

THE BUSINESS LUNCHEON AND DIALOGUE

MOZAMBIQUE, 30 JULY 1998

I wish to extend my sincere gratitude to the Government and people of the Republic of Mozambique for the warm welcome and generous hospitality that has been accorded to members of my delegation and I. I am delighted to be here and hope this visit will further strengthen economic and bilateral relations, bringing the peoples of our two countries closer together.

2. Malaysia and Mozambique are both members of the Commonwealth. We both subscribe to the free market system and somehow we both share a common historical background. Malaysia and Mozambique both came under the influence of the Portuguese way back in the 15th century. The Portuguese conquered Malacca, an ancient Malay empire on the pretext of searching for spices. And it was said that gold had attracted the Portuguese to Mozambique. Our wealth may have been the primary cause but the extension of European politics also played a considerable role.

3. This background gives us a degree of commonality. Malaysia has always advocated greater South-South cooperation through trade among developing countries wishing to be more self-reliant. We believe that the countries of the South can benefit from such cooperation as much as the North has benefited from their exploitation of the South.

4. Malaysia and Mozambique have the potential to develop our bilateral trade and economic relations, particularly in the area of agriculture, power generation, infrastructure, mining and exploration of natural resources. It is however crucial for the public sectors of both countries to assist our private sectors to increase bilateral economic relations.

5. Political and economic relations between our two countries have been premised on mutual understanding and respect. Mozambique and Malaysia have signed only one agreement, the Bilateral Payment Arrangement signed on April 27, 1991. However another two agreements are being proposed namely the Double Taxation Agreement (DTA) and the Investment Guarantee Act (IGA). I sincerely hope that both agreements will be concluded soon to further facilitate trade and investment between the two countries.

6. Similarly, our technical cooperation had started on a modest scale. As of 1997, 14 Mozambican officials had undergone short-term training in the field of public administration, human resource development, leadership and organisational management, and English for International Communication.

7. On the economic front, it is observed that bilateral trade between Mozambique and Malaysia needs to be further improved. Presently, bilateral trade between our two countries is on the decline. While in 1995 it amounted to US\$4.07 million, the figure declined to US\$2.96 million in 1996 and even lower to US\$1.74 million in 1997.

8. In 1997, Malaysia's exports to Mozambique totalled US\$1.73 million, a decline of 0.8 percent as compared to the export value of US\$2.72 million recorded in 1996. Malaysia's major export to Mozambique in 1997 were vegetable oils and fats (63.8 percent); natural rubber and natural gums (28.7 percent). For the first five months of 1998, export to Mozambique amounted to US\$1.6 million.

9. Malaysia imported US\$5,037 from Mozambique in 1997, compared to US\$255,984 worth of goods recorded in 1996. Malaysia's major imports items from Mozambique were fruits and nuts (88.2 percent).

10. Malaysia is a multi-racial society. You will know that such a society is prone to tensions and conflicts between the ethnic groups. But Malaysia has been able to manage race relations quite well. Except for one instance we have been able to work with each other to develop our country. We were growing at eight percent plus per annum when we came under attack by the currency traders bent on profiting from the wealth of the East Asian economies.

11. As a result more than 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 in short supply 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?

12. As a result of this turmoil we have been financially emasculated. We are now not only unable to venture abroad, but even at home we are having difficulties in trying to keep our enterprises alive. The harassment is so great that we are often unable to attend to common courtesies such as replying letters. But we are not about to give up. Once we have overcome our present problems we would like to venture abroad again, to participate in the economic development of other countries of the South.

13. And so I have brought with me a number of prominent members of the Malaysian business community. They represent various sectors including transportation, banking, property development, oil and gas, manufacturing of electrical products, trading and services. They are very keen to find potential partners and to look into the possibility of working with Mozambicans in trade and industry.

14. Although many of our businesses are facing problems, there are quite a few

which are still capable of investing abroad. Among them are the bigger telecommunication and power companies and the National Petroleum Corporation. I am sure with the right Mozambican partners they will be ready to move into areas where they have expertise.

15. Because of the economic problems at home we have to export our way out of it. Malaysia produces world-class goods and services which have been exported all over the world. We would like to find markets in Mozambique for products ranging from cranes for ports to household appliances.

16. For all these we would like Mozambicans to make use of our official representative and the embassy to check on the Malaysians doing business here. We must admit that there are also fly-by-night operators who have been giving us a bad reputation.

17. I also urge Mozambique businessmen to take advantage of the South Investment Technology and Data Exchange Centre (SITTDEC) in Kuala Lumpur to obtain market information for trade and investment in countries of the South, particularly Malaysia. This exchange of information is vital for Malaysians and Mozambicans to be aware of the opportunities that exist in both countries.

18. In terms of investment, several Malaysian companies have either invested in Mozambique or made known their intention for investing. Southern Bank Berhad through its subsidiary, Investimentos Association Limitada, a holding company incorporated in Mozambique, has acquired interest in Banco Austral, which is one of the leading banks in Mozambique with 196 branches strategically located throughout Mozambique. Visits such as this will provide opportunity for businessmen from Malaysia and Mozambique to deliberate on ventures seriously. Both parties should also follow up and update their partners constantly to minimise misunderstanding and to ensure successful working relationships.

19. I urge the Malaysian business delegation doing business in the Republic of Mozambique to take a longer term view of their business interests. I am certain that the authorities in the Republic of Mozambique will continue to provide the necessary enabling environment to encourage and facilitate trade and investment with Mozambican businesses and investors.

20. I am confident that this visit would open broader perspective to increase trade and economic relations between our two countries.

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