

SPEECH BY: DATO' SERI DR. MAHATHIR BIN MOHAMAD
(PRIME MINISTER)

EVENT: AT THE LUNCHEON HOSTED BY THE BUSINESS ORGANISATIONS IN SEOUL

VENUE: SEOUL, REPUBLIC OF KOREA

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TIME:

Mr. Shin Byong Hyun,
Chairman, Korea Traders Association,
Distinguished Guests,
Gentlemen.

I understand that it has become a Korean tradition that four business organisations gather together to host a lunch for visiting dignitaries. Not only are you all extremely proficient in business transactions but you also demonstrate a consummate diplomatic skill which even professional diplomats would envy. I do not know how to categorise this practice, whether under ethics, discipline or simply technique but I will surely ask the Malaysian business organisations to explore the possibility of their extending similar hospitality to visitors to Malaysia. We can include this under the transfer of technology sector of our bilateral relations. Nevertheless, I take this opportunity to thank you for kindly inviting me to this gathering.

2. I believe by now you have a fine grasp of Malaysia and what it stands for. Some of you I have met in Malaysia, while others may have made visits in the course of business promotion, while still others maintain branch offices in Kuala Lumpur which should be able to provide exhaustive information on the country, both politically and economically. I only hope the reports that you receive have been favourable to us unlike those that you would have read in some of the international news magazines and press, especially those of the West.

3. I congratulate you all for the great contribution you have made to your country. The investments that you have put in, and the ingenuity and single-mindedness that go into the growth of your companies and the promotion of exports, have assured for your country its eventual entry into the magic club of the industrialised and the developed. As time goes by, however, you will soon reach the optimum limit to the operations you could carry on economically at home, and then you will have to explore beyond your shores for new locations for some of your industries. As you will then be moving to the more sophisticated and high technology ventures, away from the labour-intensive and low technology

operations, you will need reliable partners in other countries to carry on. You have now to exercise some vision and look much further ahead as done by those in some countries.

4. In view of this you may wish to consider Malaysia as one of the focal points for future relocation of your industries. You, as clear-minded and determined entrepreneurs, know exactly the advantages Malaysia offers -- I think, there are a sufficient number of Malaysian companies and concerns who would be keen to work together with you in manufacturing and commercial ventures. In so doing we do not ask of you any more than what you have already done in your own country. I believe you are always conscious of your role in society and of the contribution you could make in ensuring and enhancing the prosperity and well-being of your people. Similarly countries which welcome foreign companies to invest and operate in their midst, would also expect such companies to contribute to a higher level of technology and to the training of their nationals which would ensure an efficient and competitive edge for such operations. In other words, there has to be a constant flow of technology to the host country, improved and modernised as time goes by.

5. By its very own nature a joint venture must be mutually beneficial to be viable. Anything short of this golden rule will surely face various difficulties and even setbacks, not to mention the unnecessary ill-will that would surface sooner or later between the local and foreign partners. The days of multi-national companies running roughshod over the interests of the locals are over. I would like to stress here that Malaysia welcomes foreign investors to invest in the country not solely for profit motives but also to actively participate as partners in development. At present Korean companies are essentially involved in construction work -- in infrastructure, such as bridges, highways, housing, hydro-electric dams, and other civil work. In order to accelerate development both in the agriculture and industrial sectors the Malaysian government will have to expand existing infrastructure and other facilities. This means more opportunities to foreign companies, including Koreans.

6. I should, however, state that your involvement in Malaysia should not end with this kind of operations alone. You may consider what industries you could promote with the raw materials that Malaysia have -- timber, rubber, tin, palm oil, cocoa and petroleum -- to produce manufactures, not only for domestic use but principally for export. You, as astute businessmen, know the potential -- you can help bring it to reality. It is my view that this is the kind of involvement that would be welcome by Malaysians. The Republic of Korea, for example, has to import all the timber for its export oriented furniture industry. It would make more sense to relocate your wood-based factories in Malaysia

where there is already an abundant supply of timber and reliable workers, and produce all the furniture, doors, etc. that you need to supply the markets that you have created -- at a considerable saving and hence maximise your profits. As Malaysia becomes more industrialised there would be a demand for a whole range of products and I suggest you consider all these possibilities.

7. The experiences of the Republic of Korea are invaluable to us in Malaysia in our efforts to modernise and expand our economy and trade. Our industrialisation programme is still very much in its nascent stage but we are determined to push ahead more vigorously in the near future. We need the right skill and trained manpower, those who are diligent and motivated. I would like to thank you for the assistance that some of you are providing, and others who are thinking of extending in the training programmes that we have initiated in the Republic of Korea. While we hope that Malaysians will benefit from your methods and techniques, the benefit will not be entirely one-sided. The Malaysians trained by Koreans are sure to prove useful in your dealings in Malaysia. They would help to smoothen things somewhat in your growing business and commercial relations with Malaysia. I do realise that some of your business firms are consolidating your domestic operations but eventually I hope to see your greater participation in what would prove to be an exciting and challenging experience in Malaysia's industrial growth.

8. I should also like to encourage the general trading companies to expand the existing trade between the two countries. You should not limit it to the import of commodities and raw materials and exports of steel, cement and the like. You should be thinking of extending them to our manufactured goods. Malaysia is an open market and you would do well to study it, despite the stiff competition from other countries. Likewise, you can work with Malaysian suppliers for the import of goods which are not already available here.

9. With the burgeoning bilateral economic interaction, you may assist both your Government and the Malaysian government by improving the existing shipping and air services between the two countries. Readily available and efficient shipping and air services between the two countries are essential prerequisites for increased trade and commerce between the two countries. Should we neglect their significance for short-term gains or benefits, then we could only expect slow progress in the achievement of a closer cooperation and greater interaction between our two countries.

Gentlemen,

10. I cannot possibly cover every aspect of your present and future economic relations with Malaysia in this speech. There remains a lot to be explored. Suffice for me to say

the future is indeed bright for us, not least for Korean business involvement in Malaysia's expanding economy. With these brief remarks, I wish to thank you once again for your kind invitation to this luncheon and I wish you every success for the future.