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(PRIME MINISTER)

EVENT: THE MALAYSIAN-ARAB TRADE AND INVESTMENT CONFERENCE

VENUE: THE HILTON HOTEL, KUALA LUMPUR

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TIME:

Excellencies;
Distinguished guests;
Ladies and gentlemen.

It gives me great pleasure to be here at this Malaysian-Arab Trade and Investment Conference. The fact that this Conference is on today, as I understand it, is due to the initiative of certain members of the private sector who have been concerned about the very limited Arab investments in this country. I would like to congratulate the organizing committee for making this conference possible. The Fleet Group should also be congratulated for the pro-active role that they have undertaken in helping to organize this meeting.

2. I particularly welcome the holding of this Malaysian-Arab Trade and Investment Conference because Arab nations are perhaps among the few capital-exporting countries that have not been exposed to the investment opportunities that Malaysia has to offer. Over the last two years we have had investment conferences in Malaysia for Germans, Japanese, Scandinavians, British, and others. It is thus most befitting that such a Conference for one of the most significant group of capital-exporting nations in the world be also held in Malaysia.

3. Malaysia at one time looked towards Arab nations with considerable amount of anticipation for inflow of investment funds into private sector projects. The Malaysian Industrial Development Authority or MIDA, the government agency responsible for investment promotion, even set up an office in the Middle East to promote Arab investments into Malaysia. However, since at that time, Arab investment interests were focussed towards the West, there was little response to MIDA's efforts to attract Arab investors. The MIDA office was consequently closed.

4. To date Arab investments in the manufacturing sector total only about \$43 million ringgit and you will admit, it does not in any way reflect the true strength of the Arab investment potential. There are, of course, Arab investments in various Malaysian plantations and trading companies which are quite significant.

Ladies and gentlemen,

5. Many investors from numerous countries have found Malaysia to be a very hospitable and profitable environment for their projects and I hope that this Conference will reveal to all of you the prospects for profits that can be made in Malaysia.

6. The investment opportunities in Malaysia will be explained to you by various speakers in this Conference. You will be told that opportunities in Malaysia lie not only in manufacturing, but also in agricultural and agro-based projects, in the various government plans for privatisation and that joint venture partners can be both from the private sector as well as semi-government organisations authorised to undertake private sector investments.

7. We appreciate that Arab investors may not have the technological expertise or export marketing contacts for some of the projects that Malaysia wishes to promote. It is in this context that we envisage that projects that are to be formed as Malaysian-Arab joint ventures may have to have third party inputs of technology, export marketing contacts and even perhaps capital. However, we realize that as investors your contacts are world-wide and you have access to the necessary foreign technology and knowledge inputs much more than most Malaysian businessmen may have, and thus we welcome you to bring in this third party element together with your investments.

8. I have been told that it is often the practice among Arab investors to look for investment opportunities in existing business ventures and to either buy over the company, or to form a joint venture with such enterprises. This appears to have been the principal trend of Arab investments in the West. However, though equity acquisition and takeovers are possible, we would like to see Arab investors helping this nation in enlarging the total economic cake with the establishment of new projects. Most of the foreign investments in Malaysia, be it from America, Europe, Japan or elsewhere, have been of the nature of new enterprises. These projects have also garnered handsome profits for the investors. I hope that Arab investors will also pursue this particular pattern of investments, so as not to miss out on the opportunities that others are already reaping.

Ladies and gentlemen,

9. When you plan to invest in any country, I am sure that, among your critical concerns, would be the political stability and economic strength of the nation and the policies that the Government follows to encourage and protect the rights of foreign investors. In this regard the history of this country and our track record in the practice of Parliamentary Democracy is your best assurance of the political stability of this nation. In addition, the

economic strength of this nation is founded on the strength of our world pre-eminence in the export of commodities such as rubber, tin, palm oil, hardwood timber and pepper. Our petroleum industry has also helped, though this is but a fraction of those in the Arab nations. The recent successes that we have engendered in the manufacturing sector, that has made Malaysia today among the world leaders in the exports of electronic semi-conductors, room air-conditioners, rubber gloves, swimming caps, catheters and refined palm oil, are all assurances to you of the basic soundness and strength of the Malaysian investment environment.

10. The policies of the Government in respect of foreign investments are very clearly defined. However, I would like to stress that we welcome Arab investors to hold majority or even 100% foreign ownership in projects that fall within our guidelines. For joint venture projects, you will find no shortage of the Malaysian parties eager to talk to you. As the equity guidelines have been well accepted by investors from other nations, I am sure that you will find these policies equally agreeable. The Government has also allowed for foreign ownership of land in this country and this policy may encourage you to take advantage of the vast opportunities in agricultural development in this country. Indeed, there are many real-estate projects already completed which are worth acquiring as the property market is expected to improve soon.

11. When you look at Malaysia, you may perceive the 16 million population of this country as relatively small compared to the other countries in this region. However, the population figures for this country does not by any means measure the purchasing power of the nation. Indeed, comparison of trade figures, GNP and per capita income would indicate that in terms of economic performance we are almost as big as our giant neighbours. Also, when you do look at Malaysia, you must look at it from the perspective of ASEAN and that the 16 million base population of Malaysia gives you access to the markets of the ASEAN nations with 270 million inhabitants. Various schemes have been formulated and are being formulated by the Governments of ASEAN to enable investors to take advantage of the market strength that ASEAN affords. Arab investors should seriously look at this aspect of investments in this region when considering Malaysia as your base for investments.

Ladies and gentlemen,

12. The global economic situation and the uncertainties and conflicts that have arisen in various parts of the world call for very pragmatic approaches towards investments and the need to diversify one's investments. To date it appears that most of the Arab investments are in Europe and America. Malaysia offers you an alternative and we hope that this Conference will convince you of the potential and prospects

for investments in Malaysia, and that your ventures here will be equally, if not more, profitable than your investments in other nations.

13. The Malaysian Government will assist you in every way possible to ensure the success of your projects in this country. Our continued interest in trade and investments with Arab nations is underlined not merely by this Conference, but by the very pro-active attitude we continue to take to reach out and to expose Arab investors to the opportunities that Malaysia offers.

Ladies and Gentlemen,

14. With these words, it gives me great pleasure to declare this Conference open.