

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

EVENT: THE FIRST MEETING OF THE TAIPEI INVESTORS ASSOCIATION IN MALAYSIA

VENUE: THE PAN PACIFIC HOTEL KUALA LUMPUR (K.L)

DATE: 27 MAR 1990

TIME:

Distinguished guests;

Ladies and gentlemen,

I would like to thank the Taipei Investors' Association in Malaysia for inviting me to address this inaugural meeting of your Association. I would also like to congratulate members of the Taiwanese business community in Malaysia who have had the foresight to initiate the formation of this Association.

2. Today's event signals the coming of age of Taiwanese investments in Malaysia. In the past, when Malaysians mentioned Taiwan, we were either talking about Malaysian students in Taiwan's universities, about the latest movies from Taiwan, or about Taiwanese film stars who are household names in Malaysia.

3. Today, when we mention Taiwan, we are probably talking about the latest project set up by the Taiwanese investors. Only a few years ago there was hardly any Taiwanese investment in Malaysia. Then the small and medium-scale companies made their first move into Malaysia. Today, we see the big names such as the Hua Loong Group, Evergreen and Acer.

4. Over the past few years, the dynamism of Taiwanese investment interest in Malaysia has been impressive. In 1987, Taiwan took third place after Singapore and Japan in terms of number of manufacturing projects approved. In 1988, Taiwan stepped into Japan's shoes to take second place, and in 1989 Taiwan surpassed Singapore to take top position. We are confident that Taiwanese investments will continue to be substantial in the years to come.

Ladies and gentlemen,

5. The Malaysian press is also contributing to our new perception of Taiwan. Besides reporting intensively on new Taiwanese investments, our newspapers also give coverage to the many Taiwanese business delegations that come to Malaysia to explore business opportunities. We hear of Taiwanese companies planning to invest by the hundreds of millions in a certain state, we hear of Taiwanese helping to develop an industrial estate, and we hear of seminars for Taiwanese investors. Now, what does this mean to Taiwanese investors and, particularly, to your Association?

6. By virtue of the growing prominence of Taiwanese investments in Malaysia, every latest development or move made by Taiwanese investors seem to be highlighted. Of course, if it is good news, nobody really minds. It is the negative reports that causes people to sit up; such as the stories of Taiwanese purchase of industrial land for speculative purposes. I do not want to elaborate on these negative issues. I touched upon this matter merely to show that there is a need for an association in Malaysia such as yours to provide a moderating influence on such negative reports. With the formation of your Association, there is now a responsible voice to speak on behalf of Taiwanese investors in Malaysia, and your Association can play a major role in preventing anything from happening which will smear the good name of the whole community.

7. Whatever the issues may be, there is no doubt that the growing prominence of Taiwanese investments in Malaysia puts a greater requirement on Taiwanese companies in this country to act with responsibility and to be good corporate citizens. You are businessmen, and as businessmen you would be aware that in business one irresponsible action sometimes wipes out a whole lifetime of good business relations. Similarly, it needs only one irresponsible action by only one Taiwanese investor to possibly jeopardise future business negotiations in Malaysia by Taiwanese businessmen.

Ladies and gentlemen,

8. The dramatic upsurge in Taiwanese interest in Malaysia, especially over the last two years, is by no means a passing phenomena. It might interest you to know that the number of Taiwanese investment projects approved, that is 298 projects, in just the two years, 1988 and 1989, totalled more than all Taiwanese projects approved before 1988. This similarly applies to proposed Taiwanese capital investments in 1988 and 1989 which totalled more than M\$2.9 billion.

9. This confidence in Malaysia's investment climate by the Taiwanese business community and the recognition of Malaysia as one of the most, if not the most, attractive countries to invest in the South-East Asian region has been justified by the remarkable success of Taiwanese companies in Malaysia -- success not only in terms of efficiently relocating their manufacturing operations, but also in terms of dollars and cents.

10. The upsurge in Taiwanese investments can of course be attributed to a number of, what people call, 'push factors' such as the appreciation of the NT Dollar, increase in wage rates in Taiwan, shortage of manpower, and the loss of GSP status. But, I believe, this tremendous increase in Taiwanese interest in our country is also due to a large extent to the 'pull factors' in Malaysia.

11. I believe one of the main concerns of Taiwanese industrialists who invest overseas is the lack of protection for

their investments abroad. One of the strongest pull factors in Malaysia is our political stability. As you know, the same government has been ruling the country since Malaysia's independence in 1957. What does this mean to you? It means the continuation of government policies which enable the investor to conduct his business in a predictable environment. Your investment also receives protection under our legal system. All foreign investments are protected by Malaysia's laws.

12. Whatever the other attractions Malaysia has in terms of competitive labour costs, land price and so forth, I believe the prime factor any investor should be concerned with is the attitude of the government and people of that country. We have in Malaysia, a government and people that are tuned towards acceptance of foreign investments as a means for achieving economic growth and industrialisation. This attitude ensures not just a fair deal but a welcome to the foreign investors. No one wants to do business in an environment of uncertainty and hostility.

13. A major concern would be infrastructural development. Transport investments by the Federal Government have averaged some 18% of development expenditure under our Malaysia Plans, with roads and ports receiving substantial allocations. We understand and are fully aware of the need for good infrastructural facilities in order to make investments worthwhile and profitable.

14. Another area which we have looked into is the necessity for cutting down on red-tape. We have implemented certain measures such as the Centre for Investments in the Malaysian Industrial Development Authority or MIDA. At State level, the State Economic Development Corporations are implementing the same concept.

15. Lastly, I would like to mention that Malaysia is always looking for good corporate citizens in our business community. And one pleasing aspect of Taiwanese projects on the ground is that about 95% of them are on a joint-venture basis with Malaysians. Although this is based on MIDA's survey of about 100 Taiwan companies in production as at the end of 1988, and this picture might have changed slightly by now, it demonstrates the compatibility of Taiwanese and Malaysian entrepreneurs and we would like to encourage more of such cooperation.

Ladies and gentlemen,

16. Once again I thank you all for inviting me to this first meeting of your Association. I am sure the formation of this body augurs well not only for its members but also for better trade and economic relations between our two countries.

Thank you.

