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(PRIME MINISTER)

EVENT: SPEECH TO VENEZUELAN BUSINESSMEN

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TIME:

It gives me great pleasure to be able to address you today. Your nation which is so geographically distant from Malaysia and so very different in terms of cultural and socio-economic profiles, yet possesses striking similarities to my own country, Malaysia. Therefore I am very glad to be here tonight.

2. Venezuela, with a history of Spanish colonial rule, achieved independence long ago in the last century. Malaysia has, similarly, a colonial past under the British rule, but our independence has been relatively recent, since 1957. In terms of land mass, Venezuela's 916,000 square km. is almost three times Malaysia's total area of 330,000 square km. Both Venezuela and Malaysia have very young populations with between 60% - 70% below the age of 40. Both our countries have respective national languages. In our case, Bahasa Malaysia. But, just as English is your language of commerce and industry, English is also widely used in Malaysia as the language of business.

3. The diversities and similarities in the socio-economic profile of our countries are equally reflected in the economic sector. Malaysia commenced its economic history based upon its commodities, and today, as you are aware, Malaysia is a world leader in the export of oil and gas. Over the last few years Malaysia has also launched itself into manufacturing to inject greater dynamism into the economy and to create employment for our growing population.

4. I understand that Venezuela has also a similar history of resource-based growth with products such as iron, coffee, cocoa and livestock, and, of course, oil, which has become a strong pillar of your economy. It has been stated that Venezuela possesses the world's largest oil reserves outside of the Middle East and the Soviet Union.

Ladies and Gentlemen,

5. I would now like to touch on Malaysia's manufacturing sector, the sector to spearhead Malaysia's economic growth. This priority given to the manufacturing sector has been relatively a recent phenomenon in Malaysia. In 1967, 10 years after Malaysia's independence, the manufacturing sec-

tor contributed less than 12% to the Gross Domestic Product (GDP) of our nation. The major contributing sectors at that time were agriculture and mining. However, by 1989 the manufacturing sector's contribution had risen to more than 25% of the GDP compared with a 20.6% contribution by the agricultural sector. The manufacturing sector's contribution is expected to expand even further. Whereas our agricultural sector too will grow in size, its relative contribution to the GDP is expected to decline slightly.

6. In respect of growth rates, the manufacturing sector generated 12% growth in 1989 as compared to the whole economy which registered a growth rate of 8.5%. It is conservatively expected that in 1990 the manufacturing sector will register an 11% growth rate compared to 8.3% for the whole economy.

7. Whereas in the past, and in fact even towards the middle of the 1970s, the manufacturing sector's contribution to export earnings was nominal, today, Malaysia's manufacturing sector has become the top export earner. Last year, the sector contributed export earnings in excess of M\$36 billion (US\$13.6 billion) or 54% of total exports including exports of petroleum. Manufactured exports have thus overtaken even the combined exports of commodities and petroleum. Today, Malaysia is the world's largest exporter of electronic semi-conductors and also of late-dipped goods such as gloves and catheters. We are also the second largest exporter of room air-conditioners. Within the next two or three years Malaysia may well become one of the world leaders in the export of TV sets and video cassette recorders.

8. Malaysia thus sees itself poised to face the challenges of the 1990s with an increasingly important role assigned to the export-oriented manufacturing sector. Malaysia is moving into an era of high-technology not only in electrical and electronics but also in products based upon our natural resources. Malaysia's engineering sector will also experience high technology growth, not only in respect of precision engineering industries but also in heavy industries as exemplified by the success of the Malaysian car -- the Proton Saga. The Proton Saga has been well received in the markets of Europe and is targeted to achieve 80% local content by 1992.

Ladies and Gentlemen,

9. It has all too often been stated by the world's leading economists and business leaders that the centre of gravity of economic growth during the next decade will revolve around the Pacific Basin. Within the Pacific Basin itself the countries of the ASEAN region, namely Brunei, Malaysia, the Philippines, Indonesia, Singapore and Thailand are already demonstrating growth performances far exceeding those of other areas in the world. Within this ASEAN region, Malaysia stands as a growth centre offering an investment environment of stability, confidence and dynamism. Many

companies from leading industrialised nations have identified Malaysia as a springboard to meet the challenges of the expanding markets in the Asia-Pacific region and also as a centre for exports back to America and Europe.

10. For long, developing countries have looked towards developed nations as the only source and salvation for our economic development. However, today, while we continue to look towards developed nations, there is great potential for economic cooperation between the countries of the South. Both our countries, I am confident, have something to offer to each other. We can make a modest beginning and build on this new relationship.

11. To those of you who wish to expand your business interests into the Asia-Pacific region you may wish to examine the potential that Malaysia offers. Malaysia is an attractive base for any businessman seeking to expand into and to take advantage of the potential that the Asia-Pacific region offers. The factors that contribute to Malaysia's investment environment include political stability, economic strength, a sound administration, a trainable and responsive work force, high productivity, well-developed infrastructures and a highly efficient banking and financing system. Malaysia has always welcomed foreign investment ever since it achieved independence in 1957. Malaysia offers a package of tax holidays and a series of export and other incentives. Malaysia also offers a quality of life conducive to the foreign investor.

Ladies and Gentlemen,

12. I am confident that this new relationship that has been established as a result of my visit to your country will increase business links and generate a greater flow of trade and investments between our two countries. Even if you do not come to invest in Malaysia, we most certainly welcome you as a tourist. 1990 has been declared by Malaysia as the "Visit Malaysia Year". However, if you can't make it this year, let me assure you that whatever year you visit Malaysia, you will be welcomed.