

## **The Business Luncheon**

Manama, Bahrain 21 April 2002

I am very pleased to be here today with the leading figures of the Bahraini business community. I wish to thank Labuan Re and Maybank for co-hosting this luncheon.

2. It is very heartening to witness an encouraging pace of enhancement in the bilateral economic relations between Malaysia and the State of Bahrain. The establishment of the Malaysia Trade and Distribution Centre in the Capital City of Bahrain, which is scheduled to be operational by early 2004 is another milestone achieved in bolstering our trade relations. The Trade Centre will showcase Malaysian products and services and facilitate distribution of Malaysian products to Bahrain and its surrounding area.

3. The West Asian region is an important market for Malaysia. In 2001, Malaysia's trade with West Asian countries amounted to US\$3.6 billion, compared to US\$3.4 billion in 2000 and US\$2.2 billion in 1999. Bilateral trade between Malaysia and Bahrain during the last five years has doubled, from US\$42.8 million in 1997 to US\$82.9 million in 2001. Although the current volume of bilateral trade is small, I am very positive that trade flows between Malaysia and Bahrain can be expanded further. The business communities of both our countries are instrumental in the realisation of the multi-fold increase in trade volume in the near future.

4. Malaysia is among the world's top 20 countries actively involved in international trade and conducts trade with over 170 countries. We are one of the largest exporters of electrical and electronic products in the world. Among the major electrical and electronic products exported by Malaysia are semi-conductor devices, automatic data processing machines, telecommunications equipment, electrical apparatus, audio and visual recorders, radio and television sets. Exports of these products in 2001 amounted to US\$49.8 billion, accounting for 56.6% of Malaysia's total global exports. Other major products which Malaysia produces and exports competitively include crude petroleum, liquefied natural gas (LNG), chemicals and chemical products, machinery and equipment, cranes and other steel fabricated products, palm oil, timber and rubber products, furniture, textile and apparels and food products.

5. As Muslim countries, Malaysia and Bahrain share many common features which would facilitate the expansion of trade and investment activities and forge stronger economic linkages. More collaboration can be achieved in the area of

investment. As the Government of Bahrain is emphasising openness to foreign investment, Malaysia would like to share with Bahrain its experience and success in attracting foreign investment. Malaysian companies would also like to participate in joint ventures with their counterparts in Bahrain. Malaysian companies have vast experience and expertise in many sectors identified by the Bahraini Government for greater private sector participation, namely information technology, telecommunications, tourism, healthcare, education and finance. Businessmen of both our countries present today should explore the possibility for joint ventures in these identified and targetted sectors.

6. Malaysian companies have made their presence felt in Bahrain. Our national oil corporation, Petronas has established its base in Bahrain. Malaysia's largest commercial bank, Maybank will soon operate a branch office in July this year focussing on Islamic banking. I hope an increasing number of Malaysian companies would take the lead set by Petronas and Maybank in locating their regional operations in Bahrain, to tap the vast business potentials in the rapidly expanding Gulf region.

7. Malaysia is promoting the development of Islamic banking, which has won wide acceptance by the local banking fraternity and the public. The financial sector master plan, launched in March 2001, incorporates a ten-year plan for Islamic banking and re- insurance. The overall objective of the plan for Islamic banking and re-insurance is to create an efficient, progressive and comprehensive Islamic financial system and to promote Malaysia as a regional financial centre for Islamic banking and finance. Malaysia is cooperating with other Islamic countries to develop the Islamic banking system.

8. In the area of information technology, we could also explore opportunities for joint ventures or other forms of collaboration for mutual benefit. Malaysia is enhancing productivity through the upgrading of knowledge, skills and expertise of the workforce and expanding the usage of information and communications technology or ICT to accelerate growth.

9. To provide further impetus to the ICT industries, the Malaysian Government has established the Multimedia Super Corridor (MSC) a 15x50 km "Greenfield Corridor" for companies wishing to develop creative IT and multimedia products and services. Malaysia has put into place the broadband infrastructure, the necessary incentives, policies and cyberlaws to facilitate investors in the corridor.

10. Export of services is becoming increasingly significant for Malaysia, especially for three sectors, namely education, healthcare services and tourism. On education, Malaysia offers quality education at affordable prices. We have 15 public universities, 11 private universities, one college university and four branch campuses of foreign universities. A number of Malaysian colleges also provide twinning programmes with American, British and Australian universities. In 2002, 20,384 foreign students studied in Malaysia, of these, 602 students were from West Asia, reflecting the increasing importance of Malaysia as an Education centre in the region. Malaysia hopes to enhance educational cooperation with Bahrain, to enable Bahraini students to avail themselves of the educational opportunities in Malaysia if desired.

11. As for healthcare, private hospitals in Malaysia offer a wide range of healthcare services and facilities ranging from medical screening to major surgery including heart transplant. Services offered by Malaysian private hospitals are comparable to those of developed countries but at lower cost. Muslims seeking treatment in Malaysian hospitals can be assured that Muslim sensitivities are respected in every way.

12. With 49 private medical centres in Malaysia there is ample expertise available in the area of hospital administration as well as nurses training. These are also potential areas where Malaysian private hospitals could work with their counterparts in Bahrain. Investors from Bahrain are also welcomed to invest on a joint-venture basis, with Malaysian partners in hospital projects in Malaysia and in third countries.

13. An effective means to develop business between Malaysia and Bahrain is to encourage more frequent inter-personal interactions among the business communities of the two countries. Malaysian businessmen with me here today are encouraged to make future visits to Bahrain to follow up on the potentials identified during this visit. At the same time, Bahraini businessmen should also visit Malaysia regularly to obtain first-hand insights on the business environment in Malaysia and to nurture business contacts already established.

14. Governments can be facilitators and door-openers for establishing trade and economic relations, by putting in place frameworks for closer economic cooperation and through exchange of visits. However, an enhanced level of relations has to be pursued by the private sectors of both countries. They must be proactive and work very hard in forging business and trade links, not only to do business in Bahrain and

Malaysia, but also at the regional and global levels on a collaborative basis.

15. I hope that business contacts and discussions between the business people of Malaysia and Bahrain will not end with this visit but instead more discussions will be generated for greater scope of collaboration. On this note, I would like to thank the Labuan Re and Maybank for hosting this lunch and wish all of you success in your business endeavours.

16. Before I conclude, I was given this pleasant task of officially opening the Branch Office of a Malaysian insurance company in Bahrain. This company is Labuan Reinsurance (L) Ltd or in short Labuan Re. Labuan Re was incorporated in the International Offshore Financial Centre of Labuan, Malaysia. I was informed that the company has a paid-up capital of US\$150 million and has eleven shareholders, comprising major corporations in Malaysia, including Maybank.

17. Labuan Re Bahrain Branch office has begun operation in November 2001. The branch is expected to play a major role in expanding the Company's reinsurance business in the Gulf region, Turkey, and North and East Africa.