 million in 1997 to us\$183.6 million ten years later in 2007. From January to November 2008, total bilateral trade amounted to us\$181.6 million. This indicates that in 2008, we will be able to exceed the level of bilateral trade compared to the previous year in 2007. Malaysian investments in Bahrain now amount to about us\$6.0 million. These statistics are encouraging, but obviously there is ample room for growth in these areas and in both directions.

9. But there have also been some interesting and positive developments taking place. I have been informed that Malaysian construction companies are performing well in Bahrain. They have successfully completed several projects such as the construction of the formula one circuit, the North Manama corridor improvement project and the highway link to Durrat al-Bahrain. On-going projects undertaken by Malaysian companies, I am told, include the Sitra causeway bridges, the Shaikh Khalifa bin Salman Highway, the Lulu reef island access bridge and the Bahrain City Centre. Malaysian companies have also been entrusted to undertake the operation and maintenance of some of these facilities.

10. There are also other industries where I think Malaysian companies can provide you with competitive products and services - such as halal food and services, oil and gas equipment and services, building materials, pharmaceuticals and healthcare services. These are areas I urge you to explore during your discussions here.

11. I would like to elaborate on one particular sector which I think should be of interest to you. I refer to Islamic banking and finance. As some of you already know, Malaysia pioneered modern Islamic banking practices long before many other countries did the same. We have also been recognized for spearheading the world's first global sovereign sukuk. We are now also host of the Islamic financial services board, a standard-setting body which seeks to harmonize prudential, supervisory and disclosure practices in the global Islamic financial industry.

12. Given our deep and extended involvement in this sector, you should not be surprised that we are constantly on the lookout for parties who would like to participate in this sector in our country. In this regard, we recognize that Bahrain is also a major Islamic banking and financial centre, and we certainly would like to see greater engagement taking place between the Islamic financial sectors of our two countries.

13. I am also told, ladies and gentlemen, that the kingdom of Bahrain is now giving a great deal of attention to the development of small and medium-sized enterprises - what we call S.M.Es in Malaysia. We have gone through this route before - identifying, nurturing and supporting small businesses which collectively play an important role in the national economy. We certainly would be happy to share our experiences with you in this regard.

14. As part of our effort to increase collaboration with businessmen in the gulf region, I like to draw your attention to the fact that we are organizing the second Malaysia Services Exhibition at Dubai Airport Expo Exhibition Center from March 17th. To the 19th. Bahrain companies should not miss the opportunity to establish direct business contacts at the exhibition. More than 200 Malaysian companies involved in construction, professional services, I.C.T, franchising, and oil

and gas will be participating in the exhibition.

15. Let me also take this opportunity to invite businesses from Bahrain to take part or visit the Malaysian International Halal Showcase (MNIHAS) which will be held from 6 to 10 May 2009 in Kuala Lumpur. This is a special effort by Malaysia to enhance international business and trade in halal products and services. The showcase has indeed received wide attention thus far.

Ladies and gentlemen,

16. There is indeed much more that Malaysia and Bahrain can do to increase trade and investment opportunities between our two countries. This includes working towards the conclusion of a Free Trade Agreement between Malaysia and the G.C.C. Malaysia has made this proposal through the G.C.C secretariat. This proposal has received strong support from the business communities in Malaysia and the region. We hope that negotiations can commence as soon as possible and a mutually beneficial agreement concluded.

17. I strongly believe that an F.T.A will have a significant impact in improving the status of current bilateral trade and investment between Malaysia and the Gulf region which, unfortunately, is still small. The G.C.C is attractive for Malaysia as it offers a lucrative market and wide range of opportunities for Malaysian exporters, investors and service providers. I am sure the business communities within the Gulf region, particularly from Bahrain, will also find the prospect of an F.T.A very enticing, especially as Malaysia can be used as a platform to penetrate the ASEAN market and the other lucrative markets of our F.T.A partners such as Japan, China and Korea.

18. Before I conclude, ladies and gentlemen, let me make a reference to the prospects of increasing trade and investment among members of the O.I.C fraternity. We have concluded a mechanism to expand trade among O.I.C members, called the Trade Preferential System Among member states of the Organisation of Islamic Conference (TPS-OIC). The implementation of the T.P.S-O.I.C has yet to take place because a large number of members have yet to ratify the implementing protocol for tariff reduction. Malaysia believes that it is in the collective interest of all O.I.C members to ensure the early implementation of the T.P.S- O.I.C.

Ladies and gentlemen,

19. Let me now conclude by thanking you all for your presence here. I hope you will find this a useful platform to network and do business.

Thank you.