

**THE BUSINESS LUNCHEON WITH THE MONGOLIAN CHAMBER OF  
COMMERCE & INDUSTRY AND MALAYSIAN BUSINESS DELEGATION**  
CHINGGIS KHAAN HOTEL, ULAANBAATAR, REPUBLIC OF MONGOLIA, 09  
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1. I wish to thank the Mongolian Chamber of Commerce & Industry and the Malaysian business delegation for their joint effort in organising this luncheon. This meeting will hopefully lead to the forging of new relationship between our business communities, and lend substance to our bilateral relations.
2. Malaysia has followed the economic transition in Mongolia with great interest. We welcome the steps taken by the Mongolian Government to bring its economy into the mainstream of the world trading system. The move to accede to the World Trade Organisation is further testimony of this intent. We are encouraged to note that Mongolia is attempting to expand its international markets, by seeking trade relations with countries in the Asian region, including Malaysia.
3. Currently, our economic relation is minimal. Bilateral trade between Mongolia and Malaysia is about 0.32 percent of Mongolia's total world trade in 1996. From US\$172,000 in 1990, total trade between our two countries had increased to US \$2.715 million in 1996. Malaysia's exports to Mongolia was US\$1.58 million in 1996, while imports amounted to US\$1.14 million. The current level of trade and the narrow range of products traded is far below the potential for bilateral trade between Mongolia and Malaysia. Nevertheless, from this humble beginning, we can raise our economic relation to new levels.
4. The business communities of our two countries should not be constrained by the notion that trade cannot flourish between and among developing countries. Malaysia's total trade with other developing countries expanded by 13.6 percent to US\$23.9 billion in 1995, while Malaysia's total exports to the developing countries increased by 8.3 percent to US\$13.9 billion. As a group, developing countries accounted for 17.7 percent of Malaysia's total world exports in 1996. However, it would be important to bear in mind that increasing the trade among developing countries would not be that easy, for we need the fundamental supporting framework, for business to flourish.
5. In the market system, private enterprise must assume a leading role in the economy. This gathering of the private enterprises of our two countries is aimed at providing an opportunity to establish links and to discuss and map out strategies that are mutually beneficial. The Malaysian business delegation present here are keen to explore the possibilities of working together with their Mongolian counterparts. This meeting in Ulaanbataar, I believe, will build upon the initial ties established during earlier visits by the Mongolian business delegation in July 1995 and in March 1996.
6. I note that business ventures between Mongolians and Malaysians are already in place here in this country. Mongolia's MM Holding Ltd has a number of joint-venture projects with Malaysia's Sriwani Holdings Berhad through the formation of MM Sriwani Co Ltd, for the construction and management of duty-free

complexes. Malaysian Mining Corporation (MMC) through a joint-venture arrangement with Mongolian partners, will undertake the Egiin Hydro Electric Project. Agreements between Monsonic Group of Mongolia and Optastar Sdn Bhd of Malaysia will lead to the supply of Malaysian refined sugar and rice to Monsonic Group of Mongolia.

7. Mongolia and Malaysia have already put in place the necessary framework to enhance business and trade, in the form of the 'Investment Guarantee Agreement' and 'Avoidance of Double Taxation Agreement' which were signed in Kuala Lumpur in July 1995. These agreements represent the sincerity and determination of our two countries to promote bilateral and economic relations. Now it is the turn of the private sector of both Mongolia and Malaysia, to go beyond these agreements and to turn the aspirations of our two governments into reality. I have been told that since 1992, nineteen officials from Mongolia have received training in various fields in Malaysia. I hope these officials have benefitted from their short stay in Malaysia.

8. Malaysia advocates greater South-South cooperation through trade among developing countries. It is our belief that members of the South countries should work together to improve their economic and social conditions through mutually beneficial trade and economic activities. On Malaysia's part, we actively encourage our private sector to trade and invest in other South countries. Malaysian ventures in the countries of the South must serve both the host country's interests as well as their own interests. Malaysian companies have responded to this call and it is in that spirit that we are all here today, in Mongolia. Malaysian companies have ventured worldwide in several sectors such as banking, construction and property development, telecommunications, power generation, road and highway development, mining and tourism related projects. Malaysia's private sector is ready to cooperate with Mongolian enterprises in these sectors and explore the possibility of going into value-added manufacturing activities, utilising locally available resources.

9. As for Malaysia, the change in our economic profile did not happen overnight. Major changes to the mindset of the people had to be made. Malaysia realised that an agrarian-based economy was somewhat uncertain and unpredictable in the light of fluctuating commodity prices, and changing weather condition. After shifting the focus of the economy from being agrarian-based, which was the mainstay of our economy for decades, Malaysia ventured into industrialisation. This has brought about a complete turnaround of Malaysia's national economy. Manufactured products in the early 80's represented 22.4 percent of the total exports. Today it is 80 percent, reflecting the government's and the people's commitment to achieving full industrialisation by the year 2020.

10. Malaysia is also promoting 'smart partnership', a concept in which every partner wins. We believe that if we try to get everything for ourselves, at the end, we will get nothing. We are promoting the concept of 'smart partnership' based from the lesson we learnt from our past.

11. Finally, I would like to reiterate that our two governments can only lead the

way. The private sectors of both Mongolia and Malaysia need to be proactive to follow up leads through further discussions, exchange of visits and focused networking.

12. I am confident that many more ventures, in line with the principles of 'smart partnership', will materialise as a result of this meeting.