

## **THE KYRGYZ-MALAYSIA BUSINESS MEETING**

BISHKEK, KYRGYZ REPUBLIC, 16 JULY 1996

Let me first of all say how pleased I am to be here today in Bishkek and to be given the opportunity to speak at this joint Kyrgyz - Malaysia business meeting. This meeting once again brings together the Kyrgyz and Malaysian business sectors after their first meeting in Kuala Lumpur last year.

2. This is the first official Malaysian business delegation to visit the Kyrgyz Republic. It is therefore not surprising that in the immediate past the level of our bilateral economic relations has been at a relatively low level. However, with the globalisation of the world economy, a whole new chapter in relations among nations is being established. The Kyrgyz Republic has recently intensified efforts to promote trade and investment with other countries in Asia. Likewise, Malaysia too has intensified efforts to establish linkages with emerging economies in this region. It should therefore be our common desire to elevate economic cooperation between the Kyrgyz Republic and Malaysia to a higher plane.

3. Malaysia has followed with great interest the bold market reforms and economic restructuring that the Kyrgyz Republic has undertaken since 1991. The confidence expressed by international agencies like the World Bank and the Asian Development Bank of the economic reform process in the Kyrgyz Republic underscores the potential of the economy. These developments in the Kyrgyz Republic complement the economic dynamism of the rest of Asia. By the year 2000, Asia is set to become the most important region of the world economically, politically and culturally. We in Asia should therefore explore new ways of enhancing economic cooperation so that the dividends from this growth could be jointly shared.

4. Based on the strength of Malaysia's past economic growth of eight percent plus since 1988, the Seventh Malaysia Plan, which was launched recently, envisages continued growth of 8 percent per annum until the year 2000. The focus of the Plan will be on accelerating productivity and efficiency with special emphasis on skills upgrading, capital deepening and technological development. The manufacturing, services and construction sectors are expected to be the major contributors to this growth. The manufacturing sector which is expected to grow at 10.7 percent per annum during this Plan period is expected to account for 37.5 percent of GDP by the year 2000. Manufactured products are expected to continue to spearhead the growth in merchandise exports and is targeted to grow at an annual rate of 16.9 percent. Earnings from the export of manufactured products is expected to reach US\$128.9 billion by the year 2000 as compared to US\$74.1 billion in 1995. The

achievement of these targets is expected to result in Malaysia emerging as one of the foremost trading nations of the world by the end of this century,

5. Malaysia is also a member of ASEAN, a seven nation grouping with a population of 420 million people. By the year 2000 this regional grouping is set to become a free trade area with zero tariff for most manufactured products, and where tariff exists, it will not be more than 5 percent. This enlarged market will provide opportunities to the business sector of the Kyrgyz Republic. The Kyrgyz business sector could use Malaysia as a staging point to expand their trading operations with other countries in the South East Asian region.

6. As a member of the community of developing countries it is imperative that Kyrgyz and Malaysia, which share common aspirations of self reliance should work together. Malaysia places great importance on developing trade and economic cooperation with countries of the South. 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. South-South Cooperation has acquired greater significance in the light of the Uruguay Round market opening process. Malaysia's total exports to the South countries has registered strong growth, representing 16.9 percent of our total exports in 1995 as against 12.2 percent in 1990.

7. Trade has acted as a catalyst of growth in most countries. Through enhanced trade and economic relations, developing countries can complement each other in optimising their individual resource endowments. On this premise, there are certainly many opportunities for the Kyrgyz Republic and Malaysia to work together in developing areas of complementarities which could lead to mutual prosperity. Admittedly, our current level of economic relations is still at relatively low levels. For example, bilateral trade between our two countries, based on Malaysian records, amounts to only US\$0.33 million (RM0.82 million) in 1995, comprising virtually of Malaysian imports from the Kyrgyz Republic. Realising the need to enhance our economic relations, we had in 1995 bilaterally signed the Trade Agreement, the Investment Guarantee Agreement, and the Economic, Scientific and Technical Cooperation Agreement. These agreements should now provide the framework for the Kyrgyz and Malaysian business community to work together to increase and diversify the range of products traded between our two countries.

8. Malaysia is happy to note that there are many positive signs emanating from the Kyrgyz economy during this transitional stage of macroeconomic stabilisation. It has been

reported that during first-quarter of 1996 foreign trade turnover and industrial growth has risen. Malaysia is also encouraged by the commitment of the government to continued reform as seen in the recently unveiled blueprint on economic development until the year 2005. Given these developments, the Kyrgyz Republic represents an attractive market for trade and investment.

9. The Kyrgyz Republic is well endowed with resources like minerals, leather, wool and cotton which can support viable manufacturing industries. The Government for its part is providing support to small and medium industries. It is reported that there are currently 5,600 medium and small businesses and cooperatives in the country. The Malaysian private sector could complement the efforts of the Kyrgyz Government by going into joint ventures with small and medium industries sector in the Kyrgyz Republic.

10. Malaysian development experience has shown that one of the prerequisites for sustained economic take off is an efficient infrastructure system. It is therefore fitting that the Kyrgyz Republic is targeting to upgrade its highways, communications facilities and power generation capability to support other economic activities in the country. Malaysian companies have successfully ventured into the South markets and accumulated considerable experience in highway construction, housing and hotel development, power supply, oil and mineral exploration and telecommunications. Malaysia is prepared to share her experience in these areas and participate in the Kyrgyz Republic's infrastructure development projects.

11. It is also noteworthy that the Kyrgyz Republic is a member of the Central Asian Economic Union which is set to become a free trade area incorporating the neighbouring countries of Kazakhstan and Uzbekistan. In fact Kazakhstan and the Kyrgyz Republic have already lifted customs barriers between them, which have resulted in an increase in the volume of trade. This will provide opportunities to Malaysian companies which could explore the possibility of using the Kyrgyz Republic as a base for their business operations in the Central Asian market. The proposed market integration which would create a larger market in Central Asia would help sustain industries that would otherwise not be possible. Alternatively, Kyrgyz and Malaysian businessmen could go into joint ventures to undertake viable projects in the neighbouring countries which will now be part of the same market.

12. Lastly, I urge the Malaysian business community doing business in the Kyrgyz Republic to partake in the economic restructuring of the country. Malaysians need to take a longer term view of their business interests in the Kyrgyz Republic

and seek lasting business relationships that are reciprocally beneficial. On its part, the Government of the Kyrgyz Republic has set for itself a minimum long term growth target of between 3-4 percent and a doubling of GDP by the year 2005, which has set the stage for economic prosperity in the Kyrgyz Republic. I am certain the Kyrgyz Government will continue to create the necessary enabling environment to make the Kyrgyz Republic an attractive place for the business sector. I wish you all every success in your deliberations.