

## **THE CUBAN-MALAYSIAN BUSINESS LUNCHEON**

LA HAVANA, CUBA, 27 SEPTEMBER 1997

Firstly, let me thank the organisers for giving me the opportunity to address this important meeting of prominent members of the Cuban and Malaysian business community.

2. I am delighted to be here today and feel honoured to be able to share my thoughts on how we can enhance Cuba- Malaysia bilateral economic and trade cooperation. Increased interaction between our two countries, through visits and meetings such as this, will certainly help strengthen economic relations and bilateral ties between our two countries.

3. Consistent with the realities of the current global economic environment, we must constantly seek new partnerships and linkages to grow our economy through trade and investments. It is in this light that Malaysia seeks new friends in this region and this visit to Havana marks our earnest desire to establish and develop mutual economic linkages with this country and people.

4. We acknowledge that Cuba has great potential for growth and we want to participate in your economic evolution. We are here today in Cuba because we believe in constructive engagement that is aimed at enriching your economy as well as ours.

5. This meeting in Havana, I am sure, will enhance the initial ties established during the two earlier visits by the Cuban delegation to Kuala Lumpur this year, one of which was led by the Minister of Foreign Affairs and the other by the Vice Minister of Foreign Trade. I am certain that arising from this meeting, the business communities of our two countries can identify areas of mutual interests for possible joint cooperation. I am told, investment opportunities exist in such areas as construction, tourism, mining, power generation, petroleum exploration and refining, food processing and trading in consumer items.

6. Many of the members of the Malaysian delegation and their companies have played a key role in the economic transformation of Malaysia. They represent sectors like banking, telecommunications, property development, manufacturing, mining, construction, energy and tourism. They are therefore knowledgeable about business in areas which are important to Cuba's own priority sectors. I sincerely hope that they can be given an opportunity to participate in the evolution of the Cuban economy.

7. Bilateral trade between Cuba and Malaysia is still small. This is due to the structure of trade which is concentrated on a few products. Last year, according to the Malaysian statistics, total trade between our two countries amounted to US \$612,000 compared to US\$952,000 in 1995. The bulk of Cuba's exports to Malaysia is made up of industrial alcohol while imports from Malaysia comprised mainly sound and telecommunication equipment and air conditioners.

8. Obviously we have not really attempted to identify items for imports and

exports between our countries. It is important that we identify what can be sourced from Cuba and what Cuba needs which can be supplied from Malaysia. We need also to look into shipping and other means of transportation, as well as the financing arrangements which are mutually beneficial to us.

9. During this visit, the necessary framework to enhance trade and investment between our two countries are being put in place. This is in the form of a bilateral 'Investment Guarantee Agreement' , a 'Trade Agreement' and an 'Agreement on Partial Abolition of Visa' . Meanwhile, the private sector of our two countries will also be signing a number of Memoranda of Understanding or MOUs to examine the possibility of joint ventures. In addition, the recent opening of the Cuban Embassy in Kuala Lumpur will facilitate greater access and awareness of each other' s needs and potentials.

10. We in Malaysia are encouraged by the economic and fiscal reforms undertaken by the Government of Cuba. The pragmatic approaches of the on-going Economic Recovery Programme and incentive schemes for foreign investments and joint ventures have already laid the foundation for increased growth in the key sectors of the economy. I am told that, last year, Cuba' s GDP grew by 7.8 percent -- the highest in Latin America. Foreign trade too had expanded by about 33 percent.

11. Last year also saw the strengthening of the Cuban national currency and the establishment of nearly 300 joint venture associations with foreign enterprises in Cuba. Indeed, Cuba' s economic evolution in the past few years has been remarkably positive, taking into consideration the exceptionally harsh conditions under which these results were achieved.

12. To date, I understand that no Malaysian company has invested in any kind of business in Cuba. I therefore, would like to take this opportunity to reiterate our interest and readiness to participate in various sectors of development in Cuba.

13. I note that the Republic of Cuba is in the forefront of medical, biotechnological and pharmaceutical research. Through years of dedicated research and well-coordinated programmes amongst the various research institutes here, this country has not only emerged as a major manufacturer of interferons and vaccines but also has generated treatment methods, medication and diagnostic equipment of world standards.

14. Malaysia, on its part, would like to explore the possibilities of sharing and exchanging information and results in these areas of research. For a start, Malaysia could be a launching pad for these products and services in the ASEAN region with a market of almost half a billion people.

15. In this respect, I am happy to note that a business arrangement has been made between Raza Manufacturing Berhad of Malaysia and Heber Biotec S.A., the marketing arm of the Centre of Genetic Engineering and Biotechnology (CIGB) of Cuba. I am told that this project will initially undertake to market CIGB range of pharmaceutical and diagnostic products in Malaysia. Hopefully, in due

time, this project will grow to a level where it necessitates the setting up of joint-manufacturing and research facilities in Malaysia, thus, allowing for the possible technological transfer from Cuba to Malaysia.

