

## **THE BUSINESS MEETING AUCKLAND NEW ZEALAND**

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I am indeed pleased to be here today at this gathering of distinguished group of leaders from the corporate communities of New Zealand and Malaysia. Occasions like this provide an excellent forum for discussions and exchanges of views, thus contributing towards the enhancement of bilateral ties between New Zealand and Malaysia, in particular economic relations.

2. The cordial relations between the peoples of New Zealand and Malaysia, which go back to Malaysia's pre-independence days have been strengthened through numerous Commonwealth programmes. Indeed the contributions by New Zealand towards the defence and socio-economic development of Malaysia in the past have been substantial.

3. Although New Zealanders and Malaysians share different historical and cultural backgrounds, there are many common elements between us. We share basically similar legal, social and economic institutions. These commonalities have enabled us to cooperate closely in many areas of economic and social activities. This visit coming at a time of significant changes in Asia is aimed at strengthening the bilateral relations between our two countries whilst exploring new avenues for cooperation.

4. We are living in a very exciting time of rapid changes and new opportunities in which new technologies are forcing the globalisation of business. Economic dynamism and growth have already begun to shift to Asia even before the century ends. The Uruguay Round has set the trend towards a more open world trading system. Small countries like New Zealand and Malaysia which are outward looking and depend on trade for our prosperity should stand to gain from these developments. We need to position ourselves strategically to take advantage of these market opportunities. As Malaysia and New Zealand differ in resource endowments, there are many areas of complementarities between us. We therefore need to identify areas where our strengths and expertise could be put to better use.

5. Both New Zealand and Malaysia have chosen to privatise and give the private sector the major role in the economy in the search for growth and competitiveness. It is not surprising that in the last five years, trade between New Zealand and Malaysia has on average grown at 14 percent. In 1994 bilateral trade totalled US\$545 million as compared with only US\$279 million in 1990. During the first 11 months of 1995 the value of bilateral trade stood at US\$467.8 million.

6. While Malaysia's exports to New Zealand comprise largely of consumer electrical and electronic products, textiles, palm oil and rubber, imports are made up of dairy meat, fruits, pulp and paper and forest products. It is clear that our distinct comparative advantages have given rise to specialisation and complementarity in our economies. The balance of trade, however, has consistently been in New Zealand's favour over the last six years. As Malaysia's share of New Zealand's global trade accounts for only 1.6 percent, the imbalance is not a problem. Far more important is the need to increase the volume of trade. I therefore urge the business community of both countries to re-examine the potentials of each country in order to identify more items for trade exchanges. New Zealand's expertise in boat-building and marine engines offer scope for this.

7. New Zealand, by optimising its resources, has emerged as an efficient and competitive producer and exporter of food and forest products. Within the ASEAN region increased affluence and purchasing power is expected to lead to a change in dietary habits with an increase in the consumption of meat, dairy and cereals in general. Malaysia and New Zealand could work together to take advantage of this explosion in demand for food in the Asian region. Malaysia, located in the middle of the dynamic ASEAN region of 400 million consumers can become a conduit for the marketing and distribution of New Zealand's food products through joint ventures.

8. Malaysia as a member of the Commonwealth inherited and adapted the British systems of administration and legal framework. This should make it very familiar and comfortable to New Zealand's businessmen whose systems are of similar origins. Since 1980 New Zealand companies which took advantage of Malaysian opportunities, have invested in 23 projects with approved investment of US\$20.8 million. More New Zealand companies should locate their production in Malaysia in anticipation of ASEAN Free Trade Area (AFTA). Malaysia also has a generous incentive scheme for Overseas Head Quarters and Buying Offices located in Malaysia. The business community of New Zealand may wish to take advantage of these incentives in the pursuit of trade with this region and other parts of the world. Regional Head Quarters located in Malaysia can be 100 percent foreign owned and employ 100 percent foreign executives.

9. Malaysia has followed with great interest the economic reforms and market liberalisation process in New Zealand since 1984. These broad-based reforms, coming ahead of world wide market opening measures have made New Zealand a relatively attractive place to do business. Although New Zealand may be a small market, with a population of 3.5 million, its per capita

purchasing power is high and it has some definite economic strengths. New Zealand has a multi-million dollar tourist industry, with tourist arrivals from Asia alone having risen by some 27 percent in 1995. Malaysia and New Zealand could explore joint venture opportunities in the hotel, tourism and property development. The corporate sectors of the two countries could explore New Zealand's strengths in forestry, boat building, food processing and telecommunications for joint ventures. I am confident that this visit will result in some tie-ups in these areas between New Zealand and Malaysia.

10. Malaysia on the other hand, is a major manufacturer and exporter of household furniture in key markets of the European Union, Japan and the United States. The raw materials for furniture are increasingly being sourced from renewable sources in the interest of environmental conservation. To ensure continued supply of raw materials for the industry, we recognise the need to develop forest plantations in Malaysia. New Zealand which has extensive expertise in this field could invest in Malaysia to develop forest plantations, and integrate it with furniture manufacturing for the export market.

11. Malaysia has developed close links with the countries of the South and the emerging markets through trade and economic cooperation. The government of Malaysia has encouraged the Malaysian corporate sector to invest and trade with the South Countries. The corporate sector of New Zealand could establish bridgeheads in these countries through alliances and joint efforts with their Malaysian counterparts, in three-way joint ventures.

12. I would like to conclude by saying that New Zealand and Malaysia both have a global outlook and subscribe to open markets to promote bilateral trade and investment. We have many similarities in our ways of doing business. We therefore need to map out strategies to enhance corporate links between our two private sectors for joint projects in the ASEAN region and in the newly emerging markets. A combination of both our individual strengths in key niche areas would be formidable. I therefore urge the corporate communities of both countries to take up the challenge.