

**THE BUSINESS FORUM HOSTED BY THE FEDERATION OF EGYPTIAN
CHAMBER OF COMMERCE
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I would like to express my gratitude to the Government and people of the Arab Republic of Egypt for the very warm welcome and generous hospitality that have been accorded to me and members of my delegation. I am delighted to be in this historical country and honoured to be given the opportunity to address this distinguished audience. I believe that visits and functions such as this would lend substance to our bilateral relations, and further contribute to the strengthening of our trade and economic relations.

2. It has been a long while since my last official visit to Egypt in December 1984. Malaysia attaches special importance to our relationship with Egypt since before our independence and with the commencement of official diplomatic relation this has been enhanced. In fact, Egypt was the first Arab country to establish its embassy in Kuala Lumpur in 1959.

3. However, I would say that economic and trade activities between our two countries are still lacking in substance. Only in the mid-1980s, was there an increase in economic interaction between our two countries. The official visit of H.E. Prime Minister Dr. Kamal El Ganzoury to Malaysia in April 1997, and the presence of H.E. President Hosni Mubarak at the G-15 Summit in Kuala Lumpur in November of last year, marked a new era of increasing closeness in the relationship between our two countries.

4. Ever since the end of the Cold War in which ideologies were the source of conflicts, economic activities and economic relations have taken centre stage. It seems that the only meaningful relations between nations must be based on how much we can profit from our interaction with each other. Such is the quest for profits that nations as political entities are now considered as obsolescent and obstacles. Liberalisation and globalisation are now the catchwords, the basis of a new universal ideology or even religion. It is heretical to say anything against these ideas. The pursuit of maximum profit for those best endowed to do so must never be frustrated.

5. We in Malaysia subscribe to the free market, to liberalism in economic activities, to openness and cross border trade and investment flows. But we also believe that such economic principles should lead to mutual benefit, to a win-win result, to fair, if not equitable sharing. Unfortunately just as religions tend to be reinterpreted in order to benefit those with vested interests, the free market and economic liberalism too have been interpreted and reinterpreted in order that the powerful will be the principal beneficiaries.

6. You are aware of course of the economic and financial turmoil in East Asia. Over one trillion dollars of purchasing power has been lost, banks and businesses of all kinds have been bankrupted, more than 30 million workers have been made unemployed, food and medicine are less available and growth has either been reversed or stunted. For all these the Governments of the

respective countries have been blamed. It seems that they are not open, not transparent, they are corrupt, given to crony-capitalism and all sorts of misdemeanours. But these are the same Governments which developed their economically poor agrarian countries into economic tigers and dragons. They were the miracle workers who converted their countries into modern economic wonders, created so many jobs that their workforce was fully employed and millions of foreign workers had to be brought in, doubled their per capita every few years, wiped out poverty, built modern infrastructure etc. How is it that suddenly, in the space of months, these Governments by the same people with the same system and approach, could have destroyed their economy and wrought economic and financial turmoil?

7. I will not explain how this happened but suffice to say that my country Malaysia has not been able to escape the disaster which has befallen the East Asian countries. Our money the Ringgit has been devalued by about 50 percent and our stock market capitalisation has lost more than 200 billion dollars. We are much poorer now, having been pushed back to the level we were 25 years ago. Many have advised us to seek the help of the International Monetary Fund. We have not done so, not because we don't need the help, but because the conditions for such help are too onerous. We would lose our independence. We would rather live in poverty and rebuild our economy.

8. Alhamdulillah, our people understand and they value their independence. They have remained united and are prepared to face hardships in order to restore our country's economy. But we would need help, not in the form of aid but in increased trade. For in trade lies Malaysia's salvation. We are too small a country to be able to grow independently. We need trading partners.

9. For some time now Malaysia has been promoting South- South cooperation. It is not completely altruistic. We see mutual benefit in South-South cooperation, even in south-south trade. True we are all made up of small countries, not physically always but certainly in terms of our economies. But together we make up quite a formidable economic power. We must be worthwhile to trade and do business with because we know the developed countries of the North have always traded with us, in fact have gone to war with each other in order to gain the right to trade with us. So it is only logical that we in the South should seek to benefit from trading and economic interaction between ourselves.

10. But for economic interaction between us to be made possible we need to know more about each other and we need regular transportation between our countries. In this age of Information Technology, the Internet and the versatile computers there really is no excuse for not making information, including the minutest detail easily available between trading nations. We know that Egypt has developed a good system for collecting data and feeding these into computers. So has Malaysia. We need to link our two systems so that the business communities of our two countries can gain access to them and to make enquiries through E-mail.