16. I also note that tourism is the most dynamic and fastest growing industry in Cuba. Last year saw the arrival, for the first time, of one million tourists to the Island. Today, Cuba' s tourism industry has become the major source of national income and it is seen as a major contributor to Cuba' s future economic growth. Malaysia, on its part, has acquired useful experiences in this field and would like to exchange information and participate in the construction and management of tourism-related facilities in Cuba.

17. Yet another possibility for joint venture activity is in the field of agri-business and food-related industries. I am told that the Malaysian Padi Beras Nasional Berhad (BERNAS), a rice production and trading company, has had an agreement with the Cuban Ministry of Foreign Trade and the Ministry of Agriculture to produce, procure and distribute rice in this country as well as in the region.

18. Malaysian entrepreneurs who are present here today would also like to explore other possibilities of joint- venture projects, such as in textiles and garments and footwear manufacturing, mining, oil and gas exploration and refining, power generation, construction and property development, and the production of construction materials, industrial chemicals, plastics, detergents and fertilisers.

19. Malaysia' s economic development over the last four decades was grounded on sound policies and the people' s efforts. Looking back, it can be said that Malaysia has undergone significant changes from being the world' s largest producer of tin and natural rubber to a rapidly industrialising country. Malaysia now produces and exports a wide range of manufactured goods, and these make up 80 percent of total export amounting to US\$76 billion. The performance of the Malaysian economy has been mainly a result of our industrialisation drive, with an unprecedented growth in the output of the manufacturing sector particularly in the last ten years.

20. However, we recognise that success also carries a cost and creates problems and issues of its own. Where these involve the domestic economy, they are not impossible to manage but external problems do not lend themselves to easy solutions. Wherever adjustments have to be made in order to accommodate international demands, they will be made. At the same time, Malaysia will participate fully in the search for a more equitable and open world trading regime.

21. Vision 2020 is the crystallisation of Malaysia' s ambitious target to become a fully developed nation. Hence, the thrust of our current industrial policy is towards developing industries which have high value-added, high technology, high local content and having strong linkages with the domestic economy apart from foreign markets. Having outgrown the era of labour intensive industries, our

emphasis is now on the development of capital intensive and technologically sophisticated industries. There will also be a growing emphasis on productivity and quality-driven growth through skills upgrading, capital deepening and research and development to increase Malaysia' s competitiveness.

22. Accordingly, a nationwide IT agenda is being implemented to accelerate the wider usage of IT in the various sectors of the economy. In line with this strategy, Malaysia is developing the Multimedia Super Corridor or MSC as the perfect test bed for companies wanting to create, distribute and employ multimedia products and services. Thus far, we have managed to attract the interest and support of some of the world' s biggest multimedia corporations.

23. With the various development projects that we have put in place and the 2020 vision that we have set for Malaysia, opportunities both in trade and investments abound for foreign business enterprises. Malaysia will continue to offer a stable, strong and business-friendly government, consistent policies, a forward-looking, dynamic and innovative economic regime to help investors succeed without undue constraints. These are some of the factors that have encouraged more than 3,000 manufacturing companies from over 35 countries to make Malaysia their offshore production base.

24. We in Malaysia have found that foreign investments have helped to transform our economy. Such investments have created jobs, increased foreign exchange and transfer of technology, expanded our industrial base and provided linkages between the agricultural and industrial sectors. It also spawned the growth of medium and small-scale industries. As a result Malaysians are now able to invest in other developing countries.

25. Guided by this experience, Malaysia has endeavoured to play a somewhat similar role advocating greater cooperation through trade and investments among developing countries who share the common aspiration for self reliance. It is also our belief that developing countries should work together to improve their condition through mutually beneficial trade and other economic activities.

26. Malaysia' s globalisation strategy also encourages its industries to relocate in countries of the South where viable and appropriate. Malaysian industries are moving to new locations in search of resources and factors of production which are abundant and competitively priced. Malaysian companies have also successfully ventured worldwide into the services industries like banking and tourism related projects.

27. As Cuba and Malaysia are countries with small domestic markets, it is imperative that we adopt a global outlook to achieve and sustain growth. Therefore, apart from exploring the economic potential in each other' s country, the Cuban and Malaysian private sectors should also explore opportunities for cooperation in third countries.

28. Finally, I urge the Malaysian business community doing business in the Republic of Cuba to take a longer term view of their business interests in this

country and seek to establish lasting business relationship that are reciprocally beneficial. I am certain the Cuban Government will continue to create the necessary enabling environment to make this country an attractive place to do business.