

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

EVENT: THE OFFICIAL DINNER HOSTED BY HIS EXCELLENCY  
DR. FRANZ JOSEF STRAUSS MINISTER PRESIDENT OF BAVARIA

VENUE: MUNICH

DATE: 21 SEP 1988

TIME:

Your Excellency Dr. Franz Josef Strauss,  
Minister-President of Bavaria;  
Excellencies;  
Ladies and Gentlemen,  
I am happy to be in this beautiful city of Munich and  
honoured to meet with Your Excellency. May I take this  
opportunity to thank the Government of the State of Bavaria  
for the kind hospitality accorded to me and my delegation.  
It is a pleasure for me to be in this city again, which is  
famous for its culture and traditions, after my last visit  
here eight years ago.

Your Excellency,

2. The State of Bavaria has not only outshined other  
states of the Federal Republic of Germany in its economic  
growth but also many other EEC member countries in the past.  
The economic performance of Bavaria is indeed exemplary and  
a source of inspiration for countries such as Malaysia. I  
am pleased to say that Malaysia and Bavaria have long been  
trade partners though on a minimal scale. Malaysia accounts  
for only 0.4% of total Bavarian imports and 0.2% of her  
total exports.

3. In view of Bavaria's positive economic outlook and the  
availability of many important industries such as  
electronics, automobile, timber, textiles and garments as  
well as pharmaceuticals and chemicals, there is obviously an  
abundant scope for increased trade with Malaysia. The  
strength of the Deutschemark has certainly made imports from  
countries like Malaysia very much cheaper. In view of this  
Bavarian companies with existing joint-venture operations in  
Malaysia could source more of their material and components  
from Malaysia.

4. There are also other areas in which increased trade  
between Malaysia and the State of Bavaria could be achieved.  
One of these is for Bavaria to increase her imports of  
timber and timber products as well as textiles and garments  
from Malaysia. Bavaria is also said to be the centre for  
handicraft industries in the FRG and its works are  
internationally acclaimed. The handicraft fair of Munich,  
which has developed into an international fair, underlines  
the importance of Bavaria as a centre for handiwork. The

Malaysian Handicraft Board had several times participated in this fair. In view of the leading position of this sector, perhaps Bavaria could look into areas of mutual cooperation with Malaysia in the handicraft industry.

5. There are a lot of similarities between Bavaria and Malaysia in the economic sector. Bavaria, whose dominant economic activity in the early 50's was agriculture, has now emerged and transformed itself into a modern industrial land with the industrial sector as the major contribution to GDP, and employment generator. The Malaysian economy has also been heavily dependent on its agricultural sector but since the late 60's the Government has embarked on an industrialisation programme which has borne fruit. Today, the industrial sector has emerged as an important contributor to economic growth, employment generation and exports.

Your Excellency,

6. It is the Malaysian Government's objective to develop further the industrial sector to the extent it will become the major contributor to our GDP and economic growth. In this aspect, the Government has implemented liberal policies on foreign investment and offers attractive fiscal incentives.

7. The Federal Republic of Germany is one of the largest investors in Malaysia, and Bavaria in particular has been a major source of German investment in our country. Many German companies have established projects in Malaysia. We would like to see more German investors to take the opportunity of the positive investment climate in Malaysia.

8. It is also our hope that Bavaria, with its highly developed industrial sector, could be an important source of know-how and capital for Malaysia. Bavarian entrepreneurial skills, technology and expertise can combine with our resources and diligent workforce to establish industrial projects in Malaysia for our mutual benefit. Many German companies that are already in Malaysia had expanded their operation over the years. This is a testimony to the attractive environment that Malaysia provides.

Your Excellency,

9. My visit to Bavaria is aimed at further intensifying the existing bilateral economic relations between Bavaria and Malaysia. I have in my delegation Malaysian businessmen who are here to meet potential Bavarian businessmen and industrialists, to discuss possible collaboration in the various economic sectors. It is our hope that Bavarian industrialists and businessmen would visit Malaysia to explore the business opportunities.

Your Excellency,

10. May I thank you, once again, for your kind hospitality. My wife and I and members of the Malaysian delegation look forward to our stay in this city, and hope to be able to reciprocate your hospitality by welcoming you to Malaysia.