

## **THE KAZAKHSTAN-MALAYSIA BUSINESS MEETING**

ALMATY, KAZAKHSTAN, 19 JULY 1996

I am honoured to be here among prominent members of the business community of Kazakhstan and Malaysia. Although this is the first official Malaysian business mission to visit Kazakhstan, I am indeed encouraged by the enthusiasm and support accorded by the Kazakhstan business sector to this meeting.

2. Malaysia has followed with keen interest the initiative taken by the Kazakhstan Government to restructure its economy in efforts to bring it into the mainstream of the world economy. The commitment of the Kazakhstan Government to economic reform is reflected in the liberal pro-business policies pursued and the legal and institutional framework created to hasten the process of economic restructuring. We are greatly encouraged by the fact that Kazakhstan is attempting to expand her international markets and attract foreign investments through the establishment of economic relations with other countries, including Malaysia. Malaysia supports Kazakhstan's efforts and is ready to cooperate with Kazakhstan in establishing meaningful bilateral trade and economic relations.

3. Since the launching of market reforms, Kazakhstan has emerged as one of the most stable economies with relatively high per capita incomes in this region. This translates into business opportunities that our business sectors should pursue. It is not surprising that Kazakhstan has become an attractive destination for foreign investment. Continued relaxation of trade controls and reduction on import and export tariff levels on consumer goods such as clothing, furniture and vehicles will contribute positively towards enhancing bilateral trade between Kazakhstan and Malaysia.

4. Allow me to take this opportunity to also briefly enlighten you on some highlights of the Malaysian economy and expected economic developments over the next five years. Malaysia has consistently achieved average economic growth of eight percent plus per annum over the past eight years. Continued, but slightly lower growth of eight percent has been targeted for the next years under the Seventh Malaysia Plan, launched recently. During this period the manufacturing sector is expected to provide the main thrust of growth. The sector will expand by 10.7 percent and contribute 37.5 percent of GDP by the year 2000. The strong growth of manufacturing activity in the economy will be reflected in the composition of merchandise exports, where the share of manufactured products in total exports will rise to almost 88.6 percent by the year 2000 as against 79.6 percent in 1995. These planned

developments will set Malaysia on the path to achieving her goal of becoming a developed nation by the year 2020. Given these development the Kazakh business sector is invited to look into business opportunities in Malaysia.

5. Kazakhstan and Malaysia both subscribe to a market driven economic system, where private enterprise assumes a leading role in the economy. This meeting of our respective business sectors is aimed at providing an opportunity to discuss and map out strategies for our mutual benefit through private sector led initiatives. I have brought with me businessmen who are keen to establish business partnerships with their Kazakh counterparts. This meeting in Almaty, I am sure, will build upon the initial ties established during the visit of H.E. Nursultan Nazarbayev to Kuala Lumpur in May this year. In this respect, it is heartening to note that some business ventures initiated during that visit are in the process of being implemented.

6. Bilateral trade between Kazakhstan and Malaysia, although relatively small in relation to our respective global trade, has been growing steadily. Since the opening up of direct trade, bilateral trade between us has averaged US\$4.7 million (RM11.88 million) per year. Malaysian exports to Kazakhstan in 1995 amounted to US\$0.98 million (RM2.5 million), while imports from Kazakhstan amounted to US\$3.6 million (RM9 million). The present level of trade and the narrow range of products traded does not reflect the true potential for bilateral trade between our two countries. It is my belief that there is considerable scope for expansion of bilateral trade. While Malaysia can be a competitive source of imports for Kazakhstan's needs, the Kazakh business community should also explore ways of exporting more of their products to Malaysia. The business community from our two countries should not be constrained by the myth that trade cannot occur and grow among developing countries. Malaysia's exports to countries of the South has grown rapidly, representing 16.9 percent of Malaysia's total exports in 1995, as compared with 12.2 percent in 1990.

7. It is Malaysia's view that there is tremendous potential for greater South-South cooperation through trade among developing countries who share common goals. It is our belief that members of the South countries should work together to improve their condition through mutually beneficial trade and other economic activities. Malaysia actively encourages her private sector to trade and to invest in other countries of the South and to indirectly contribute to their economic development through viable and mutually beneficial ventures. Malaysian companies have responded to this call, and it is in

this spirit that Malaysian companies have come to Kazakhstan today.

8. The Malaysian business community is here in Almaty in response to the call of H.E. the President during his visit to Kuala Lumpur, to partake in the development of Kazakhstan. Many of the Malaysian companies here today have successfully ventured overseas into industries like construction, infrastructure development, housing development, road and highway construction, telecommunications, mining, power generation and tourism development. The Malaysian business sector is prepared to share its experience in these areas with Kazakhstan. The Malaysians look forward to participating in suitable projects, where their expertise could be put to good use in collaboration with their Kazakh counterparts.

9. Apart from this, Malaysia's globalisation strategy also encourages industries to relocate in countries of the South where viable and appropriate. Malaysian industries are moving to new locations in search of resources and where factors of production are more competitive. Kazakhstan which is endowed with a wide range of minerals, oil, gas and other raw materials is an excellent place for such investment. The Malaysian private sector should therefore explore the possibility of going into downstream manufacturing activities utilising locally available resources. Opportunities for joint ventures with Kazakhstan industries exist in telecommunications equipment, chemical materials and products, office machines, furniture and food processing and others.

10. Malaysia and Kazakhstan have already put in place the necessary framework to enhance business and trade in the form of a Trade Agreement, an Investment Guarantee Agreement, and an Economic, Scientific and Technical Cooperation Agreement, which were signed in Kuala Lumpur this year. These agreements represent the sincerity and seriousness of our two countries to promote bilateral economic relations. Now it is up to the business sectors of Kazakhstan and Malaysia to go beyond these agreements and make these aspirations a reality. I urge the Malaysian business community to participate fully in the economic restructuring of Kazakhstan in cooperation with their Kazakh counterparts.

11. On its part the Kazakhstan government is laying the groundwork for a legal and institutional framework to promote economic efficiency, private enterprise and privatisation. The ongoing market liberalisation process will generate new business opportunities. The Kazakhstan government is actively encouraging foreign investment and privatisation. The 'Foreign Investment Law of 1995' can be considered very liberal and attractive by international standards. The recently revised

privatisation laws and the Tax Code have made the privatisation process more transparent, treating foreigners and local investors equally. I am confident that given the increasingly pro-business policies of the government, economic restructuring although initially painful, will succeed finally.

12. Apart from exploring the economic potential in each other's country, the Kazakh and Malaysian private sector should explore opportunities for cooperation in third countries through trade and investment. Malaysians could form joint ventures with Kazakhstan to import, warehouse and distribute Malaysian manufactured products to land locked members of the Central Asian Economic Union of which Kazakhstan is a member. These are among the numerous possibilities that they may want to deliberate and follow up from this meeting.

13. Finally, I would like to reiterate that the Governments of Kazakhstan and Malaysia can only lead the way. It is up to the business sectors of our two countries to follow up on these leads through the exchange of visits and networking through Industry and Trade Associations. I wish you all success in your deliberations.