

THE JOINT MALAYSIAN AND THE PEOPLE

SHANGRI-LA HOTEL, SHENZHEN, CHINA, 21 June 1993

Mr. Chairman, Ladies and Gentlemen,

I am pleased to be given this opportunity to address members of the Shenzhen and the Malaysian business community and to share some thoughts with you on the prospects for two-way trade and economic cooperation between the People's Republic of China (PRC) and Malaysia.

2. Since the implementation of market reforms and 'open door policy' by the PRC, there have been rapid changes in the country's economy and these have in turn generated many opportunities for both local and foreign participation. In fact, developments in the PRC have proceeded at a fast pace, creating tremendous opportunities in various sectors of the economy. These new developments have generated tremendous interest among foreign business circles. This is clearly reflected by the large number of Malaysian captains of industry in my delegation who are all keen to see for themselves the various trade and investment opportunities that the PRC has to offer.

3. I have no doubt that many of us have been following the positive economic developments in the PRC these past years. Nonetheless, I would like to draw your attention to the fact that the PRC has been having a good run economically over the last couple of years. In 1992, for instance, the PRC recorded another year of buoyant growth of 12.8 percent in real terms. Her manufacturing output increased by 14.4 percent during 1980-1991, while the 1992 manufacturing growth rate was at 20 percent. With the continuing inflow of direct foreign investments into the PRC, amounting to US\$58.6 billion in 1992 alone, I am confident that the PRC will continue to reap the benefits of this accelerated economic development.

4. I believe the emphasis on the growth of the Chinese economy has been and will continue to be driven primarily by private investments particularly direct foreign investment in the manufacturing sector. Your country's new found recipe for economic success has been based on free market principles. The wisdom of this new economic thrust and discipline will certainly pave the way for greater economic growth and development in the years ahead. In this, I believe that the PRC will endeavour to push ahead with economic reforms and will strive to establish a market economy open to the outside world.

5. With the vast opportunities and a buoyant economy, I would therefore urge Malaysian businessmen to tap the vast potential

of the PRC market. The Malaysian Government encourages reverse investments, and Malaysians can invest in the PRC where there is a more competitive and cost-efficient environment. In this regard I am pleased to note that Malaysian entrepreneurs have in some ways been active and participated in various projects in the PRC these last few years. I am exceedingly pleased to note that many business ventures have been initiated by Malaysian companies in collaboration with Chinese and other business partners. Many of these projects are at different levels of implementation and I am hopeful that many more joint-ventures with equity participation by Malaysian businesses will be in the pipeline in the coming months.

Ladies and Gentlemen,

6. I am pleased to note that the Malaysian private sector has made successful inroads in property and hotel development, palm oil refining, timber industries, manufacture of spring mattress, cables, copper alloy, corrugated cartons, rubber products, animal feeds, food, tiles and many others.

7. Although these investments are relatively small in the context of overall direct foreign investment into the PRC, they are, nevertheless, significant considering that both our countries have only recently lifted travel restrictions. However, the number of visits by companies and people has increased rapidly and, no doubt, this will contribute to further enhancing economic cooperation between businessmen of both countries.

8. The Government of Malaysia encourages the Malaysian private sector to invest selectively overseas and today Malaysian investments have been successfully located in Iran, Papua New Guinea, Cambodia, Vietnam, Thailand, the South Pacific and other countries. Here in the PRC, there is an abundant supply of well-educated labour at relatively low costs. There is also the availability of technology in which the Chinese are eminent in certain fields. On the other hand, Malaysia has a high level of management skills, capital funds and an indepth and extensive knowledge of free market practices. By coming together, Malaysian businessmen can benefit from the PRC's vast resources, educated workforce, relatively low cost of production and a huge domestic market. With the convergence and complementation of resources and expertise between the PRC and Malaysia, I am confident that businessmen of both countries can establish mutually beneficial investment projects.

Ladies and Gentlemen,

9. The PRC, too, is now becoming an important exporter and importer in world merchandise trade. Her exports grew by eight and a half times in the period 1978-1992, i.e. from US\$10 billion to US\$85 billion, contributing 17 percent to GDP. In 1992, the PRC was the world's 11th largest exporter while her imports grew from US\$11 billion in 1978 to US\$80.6 billion last year. The PRC also ranked as the world's 13th largest importing country. Similarly, Malaysia has also achieved high growth rates in both exports and imports. According to the GATT International Trade Report, Malaysia with a population of 18.5 million, ranked as the 23rd largest exporting nation and the 22nd largest importing nation in 1992. If both our countries cooperate and take advantage of our respective assets, then we can make even greater impact in the international market.

10. Two-way trade between Malaysia and the PRC has also increased from RM1,647 million (US\$634 million) in 1987 to RM4,446 million (US\$1,710 million) in 1992, with imports from the PRC surpassing Malaysia's exports to her. Malaysia's 1992 total exports to the PRC was RM1,961 million (US\$754 million), constituting an insignificant amount of the PRC's total imports i.e. about 0.94 percent. We would like to see the expansion of direct bilateral trade between our two countries instead of through third countries, which is still very prominent. Trade with third countries in goods originating from Malaysia cannot be regarded as trade with Malaysia as such trade already appears in records of our trade with such countries.

11. This meeting today will indeed contribute and enhance the bilateral economic and trade cooperation for the mutual benefit of both our countries. The presence of a large number of prominent members of the Malaysian business sector in my delegation augurs well for future PRC-Malaysia trade and economic cooperation. I am confident that the meetings and discussions that you will have here today will pave the way for new businesses to be conducted and result in greater trade and economic cooperation between our two countries. On this note I wish you every success in your deliberations.