

THE JOINT BUSINESS LUNCHEON MEETING

HO CHI MINH CITY, VIETNAM, 9 MARCH 1996

Let me first of all say how happy I am to be here today and to be given this opportunity to address this gathering of prominent members of the Malaysian and Vietnamese business community. This is a useful forum to discuss and exchange views of common interest that can contribute towards strengthening trade and economic relations between Vietnam and Malaysia.

2. With the promulgation of the 'Doi Moi' policy by Vietnam in 1988, bilateral relations between our two countries have continuously moved towards a higher plane. This is reinforced by the frequent exchanges of visits at the highest levels between our two countries. Such visits have not been confined to the government alone but also complemented by the business sectors of both countries. This signifies, to a large extent, the importance Malaysia places on bilateral relations with Vietnam. This visit, coming after Vietnam's admission to ASEAN further consolidates the already established close economic ties between our two countries within the context of ASEAN economic cooperation.

3. As we move towards the year 2000, East Asia of which we are an integral part, is set to become the dominant region of the world economically, politically and culturally. We are continuously discovering the tremendous economic potential that lies within Asia. East Asian export-led growth is now fast becoming sustained by demand from within the region. The World Bank estimates that between 1992 and 2000, 45 percent of all new purchasing power created worldwide will be in this part of the world. Vietnam and Malaysia which are part of this dynamic East Asian region must work together to ensure that prosperity does not pass us by. New ways of enhancing bilateral economic cooperation must be explored so that growth of this region is shared.

4. It is refreshing to note that in East Asia there has been a tremendous increase in intra-regional trade and investment flows leading to greater integration of markets. The establishment of AFTA is but a formalisation of the market-driven economic integration process aimed at accelerating trade and investment among South East Asian countries. Although Vietnam and Malaysia may be at different stages of development, this need not stand in the way of finding complementary areas to trade and investment, resulting in optimal utilisation of resources within this region of 400 million consumers. As a member of ASEAN, Malaysia is fully committed to sharing its experiences with Vietnam.

5. As a member of the community of South Countries, it is also our view that developing countries like Vietnam and Malaysia which share common aspirations of self reliance should work together. Malaysia places great importance on developing trade and economic cooperation between countries of the South. Since its inception, Malaysia through the G-15, has initiated several projects to improve South-South economic cooperation. In line with the spirit of South-South Cooperation, the government of Malaysia has encouraged Malaysian companies to invest and contribute to capacity enhancement of the South Countries including that of Vietnam. South-South cooperation has acquired greater significance in the light of the Uruguay Round market-opening process. It is therefore imperative that we who are from the countries of the South do more business among ourselves.

6. Trade has acted as an engine of growth in most countries in East Asia. Malaysia advocates bilateral trade relations with countries in this region, with the hope of complementing our resource endowments and competitive advantages. Bilateral trade between Vietnam and Malaysia has been growing rapidly since the opening up of trade. This proves that there exist many complementarities among our two economies for trade. The value of bilateral trade between Vietnam and Malaysia rose from US\$55 million in 1990 to almost US\$272 million in 1994. The value of trade in 1995 is expected to have exceeded US\$350 million. During this period trade between our two countries grew faster at 46 percent as compared with Malaysia's total trade which grew at 19.5 percent. I would like to urge the Vietnamese and Malaysian business community to work together to increase and to diversify the range of products traded between our two countries.

7. Under AFTA Vietnam has offered a first package of 1,638 items for tariff reductions, which includes machinery, mechanical appliances, paper and paper boards, chemicals, precision medical instruments, plastics, iron and steel. Tariff reductions on these items will further facilitate business and joint venture opportunities between Vietnam and Malaysia.

8. On Malaysian investment in Vietnam, it is estimated that by the end of 1995 Malaysian entrepreneurs would have invested a total of US\$860 million in 44 projects in the oil industry, infrastructure development, food processing, tourism and property development. It is also noteworthy that Malaysia today ranked second among the Asean countries and the seventh in terms of overall foreign investment in Vietnam. Malaysia will continue to encourage its private sector to invest in Vietnam wherever the cost of doing business is more competitive.

9. I urge the Malaysian business community doing business in Vietnam to be fully involved in the economic development and reconstruction of Vietnam. They need to share their experience and expertise with their Vietnamese counterparts. Malaysians need to take a longer term view of their business interests in Vietnam and seek lasting business relationships that are mutually reinforcing and beneficial. In short Malaysian businesses in Vietnam must remain responsible corporate citizens at all times.

10. As Vietnam prepares to take its place in the assembly of ASEAN nations, Malaysia is happy to note that Vietnam is narrowing the economic gap with the other members. Vietnam's past annual growth of over 8.2 percent and the setting of an economic growth target of between 9-10 percent for 1996 is heartening. Malaysia is also encouraged by the serious efforts taken by Vietnam to implement market liberalisation obligations under AFTA.

11. Malaysia's development experience has shown that one of the prerequisites for economic take off is the development of an efficient infrastructure including legal framework. We recognise that investments in highways, bridges, port facilities, water supply, power generations and refuse collection are necessary to support the other economic activities in the country. Malaysia is prepared to share her experience in these areas and cooperate with Vietnam in developing it's infrastructure. Malaysian companies are also keen to invest directly in other areas such as cement production, oil refineries, tyre manufacturing, food processing and tourism development.

12. Vietnam, an emerging market with a high rate of literacy and abundant natural resources, is well placed to achieve economic prosperity. I am confident that Vietnam will, in the not too distant future, join ASEAN's rapidly industrialising countries. To achieve rapid economic growth Vietnam needs greater investment and trade. The business community is looking forward to continued economic and legal reform and market liberalisation in Vietnam, which would accelerate bilateral trade and economic and commercial ties between Vietnam and Malaysia. I am confident that the Vietnamese government will respond to these challenges.