11. If we know what are available in our countries for export, what we normally

import and what construction projects are open for participation by foreign companies, then we will be able to supply each other with goods and services and we can compete for projects in each other' s country.

12. Communications between trading partners are essential if we are to increase economic partnerships. Apart from telecommunication, we need to have regular sailing and flight between our countries. Shipping should really be no great problem because Egypt is on the way between Malaysia and Europe. We have very frequent sailing between Malaysia and Europe and it should not be difficult to drop and pick up cargoes at Egyptian ports and Malaysian ports. The important thing is to increase the volume of trade so as to make it worthwhile for the ships to stop for the goods.

13. Malaysia Airlines now fly into Cairo via Lebanon. The frequency will have to be built up, but travel between Egypt and Malaysia should be quite easy for our business people. Tourism in both directions should increase over time.

14. Clearly there are adequate infrastructure for trade and investments between both countries. So far we have recorded US\$233 million worth of trade between our two countries in 1997. What is remarkable is the rapid rate of growth lately. Egypt is the second biggest African trading partner after South Africa. We believe we can increase the volume appreciably in a short space of time if our business people get together.

15. As far as investment is concerned, this is quite small. Malaysia' s Sime Darby is engaged in palm oil refining in Egypt. Perodua, Malaysia' s second automobile producer is looking at the possibility of producing cars in Egypt in collaboration with Proton, Malaysia' s national car. The Egyptian Government has been very supportive. We do hope that we can produce Malaysian/Egyptian cars here, and accompany the industry with the production of parts and components which we can export to each other and to third countries.

16. Sapura, the Malaysian telecommunication and multimedia corporation is looking for contracts and joint ventures, while Business Focus is looking at the privatisation of Alexandria Shipyard.

17. Prior to the economic turmoil Malaysia was growing at the rate of eight percent yearly for almost a decade. That growth is not accidental. We made conditions attractive for foreign direct investments in production activities. As a result we were able to convert our agricultural economy to an industrial economy. Per capita income went up rapidly and was US\$5,000 in 1997. More importantly we acquired skills in management and technology so that now our people are producing those manufactured goods which were once imported. We are now even able to export our Malaysian made manufactured goods which are of world-class standard.

18. Our experience is of course not unique. Many of Southeast Asia' s countries which adopted this strategy also succeeded in industrialisation. In fact Egypt too has been able to industrialise quickly.

19. We see in industrialisation the solution to our economic problem. Agriculture can bring about limited wealth, but industry can generate unlimited wealth and job opportunities. To succeed we must be willing to learn from others. Malaysia is always keen to learn from everyone. We think there is a lesson to be learnt even from the least developed country. On the other hand we have always been willing to reveal everything that we have done for our industrialisation programme. We believe in sharing, in smart partnership. We see in Egypt a good partner, not just for exporting our goods but for importing some of our needs, for learning about your development experience, for cooperating in trade and industry, for joint-venture in third countries. There is much that we can do together, here in Egypt and in Malaysia. Our business people must seriously look into all the potentials.

20. I am sure the Egyptian Government will give every support. Certainly the Malaysian Government will give full support and encouragement.

21. Let me emphasise that Egyptian entrepreneurs and investors should not look only at the domestic market in Malaysia, but also the ASEAN and the Asia-Pacific market. With the recent entry of Myanmar and Laos, ASEAN is now a regional market with more than 491 million people with a combined G.D.P. of US \$645 billion. When the ASEAN Free Trade Area (AFTA) is fully implemented by the year 2003, there will be a single ASEAN market in which tariffs for ASEAN manufactured products will not exceed five percent, and with the majority attracting zero tariff. Thus, this huge and dynamic regional market would, in itself, be attractive to foreign investors. In this respect, I would like to encourage the Egyptian private sector to consider setting up their operations in Malaysia, and use Malaysia as a springboard for production and distribution of their products in the region.

22. For this, I have here today with me a number of prominent members of the Malaysian business community. They represent various sectors including transportation, automotive, banking, property development, oil and gas, steel, recreation, manufacturing of electrical products, wood-based products, trading and services. I am certain they are very keen to forge and strengthen further bilateral trade, economic and commercial ties between our two countries.

23. May I once again, on behalf of the Malaysian delegation, reiterate my sincere appreciation and gratitude for your warm welcome and generous hospitality. I sincerely hope that more trade as well as economic ventures between our two countries will materialise.