

The Dinner With The Business Community

Tripoli, Libya 19 April 2002

I am most delighted to be here today to be with the business people of Libya. We are here today to share with you the investment and business collaboration that the business communities of Malaysia and Libya can explore and forge.

2. The Malaysian economy is private-sector driven. The Government facilitates by putting in place the necessary policies, structures and framework to provide a conducive and pro-business environment to ensure that the private sector remains as the main engine of growth. The Malaysia-Incorporated Policy adopted more than a decade ago has worked very well for Malaysia. Collaborative partnership between the government and the private sector provides the necessary impetus for the continued development of the key sectors of the economy. Such a collaborative effort contributes an effective partnership in national development, that is mutually beneficial to both the public and the private sectors.

3. Malaysia has achieved a high level of economic growth, averaging more than 8% per annum over the period 1988-1997, prior to the East Asian financial crisis. While Malaysia experienced an economic contraction in 1998 of 7.4% due to the impact of the crisis, its economy has however recovered quickly to register growth of 6.1% in 1999 and 8.3% in 2000. The global economic slowdown in 2001 had affected Malaysia's economic growth and during the year the country registered a real GDP growth of only 0.4%. With the upturn of the global economy this year, the GDP growth for 2002 is forecast at 3.5%.

4. Malaysia is a model of a modern, tolerant, secure and progressive Muslim country, despite some negative Western reports, particularly in the aftermath of the September 11 tragedy in the US. It is a multi-racial, multi-religious, multi-cultural and multi-lingual country. All races in the country live in harmony and Malaysia draws its strength from its multi-ethnic diversity. Political stability, racial harmony and the progressive minds of its people are instrumental in the growth of the economy. From a nation heavily dependent on primary commodities some forty over years ago, the country is now diversified with a broad economic base. We are the 18th largest trading nation in the world of which over 80% of exports comprise manufactured products.

5. Malaysia has trade links with more than 170 countries. It is the desire of the Malaysian businessmen to establish stronger linkages with their counterparts in Libya. Currently, bilateral trade between our countries is small. In 2001, our bilateral trade amounted to only US\$5.2 million of which Malaysia's exports to Libya stood at US\$3.9 million while imports totalled US\$1.3 million. Efforts must be intensified by both our business communities to enhance the trade flows.

6. Malaysian manufacturers can supply a wide range of industrial and consumer products to Libya. Products that Malaysian manufacturers can supply to cater for Libya's requirement at competitive price include electrical and electronics parts and components, computer software and hardware, halal food and beverages, rubber products, palm oil products, furniture, and timber products. In the area of services, Malaysian companies are ready to offer their expertise and experience in healthcare, construction services and infrastructure development.

7. The participation of Malaysia External Trade Development Corporation (MATRADE) in the 30th Tripoli International Fair from 2-12 April 2002 is among the efforts undertaken by Malaysia to enhance trade linkages with Libya. Similarly we look forward to increased participation by Libyan businessmen in trade fairs and exhibitions held in Malaysia.

8. We noted the efforts by the Government of Libya in attracting foreign investments into the country, particularly following the suspension of the UN Sanctions on Libya in 1999. As Malaysia has been successful in attracting sizeable foreign investments over the years, we would be delighted to share with your country our experience in this field. We would also like to partake in your investment drive through joint ventures and collaboration. Malaysian companies have ventured overseas in many fields including manufacturing, construction of highways, ports and airports, infrastructure development such as power generation, telecommunications and water treatment projects.

9. Promoting foreign direct investment (FDI) remains an important strategy for generating and sustaining Malaysia's economic growth. In 2001, Malaysia attracted FDI of US\$4.8 billion in the manufacturing sector. The investments were mainly in technology intensive projects, in sectors in which Malaysia has developed strong competitive edge, and has evolved into a viable and competitive manufacturing and export base. Malaysia remains a competitive and viable investment location. The Government is committed and continues to improve upon policies which have proven

attractive to investors, particularly fiscal and non-fiscal incentives, as well as strengthening the institutional, administrative and infrastructural support to both trade and industry.

10. Libyan businessmen should also avail themselves of the opportunities to invest in Malaysia, particularly in the manufacturing sector, where a wide range of activities have been identified for promotion. They can be considered for fiscal and non-fiscal incentives.

11. Although Malaysia is relatively a small country with a population of only around 24 million, it is nevertheless a gateway to the more than 530 million ASEAN market, which is now in the final year of evolution into the ASEAN Free Trade Area or AFTA. Libyan business community should use Malaysia as their springboard into the ASEAN market, using Malaysia's strong trade linkages with the ASEAN member countries. Malaysia has a good track record as a manufacturing and export base for both the regional and global markets. Malaysia also serves as a location for regional operation of many large corporations.

12. The Government of both countries have laid down frameworks for closer economic cooperation. We have concluded the Bilateral Trade Agreement; the Economic, Scientific and Technical Cooperation Agreement and the Cultural and Scientific Cooperation Agreement. While the Government provides the framework, it is the private sector's active involvement that will help realise the objective of an enhanced economic relations between both countries. Opportunities accorded to the businessmen should be optimised, to establish contacts and linkages with their Libyan counterparts in discussing business collaborations for mutual benefits.

13. Finally, on behalf of the Government, the people of Malaysia and the Malaysian business delegation members with me here, I would like to express my sincere appreciation to the Government of the Great Socialist People's Libyan Arab Jamahiriya for the very warm welcome and hospitality extended to my delegation and I.