

**LUNCHEON HOSTED BY MALAYSIA - PAKISTAN VENTURE SDN BHD,
WESTBURY PVT LTD AND THE FEDERATION OF PAKISTAN CHAMBERS OF
COMMERCE AND INDUSTRY**

IN KARACHI, PAKISTAN, 17 February 1993

Mr. Basheer Jan Mohammed, Chairman of Pakistan - Malaysia Economic Association; Mr. Mian Habibullah, President of the Federation of Pakistan Chambers of Commerce and Industry; Distinguished Guests;

Ladies and gentlemen,

I would like to thank Malaysia - Pakistan Venture Sdn Bhd, Westbury PVT Ltd and the Federation of Pakistan Chambers of Commerce and Industry for inviting me to this luncheon and to share some thoughts on opportunities and ways to strengthen economic and commercial relations between Pakistan and Malaysia. I have with me here today a number of prominent members of the Malaysian private sector, some of whom already have business ties with Pakistan. They are all, I am certain interested in strengthening further the bilateral commercial ties between our two countries.

2. Pakistan and Malaysia have always enjoyed close and cordial links. This can be attributed to our common history and the common beliefs that we share in various fora of the United Nations. The long history of people to people contacts has also contributed to such links. On the trade and economic front, our two governments have consciously and systematically laid down a strong framework for cooperation such as those embodied in our bilateral trade agreement and the formation of the bilateral joint commission.

3. Our long association has resulted in encouraging trends in our economic and commercial relations. The value of trade between Pakistan and Malaysia has progressively increased especially over the last 5 years. For example, total two-way trade in 1991 amounted to US\$438.1 million and for the first nine months of last year it was valued at US\$352.2 million. Pakistan today has emerged as Malaysia's largest trading partner among the countries of the sub-continent.

Ladies and Gentlemen,

4. Whilst members of the private sector of our two countries should be congratulated for their active involvement in bringing about these encouraging trends, we need to remind ourselves that much more can be done. A further examination of the trade between our two countries reveals that the base is limited and largely confined to commodities. At the same

time trade between our two countries constitute less than 1 percent of our respective global trade.

5. It is clear that two countries are very dependent on the North both in terms of markets for our products and in terms of sources of our imports. Although our dependence on the North will continue, we should not foreclose prospects and opportunities to strengthen economic and commercial ties with countries of the South. This becomes more pressing given the current uncertainty for a successful conclusion of the Uruguay Round of multilateral trade negotiations, the formation of NAFTA and the consolidation of the single European market. All these will pose greater challenges for us to maintain, let alone improve our position and share in the markets of the North. Whilst we will and must continue to attach importance to a successful conclusion of the Uruguay Round, we must continue to pursue efforts at diversifying our markets. The South can offer us fair opportunities for such diversification.

6. It is evident that many developing countries have, over the last five years, taken bold steps towards market liberalisation and deregulation. I am aware that Pakistan itself has undertaken liberalisation measures and deregulation aimed at bringing about greater transparency and simplicity in commercial procedures. I am also aware that since December 1990 Pakistan has embarked on an industrial policy that encourages greater foreign participation. Pakistan has also introduced a series of privatisation, deregulation and liberalisation measures which address important sectors such as banking, public utilities and manufacturing enterprises. Malaysia's own efforts and experience in these areas has resulted in greater trade and investment flows, brought about greater technological development as well as higher efficiency and productivity levels. In effect, the sum total of liberalisation measures undertaken by developing countries will bring about the emergence of growing markets in the South, able to supply and absorb a wide range of products from raw materials to manufactures with high technology.

7. It is also evident that the countries of the South have made efforts unilaterally and collectively to enhance trade amongst themselves. The framework for such cooperation have been strengthened through practical mechanisms. The network of bilateral trade agreements, investment guarantee agreements and bilateral payment arrangements are evidence of such practical approaches. At the multilateral level, projects that have been launched by the G-15 such as the South Investment and Trade Technology Data Exchange Centre (SITTDEC) and the strengthening of the Generalised System of Trade Preferences (GSTP) among developing countries can and will complement

bilateral efforts towards increasing trade investment and technology flows in the South. At regional and sub-regional levels our experience in economic and trade liberalisation, initially on a preferential basis and confined to members of respective groupings, will bring about higher efficiency and competitiveness levels that will spur liberalisation on a most-favoured nation basis.

8. In Malaysia, we have embarked on a serious drive to enhance economic and commercial links with developing countries in our effort to develop. The Malaysian private sector has kept pace with this drive and has established contacts and networks in many developing countries which have resulted in greater two-way flows of trade. On the investment front, although we are still dependent on the inflow of foreign direct investment, the Malaysian government now encourages Malaysian businessmen to venture out and invest overseas. I am confident that the current level of joint-venture tie-ups between our two countries will continue to increase given the pull factor fostered by the liberal industrial policy launched by Pakistan and the push factor derived from Malaysia's policy on reverse investment.

Ladies and Gentlemen,

9. It is therefore pertinent and timely for you who represent the private sector of Pakistan and Malaysia to continuously take stock of such policy changes with a view to intensifying joint-ventures and commercial links. At the level of chamber to chamber cooperation, you both have a convenient vehicle in the form of the Malaysia-Pakistan Economic Association (MAPECA) formed between the two chambers of commerce and industry. Under the MAPECA, you are both committed to the forging of closer working relationships and to the facilitation of the exchange of information and publications of trade and investment. I hope that MAPECA will continuously strive to explore ways and means to diversify and increase trade, investments and services between our two countries. The degree of success in our bilateral efforts to bring our two countries closer in the economic and commercial field depends on how serious and committed the private sector of our two countries are in strengthening these links.

10. From our own experience in development we find that Malaysian entrepreneurs can acquire and develop certain expertise and capabilities in certain fields. Some of the Malaysian private sector personalities who have come with me here today have a degree of expertise in sectors such as mining, plantations, construction, tourism development, processing and manufacturing of resource-based products. We

are aware that Pakistan entrepreneurs have also developed expertise and capabilities in various fields. I am confident that the meetings and discussions that you will have today will reveal complementarities that can be translated into viable commercial projects.

Ladies and Gentlemen,

11. I am sure that the encounter between the Pakistani and Malaysian businessmen in my delegation will lead to fruitful results both for your various enterprises and for our two countries.

Thank you.