

ON LAUNCHING THE MALAYSIAN TRANSNATIONAL TRADING
CORPORATION (MATTRA)
THE UNITED MOTOR WORKS AUDITORIUM, SHAH ALAM,
SELANGOR

15 NOVEMBER 1983

Distinguished guests; Ladies and gentlemen,

I would like to thank the Board of Malaysian Transnational Trading Corporation Berhad (MATTRA) for inviting me to officiate its launching ceremony.

2. I would also like to congratulate Kumpulan Fima Berhad, United Motor Works (Malaysia) Holdings Berhad and Palmco Holdings Berhad for their initiative and boldness in coming together to incorporate a general trading company under the sogoshosha concept to foster and upgrade their trading activities in particular and Malaysian international trade in general. Kumpulan Fima Berhad, is a government owned investment holding company with diversified interests in the food and food-related industries, and its involvement today with two well established local public listed companies bears testimony that the newly evolved government policy of 'Malaysia Incorporated', 'Privatisation' of the economy and to establish a fresh outlook in the export trade is gaining material support from the private sector. The wide diversity of activities of the shareholders of MATTRA is a meaningful base for the newly incorporated trading company to enter into the international trade aggressively. On my recent trip to Japan, I had the honour of opening its first overseas office in Tokyo.

3. I have first suggested to the private sector in mid 1980 that Malaysian trading houses, similar to the Japanese sogoshosha, be set up to serve small and big commodity producers and manufacturers in the country. Various corporate entities have responded to this challenge. It is admitted that the present sogoshosha of the Japanese have evolved over a long period before their impact on world trade was felt. Malaysians must therefore be patient in their expectations on the role and performance of the local trading companies. Though I have suggested the incorporation of Japanese type trading houses, the final shape and form of the Malaysian trading houses would, I am sure, not be a total adoption of the Japanese type but will

have their own identities to reflect Malaysian needs and requirements.

Ladies and gentlemen,

4. The lead time from mid 1980 to today to see the private sector's material response to the concept of general trading companies shows that change is something not readily accepted, and more so in an environment where political and economic stability prevails, and their continuance is taken for granted. Fortunately or unfortunately, Malaysia falls in this category.

5. The government is responsible for the well-being of the country, not only for the present but also more importantly for the future. Apart from the provision of the traditional role of law and order, it has also to ensure that the economy, no matter how successful we are today, does not lapse into a state of complacency. The world at large is constantly undergoing changes and to maintain progress and growth we must constantly be aware of the changes taking place and to come to terms with them, lest we would be out of the mainstream of development.

6. In Malaysia, the private sector has been given an increasing role in contributing to the well being of the nation's economy under the concepts of 'Malaysia Incorporated' and 'Privatisation' of the economy. The private sector has to concern itself not only on the financial performance of its commercial undertakings, but more as a good corporate citizen to adopt a more forward and positive position in restructuring its corporate role and activities to meet the changing times in nation building. The sacrifices made by companies to submerge individual benefits for the mutual benefits of the trading companies they have established to upgrade Malaysian international trading is a move in that direction. I hope more Malaysian companies would undertake similar approach in their business endeavours. The development of a large segment of good corporate citizens within the Malaysian corporate sectors augurs well for the economy. The private sector, I am sure, would be able to shoulder the added responsibilities successfully, as it has done in the past in fulfilling the various roles which it has been called upon to play.

7. The resilience of the Malaysian economy is best demonstrated by the modest growth achieved this year despite the world recession. A brighter outlook has been forecast for 1984 and 1985. The country's total trade with the world this year stands at \$62.9 billion and is expected to register an increase of 10.2% over last year. Increasing volume and value of trade per se does not mean we have no economic problem to address to. The weakness of the Malaysian 'service industry' in world trade has resulted in an adverse balance of payment. The deficit in the 'service account' is expected to top \$7.2 billion as a result of increased freight and insurance charges and stronger outflow of investment income in 1984. This shows that unless we upgrade and expand our involvement in the servicing of our world trade, we would not be able to absorb the greater part of the marketing income which are ours for the taking, if we are willing to take the risks and make the capital investment to provide the services required.

8. International trade has become more competitive. In addition protectionist sentiments have tended to reduce trade, particularly of the newly industrializing developing countries. Unless the private sector surges into this economic activity with a new dimension and perspective and added fervour, our desire to contain the negative invisible trade, while at the same time expanding trade, would be difficult to achieve. It has often been expressed that Malaysian inroad into direct international trade has been constrained by limited local infrastructure services and government support. Getting on with the task despite whatever constraint, which may be true or imaginary, is more important as it reflects the determination and perseverance of the investors and our ability to thrive in a free and open economy.

9. The government will accord meaningful support and assistance as the exercise is in line with national aspiration. What is more important to the success of our move to gain a greater share of the opportunities existing in world trade lies on the approach adopted by the Malaysian companies venturing into this field and the commercial support it obtains from the local and foreign business community.

10. In the case of the establishment of local general trading companies, Malaysian companies should realise that

to be competitive in direct international trade, one not only has to be efficient in terms of cost and service, but also be large enough to trade effectively. Direct international trading is not something new in the Malaysian scene, but a genuine desire to set up an operation similar to the Japanese sogoshosha would create a new feature. A meaningful approach would be one adopted by the shareholders of MATTRA where eventually all the trading activities of the Group would be serviced by a singular entity. Undoubtedly a lot of adjustments has to be made by the shareholders of MATTRA in their trading operations and I am confident they are able to achieve this objective given the magnanimity and genuineness of those involved.

11. As the opportunities for a greater stake in the Malaysian world trade are significant and attractive, I would like to see more Malaysian companies coming together to ensure the effectiveness and success of Malaysian trading houses in the international scene. Cosmetic work adopted to change one's trading activities to reflect the sogoshosha concept merely enables the parties involved to join the 'fad' of the day and its absence of substance and commitment would take its toll over time.

12. The entry of MATTRA and other local general trading companies should be viewed positively and Malaysian companies should give their full support. National interest and aspiration should take precedence over the relative benefits one enjoys and get used to as accorded by the traditional foreign companies operating inshore and offshore. The development of the local general trading houses takes time to reach maturity. Any fear that their establishment would cause immediate structural changes in our pattern of trade should not have arisen. Let us not confine ourselves to merely being an efficient supplier of natural resources but also take a more meaningful stake in world trade as 'marketeters'. Skill is not a prerogative of any nation. We have made a name for ourselves in rubber, palm oil, tin and cocoa production. Given the same effort and determination, I am sure we can succeed in general trading as we have in the production of commodities. At the moment, we have the goods to be marketed, but we lack the 'marketeters' to provide the bulk of marketing services which are presently undertaken successfully by our foreign trading partners. Let us take stock of our limited role in direct international trade and be more dynamic and aggressive in our new approach in the marketing scene. On

this I congratulate the shareholders of MATTRA and I look forward to the time when their enthusiasm and effort will place them among the household names with which we are familiar.

Ladies and gentlemen,

13. I wish MATTRA every success in its endeavours, and I now have much pleasure to officially launch the company.