

THE JOINT MALAYSIAN AND THE PEOPLE

CHINA WORLD HOTEL, BEIJING, 15 June 1993

Mr. Chairman, Ladies and Gentlemen,

I am happy to be given this opportunity to address members of the Beijing and the Malaysian business communities and to witness the signing of the various Memoranda of Understanding (MOUs) between Malaysian and Chinese companies.

2. This meeting here today is yet another step forward towards bringing our businessmen closer, both in terms of understanding our two countries better as well as jointly developing the business opportunities available. It reflects also the seriousness on the part of our two countries to step up efforts to enhance further bilateral trade and economic relations.

3. Malaysia and the People's Republic of China (PRC) have always enjoyed excellent bilateral trade and economic cooperation. This growing relationship has continued to gather pace and momentum especially since the PRC began her economic reforms some 15 years ago. The farsightedness of these reforms is certainly now beginning to bear fruit and today the PRC has been transformed rapidly from a command economy to a market economy. PRC's open door policy has also benefited the country substantially within a short span of time and, today, double digit growth rates, as was seen in 1992 at 12.8 percent, are a matter of fact. Added to this, PRC's manufacturing output has increased by 14.4 percent during 1980-1991 and in 1992 enjoyed a 20 percent growth.

4. These impressive economic achievements are now the subject of much envy and have aroused much comment on the future of the PRC's role in the world's trade. Two foreign magazines have predicted that the PRC will become an economic superpower. A third world publication has described the PRC's resurgence as the entry of the Dragon. I would like to think that the PRC's achievements are the result of a farsighted policy as well as the industry of the Chinese people. I would fervently hope that the good work put in over these last few years will continue to be pursued for the betterment of the PRC and that the momentum of the economic development of the country will be sustained or even enhanced.

5. However, no nation, aspiring to be a strong international economic entity, can run from the problems that the international trading environment presents. Like yourselves, we have found the international trading environment to be full of pitfalls and uncertainties. The unfair terms of trade and the preconditions for market access imposed upon us by the

West defy understanding for they run counter to the very principles of free trade which they preach. Developed countries such as the United States have more often than not found it expedient to attach conditions to trade such as linking the Most Favoured Nation (MFN) status for the PRC to non-trade issues.

6. Again, like yourselves, we in Malaysia have always maintained that trade issues should not be tied-up with non trade-related issues such as their interpretations of workers' rights, tropical forest management, etc. While we are often subjected to scrutiny, no one seems to be watching them. Worse still no one is able to take any action when they blatantly break their own free trade codes. That is why Malaysia proposed that East Asia should strive to have a united and strong voice in international trade negotiations and in matters that affect our economic well-being. In this, I hope that the PRC would assume an active role and be part of that united and strong voice.

Ladies and Gentlemen,

7. The PRC can assume an important role in realising the proposed East Asia Economic Caucus (EAEC). An EAEC with the active support of the PRC will have a better chance of dispelling the unwarranted fears of some countries as regard the motives behind this regional initiative. Besides, an EAEC will certainly provide an excellent forum for consultations amongst East Asian countries. The PRC, beyond doubt, will rank as a very important player in the EAEC, given her desire to be a part of what is happening in East Asia; to share in the fortunes and ills encountered by East Asia; and to help in providing direction and a sense of purpose for the betterment of the political and economic well-being of East Asia as a whole.

8. East Asia is at an early phase of a dramatic transformation. Within the next few decades, it is likely that there will be a belt of modern industrialised nations with high standards of living, stretching from Korea, Japan, the PRC, Vietnam and down into the ASEAN region. It will be the region with the strongest economic weight in the world and the biggest market.

9. The PRC lies at the very hub of East Asia which is generally acknowledged as the fastest growing region in the world. With the continuing participation and interest shown by foreign investors, the pace of development in the PRC has, of late been phenomenal. I have no doubt that your economy will continue to be buoyant and, in the process, contribute to the economic well-being of the region as a whole.

10. In this regard, I am pleased to note that to date more than thirty-seven Malaysian companies have invested in the PRC since the implementation of the 'Open Door Policy' and modernisation programmes to attract foreign investments. I am also aware that many more Malaysian companies are now negotiating with Chinese joint-venture partners to participate and invest in various projects. I am confident that these overtures will result in some business ventures for the mutual benefit of our two countries. Another area that Malaysia can contribute is in the area of services for which we in Malaysia have fairly considerable experience. Malaysian companies for a start can seek out opportunities to export their expertise as well as participate in some of the PRC's rapid infrastructural programmes.

Ladies and Gentlemen,

11. I believe the PRC has been, and will continue to be, the main attraction for Malaysian companies. Opportunities still abound in the PRC. While interest is focussed on the China market, I would like to remind the Chinese businessmen not to lose sight of the tremendous potential of the ASEAN region and Malaysia, in particular. Malaysia can also serve as a pivotal point for gaining access to the ASEAN market. With the implementation of the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area (AFTA), intra-ASEAN trade will be increased. A potential market of 340 million people in the six economies of ASEAN is hopefully in the making. ASEAN, as a dynamic grouping with a growth rate of 5.5 percent in 1992, is now rapidly shifting towards industrialisation. Coupled with the establishment of the AFTA, opportunities for trade expansion are plentiful.

12. In so far as Malaysia is concerned, interest in the PRC, both as an investment location and a market for goods and services, is on the increase. For businessmen, the most important factors in the decision-making process are the political stability of the country, predictability and transparency of rules and regulations pertaining to industry and trade and, more importantly, a pro-business government. These factors, coupled with both fiscal and non-fiscal incentives, will be taken into account by any Malaysian businessman in his venture overseas. At present, the PRC will score well on those counts. What is required is greater interaction, both at the level of government and the private sector, to identify areas where collaboration between Malaysia and the PRC will generate greater economic benefits.

13. I sincerely hope that today's meeting of both Malaysian and Chinese businessmen will further strengthen the growing bonds of trade and economic friendship that both our countries

have so successfully nurtured and bring both Chinese and Malaysian businessmen in closer contact with each other.

14. Finally, I would like to urge all of you who are present here to take advantage of the vast opportunities open to you, and to set as your immediate goal the successful conclusion of your negotiations. On this note I wish you every success in your new endeavours.