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( PRIME MINISTER )

EVENT: MEETING WITH THAI BUSINESS COMMUNITY

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TIME:

Mr Chairman;

Ladies and Gentlemen,

I am honoured to be given this opportunity to address members of the Thai business community and to share with you some thoughts on the prospects for greater two-way trade and economic cooperation between Thailand and Malaysia.

2. Our two nations have had a long history of trade dating back to olden times. Thailand's southern and Malaysia's northern states have a long trading relationship and for centuries trade in spices, rice, gold, silver, tin and other goods flourished. Today that trade has been taken over and trans thriving bilateral trade in a far wider range of products amounting to US\$2.46 billion in 1992. In the same year, Malaysia's exports to Thailand amounted to US\$1.48 billion while our imports from your country was valued at about US\$1 billion.

Ladies and Gentlemen,

3. Thailand, Malaysia and the rest of ASEAN lie at the very hub of the Western Pacific Rim which are now undergoing tremendous economic changes. The pace and momentum of these economic changes, will carry the countries in this area into an era of unprecedented economic prosperity. In addition the economic reforms taking place in the People's Republic of China, as well as the reforms and reconstruction process in Vietnam and other countries in Indochina, are also likely to bring forth tremendous economic progress in the region. As a result there will be numerous new business and investment opp ortunities for all to seize and develop.

4. However, despite the phenomenal success of these countries we need to be wary of the pressures exerted by the international economic environment, namely the geopolitical power play of the developed west and their demands for preconditions on trade, including linking trade to non-trade issues, such as human and workers' rights, and the environment. All these can hamper the progress that countries in the region are about to make. It is therefore important for us to be actively involved in deliberations at the multilateral level to strengthen the rules and disciplines of free trade. In this respect ASEAN has made its contributions felt in the Uruguay Round of Multilateral Trade talks.

5. Nevertheless, while we pursue efforts towards greater liberalisation of free trade to ensure that markets of the rich North remain open, countries within the region and within the South should also open their markets and allow access for each other's goods. Liberalisation will remove market inefficiencies and promote greater economic activities and ultimately bring growth and development to our economies. It is for this reason that we in the region should strive for greater economic cooperation by first liberalising our own economies.

Ladies and Gentlemen,

6. Within the context of these developments, both Thailand and Malaysia can complement each other in our quest for greater economic growth and prosperity. We both have strong and vibrant economies. Our people have a penchant for hardwork and are endowed with the necessary skills. Both our countries enjoy high rates of growth with yours at double digit growth in recent years and Malaysia at seven to eight percent per annum. Our two countries have also seen a vast transformation of our economic sectors, resulting in a switch from the production of commodities to the production and export of manufactured goods.

7. Given the above factors, there are certainly opportunities for Thai and Malaysian businessmen to come together to jointly participate in industrial and other economically feasible ventures for mutual benefit. It is interesting to note that out of the total number of 61 Thai investment projects approved in Malaysia since 1980, involving Thai equity of US\$29.5 million and a total capital investment of US\$82 million, about 40 industrial projects are already operational. Undoubtedly the level of capital investment by Thai businesses in Malaysia is still low and can be further increased given the closeness of our two countries and the possibilities for project complementation. Apart from complementation ventures in ASEAN, the Northern Growth Triangle that is being proposed also provides an opportunity for both the countries as well as our ASEAN neighbour Indonesia to participate. Thailand for example is renowned for her agro-based industries, light industrial consumer products, animal husbandry as well as in other sectors. In other areas, there are avenues for both Thai and Malaysian business counterparts to collaborate in a wide range of activities, such as cross-border manufacturing, raw materials processing, light engineering and manufacturing, with ASEAN and the global markets as their targets.

8. Malaysia and Thailand each has a thriving tourism industry, a buoyant industrial economy and an ongoing nationwide infrastructural programme to upgrade communications, roads, bridges and other industrial support facilities. These provide additional avenues for cooperation. I would like therefore to extend this open invitation to the Thai business community to work jointly with their Malaysian counterparts, some of whom are here

today with me, to explore the synergistic possibilities that joint economic ventures present.

9. The recent implementation of the Common Effective Preferential Tariff by ASEAN to create an ASEAN Free Trade Area by the year 2008 should provide Thai and Malaysian businessmen the extra impetus to venture into new areas where we have the competitive edge. The proposed ASEAN Free Trade Area will become a reality within a projected time-frame of 15 years and towards this end I would hope that all ASEAN member countries would undertake an accelerated programme of across-the-board tariff cuts to make the ASEAN region an even more competitive and truly 'Free Market' where numerous opportunities prevail.

10. Our commitment to free trade and to market liberalisation has always underlined our economic growth and progress in ASEAN. We must continue to adopt strategies and approaches that will enhance trade and investment within ASEAN as well as strengthen inter-regional cooperation. The consensus that was reached in Singapore on the East Asia Economic Caucus will enable ASEAN to pursue consultations with other East Asian economies towards the expansion of intra-regional economies and the promotion of an open and free global trading system.

11. As an ongoing exercise, ASEAN and other East Asian economies can focus on our own contribution towards substantial and balanced results of the Uruguay Round of Multi lateral Trade negotiations. We can also embark on an investment initiative in East Asia taking cognisance of liberalisation measures undertaken by regional economies, in addition to benefitting from foreign direct investment from the rest of the world given the favourable economic environment of the region. ASEAN's own ASEAN Industrial Joint Venture (AIJV) programmes should be enhanced to ensure greater participation of East Asian investors. ASEAN investors can also strike strategic alliances with others in the economic activities of regional economies that are undergoing economic reforms in order to integrate themselves with the international economic system.

12. The recipe for economic success in ASEAN will be for member countries to jointly come together to bring down tariff barriers and to develop their resource-based industries, as well as to strive for growth on the back of the current buoyant economic environment.

Ladies and Gentlemen,

13. Let us not allow these opportunities to slip by. Together Thailand and Malaysia can scale greater economic heights by taking that great step forward by investing in joint industrial cooperative projects and other business propositions for mutual benefit.

14. On this note, I wish you every success in your business endeavours.

