

## **THE JOINT BUSINESSMEN MEETING**

ISTANBUL, TURKEY, 29 SEPTEMBER 1994

I am pleased to be given this opportunity to address distinguished members of the Turkish business and industrial community. I commend the organisers for the initiative to hold this function which has brought together the business communities of our two countries to discuss and share views on issues of common interest in order to strengthen trade and economic relations between Turkey and Malaysia.

2. The meeting here today is opportune and marks an important step towards closer relationship between Turkey and Malaysia. Ties between our two countries have always remained close and cordial. This can be attributed to our common stand in the various fora such as the United Nations and the Organisation of Islamic Conference (OIC).

3. Although we have established good trade links, there is still a lot more to learn about each other's business communities. Our visit here should facilitate greater flow of trade between our two countries.

4. The volume of trade between Turkey and Malaysia has progressively increased from US\$100 million in 1989 to US\$188 million in 1993. However, bilateral trade is still small accounting for less than one percent of our external trade. Trade between our two countries is also confined to a narrow range of products comprising mainly palm oil, natural rubber and cocoa from Malaysia and iron and steel ingots and bars, vegetables, electric power machines and apparatus, cement and fabrics from Turkey. This situation could be attributed to the lack of direct contacts between the businessmen of Turkey and Malaysia as well as limited information concerning products and market opportunities that exist in our two countries.

5. Many developing countries and newly emerging economies over the last couple of years have taken bold steps towards market liberalisation and deregulation. I am sure that Turkey too has undertaken liberalisation and deregulation measures to reinvigorate its economy. Turkey has also taken steps to privatise its enterprises. Malaysia too has undertaken similar measures which have resulted in greater trade and investment flows into the country, helping to boost technological development as well as improve efficiency and productivity levels. The liberalisation and deregulation measures undertaken by developing countries and newly emerging economies would eventually result in creating a substantial market in the South, which would be able to supply a wide range of products ranging from raw materials to products of high technology.

6. Malaysia has embarked on a concerted drive to enhance trade, economic and commercial links with other developing countries and newly emerging economies. The Malaysian private sector has been supportive of this drive. They have established contacts and networks in many developing countries such as China, Cambodia, India, Papua New Guinea, the Philippines, Sri Lanka, Vietnam, and a host of other countries which has resulted in greater flow of trade. Malaysia's exports and imports to and from the South countries in 1993 amounted to US\$17 billion and US\$12 billion respectively.

7. In our effort towards a more focussed programme for the South, the Malaysian Government has implemented a special programme of collaborating with General Trading Companies (GTCs) to promote Malaysia's trade with these countries. For this purpose, the Government has selected three GTCs namely, Edaran Otomobil Nasional Berhad (EON), Sime Darby Berhad and Kumpulan Guthrie Berhad. The GTCs among others would also identify possible competitive sourcing of raw materials and other inputs required by Malaysian companies and promote the export of Malaysian services and investment in the South including in Turkey.

8. On the investment front, Malaysia now encourages its private sector to venture out and invest overseas. In this connection, I am confident that the current level of cooperation between our two countries will continue to increase as a result of liberal trade and investment policies adopted by Turkey and Malaysia's reverse investment policy. It is therefore important that the private sectors of Turkey and Malaysia regularly review the opportunities and policy changes with a view to intensifying joint ventures and commercial links.

9. The Malaysian private sector has considerable experience and technical know-how in a number of areas such as manufacturing, agriculture, mining, tourism-related projects, construction, finance, engineering consultancy and development of infrastructure. I am sure Turkish entrepreneurs have also developed expertise and capabilities in various fields. Hopefully, Malaysian and Turkish companies could forge some fruitful business links in these activities.

10. According to the GATT International Trade Report 1993, Malaysia is now the 19th largest trading nation in the world. In 1993, Malaysia's total imports amounted to US\$45 billion. The rapid pace of economic development, liberal import policies and the increasing affluence of the people would continue to make Malaysia an important market for foreign suppliers including from Turkey. In this regard, I wish to invite Turkish businessmen to visit Malaysia and see for

themselves the vast trade opportunities available for their export. Turkish companies could set up their regional offices in Malaysia and use Malaysia as their base to launch their products in the ASEAN market. At the same time, Malaysia too could offer a wide range of manufactured and intermediate products required by Turkey. Malaysia has a broad manufacturing base. Manufactured exports in 1993 amounted to US\$34 billion representing 73 percent of our total exports.

11. ASEAN, of which Malaysia is a member, is committed to establishing the ASEAN Free Trade Area (AFTA) by the year 2008. AFTA will be achieved through the implementation of the Common Effective Preferential Tariff (CEPT) scheme under which the tariff level will be gradually reduced to between zero and 5 percent within a fixed time-frame. The dynamism experienced by the ASEAN region and the implementation of AFTA is expected to further accelerate economic development in ASEAN countries. This would also create considerable opportunities for businessmen within and outside this region which the Turkish private sector could take advantage of.

12. Turkey has emerged as an important trading partner of the central Asian countries. Turkey has also made several efforts to increase the flow of trade and investment with these countries. Besides, Turkey is also committed towards jointly developing several infrastructure projects in the central Asian countries. I believe that many of the products and expertise required for the development programmes could be sourced from Malaysia.

13. Malaysia regards the ratification of the agreement establishing The World Trade Organisation (WTO) which incorporates all the Uruguay Round agreements as crucial in boosting business confidence as well as enhancing the credibility of the multilateral trading system. For this, Malaysia has ratified the WTO Agreement on 6 September 1994.

14. Malaysia has made substantial offers in the Uruguay Round negotiations thus contributing to greater market access for industrial and agricultural goods. The scope of tariff bindings has increased from one percent to 65 percent as a result of the Uruguay Round negotiations. Malaysia's tariff offers now cover 79 percent of Malaysia's total imports. Malaysia's manufactured exports will benefit from a more than 45 percent tariff cut in Malaysia's export markets.

15. In the area of services, Malaysia is committed to liberalise 64 sectors and subsectors to foreign participation. Malaysia has offered substantial liberalisation, most favoured nation treatment and national treatment. For example, substantial offers have been made in professional services

including computer services, audio-visual services, maritime and aviation transportation services, consultancy and a wide range of business services. Further liberalisation of the services sector will be undertaken in a progressive manner on a unilateral basis commensurate with the level of economic development and the development of the domestic services sector.

16. In accepting the Uruguay Round results as a 'single undertaking' or as a package, Malaysia is committed to undertake the obligations pertaining to the improved trading rules and codes such as anti-dumping, subsidies and countervailing measures, the use of safeguard measures, import licensing procedures, customs valuation, sanitary and phytosanitary measures as well as technical barriers to trade. Steps are being taken by Malaysia to modify its policies and legislations to bring them into conformity with the improved trading rules in the Uruguay Round agreements which would be enforced by the WTO.

17. I have with me today a number of prominent members of the Malaysian private sector. They are all, I am certain, very keen to forge and strengthen further the bilateral trade, economic and commercial ties between our two countries. I am confident that the business meetings and discussions that you will have during their stay here would lead to fruitful results for both our countries.