

BUSINESS COMMUNITY MEETING

CAPE TOWN, SOUTH AFRICA, 24 AUGUST 1995

I am delighted to be present here at this session with distinguished members of the business community in the Cape Town and its surrounding areas. The enthusiasm shown by the business community in Malaysia, as reflected by the large delegation accompanying me on this visit to South Africa, is a vote of confidence of the Malaysian business community on the future of South Africa under the present government.

2. Malaysia and South Africa have excellent bilateral relations, which is growing from strength to strength. The constant exchange of visits, which has taken place over the last two years, has enhanced commercial contacts and networking between the peoples of our two countries. Such exchanges are vital in identifying prospects for investment and trade. The availability of direct flights between Kuala Lumpur and Johannesburg and Cape Town also facilitates trade contacts between our two countries.

3. I am happy to note that many of the prospects identified for trade and investment between our two countries have largely been followed through and translated into increased bilateral trade and investment. In a relatively short span of two years, bilateral trade has increased significantly. Malaysia is already, among developing countries, a leading investor in South Africa over the past two years. Our total trade for the first four months of 1995, at US\$190 million was four times our total trade during the corresponding period in 1994. This reflects the growing trade links between our two countries. Malaysia's total trade with South Africa for the whole of 1994 was US\$295 million. Despite the recent successes in stepping up bilateral trade, Malaysia's total trade with South Africa is currently still less than one percent of her total global trade. Therefore, there exists immense potential to step up further the value of our bilateral trade.

4. Malaysia's main exports to the Cape Town area are still confined to primary commodities such as timber, palm oil and latex. Malaysia has the potential to be a competitive source of supply for products such as manufactured rubber goods, electrical and electronic products, building materials and furniture. Our competitiveness as a supplying country globally is reflected in the fact that, if re-exports are excluded, Malaysia is currently the 17th largest exporter in the world.

5. Among the many products from the Cape Town area that have potential in Malaysia are fresh fruits and fruit juices. Currently, most temperate climate fruits and juices that are imported into Malaysia originate from Australia, New Zealand

and the United States. With greater emphasis on promotion, there is considerable scope for South Africa to increase its market share in Malaysia for this product sector. An effective way to promote further direct trade between our two countries is by participating in each other's trade fairs. Malaysia welcomes South Africa to participate in trade fairs held in Malaysia in order to create greater awareness of the products that South Africa has to offer. On Malaysia's part, we will be participating in the South African International Trade Exhibition (SAITEX) scheduled for October, 1995. I would like to invite the South African business community to visit the Malaysian Pavilion at the Exhibition.

6. The favourable business climate in Malaysia has enabled Malaysian companies to expand, not only within the country, but also increasingly abroad. Malaysian companies have, in recent years, undertaken numerous projects abroad. One particular area where Malaysian companies have developed expertise is in the construction sector. Malaysian construction companies have undertaken construction projects in many countries including South Africa, the People's Republic of China, Australia, Vietnam and Mauritius. These projects were completed according to specifications and within the specified timeframe.

7. The natural beauty of the Cape Town and surrounding areas make it ideal for tourism development. There are immense opportunities for joint ventures and alliances to be formed between the business communities of our two countries to develop the tourism potential of this region by undertaking investments in the hotel and resort development sector. Apart from providing employment, the development of the tourism industry will also widen the horizon of our peoples and bring them into close contact, something which will be beneficial for our relations.

8. Malaysia's experience in the construction of affordable housing will also be of relevance to South Africa's own efforts to provide adequate housing for its people. Other possible areas for Malaysian investment in this region include the building materials sector, sewerage and water supply projects, as well as the telecommunications sector.

9. Malaysian investors abroad have generally proven to be reliable business partners by their foreign counterparts. They have been observing the laws of the country in which they operate and are conscious of the aspirations and concerns of the people in the community in which they operate. The government, nevertheless, constantly reminds Malaysian investors abroad to be always sensitive and to preserve the good image of the country when investing abroad. The

government has also made it clear that it will not hesitate to act against any company that tarnishes the good image of Malaysia abroad. Malaysian investors abroad have been urged to take on a long-term perspective when venturing abroad, and to transfer technology and train local workers at all levels. Malaysia actively promote a caring society at home and we want to be the same abroad.

10. Its easy access to the rest of the world has made Malaysia an attractive centre for trade, investment and tourism. It is a stable multiracial country with a young, educated, and highly productive workforce. Malaysia has good infrastructure facilities and a well- established banking and financial services network to support the business sector. The country practises parliamentary democracy and has a strong, stable government committed to making Malaysia a developed country by the year 2020. South African companies can also consider establishing their operational headquarters in Malaysia to serve the ASEAN and East Asian region. The Malaysian government provides incentives for companies establishing their operational headquarters in Malaysia.

11. I am confident that your ventures with Malaysia, whether as joint-venture partners, traders or investors will be a profitable and mutually beneficial experience and would contribute to enhancing bilateral relations. In the area of restructuring a multiracial, multireligious and multicultural society and promoting growth, Malaysia will be pleased to share its experience with South Africa, if our experience is relevant in creating a better future for all South Africans.