

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

EVENT: THE DIALOGUE SESSION WITH THE CONFEDERATION OF INDIAN INDUSTRY

VENUE: DIWAN AM, TAJ MAHAL HOTEL, INDIA

DATE: 14 DEC 1993

TIME:

Mr. Jamshyd Godrej, President of the Confederation of Indian Industry;

Excellencies;

Distinguished Guests;

Ladies and Gentlemen,

I would like to thank the Confederation of Indian Industry (CII) for giving me this opportunity to address prominent Indian and Malaysian businessmen and to share my thoughts on how we can further enhance Malaysia-India bilateral economic and trade cooperation. I have with me a delegation of 30 Malaysian businessmen who have great interest in strengthening trade and investment links between our two countries together with a delegation of officials representing economic Ministries for clarification on policies and for support and follow-up on bilateral cooperation.

2. Trade between our two countries goes back hundreds of years to the time when Indian traders pioneered the initial trade and established beneficial economic links with the Malay States. Those early contacts with India not only encouraged the exchange of goods but also provided a conduit for cross-cultural exchanges in the literary and technical fields that have proven mutually beneficial. These links have strengthened over the years and today our two countries have been able to nurture and shape our commercial relations to higher levels that have facilitated further exchanges in our economic development.

3. Today, India is Malaysia's largest trading partner in South Asia. The quantum and value of our bilateral trade has increased steadily and last year stood at US\$769 million. For the first eight months of this year, bilateral trade recorded a value of US\$388 million with import of Indian goods amounting to US\$250 million and exports of Malaysian goods to India amounting to US\$138 million.

4. Though these figures are quite impressive, there remains many areas that both the Indian and Malaysian business community could tap in order to promote further the level of trade and investment links between our two countries. It is clear that the level of our bilateral

trade represents only a small proportion of our respective global trade. This belies the vast potential that exists for commercial relations between our two countries. Also, our bilateral trade has been largely confined to the export and import of commodities. In 1992 about 83 per cent of Malaysia's exports to India was made up of primary commodities such as petroleum, palm oil, sawn timber, tin and rubber. This contrasts with Malaysia's total exports, 71 percent of which is made up of manufactured goods. In the same year about 45 percent of Malaysia's imports from India were made up of commodities including meat, feed stuff for animals, vegetables and tubers, rice, wheat, spices and other agricultural commodities.

Ladies and Gentlemen,

5. Given the current efforts to liberalise further our respective economies, the private sector of both countries must not let the opportunity slip by. New avenues and areas of trade and investments must be opened up. The cross-flows of Malaysian and Indian investments will provide the much needed anchor to enhance our economic links. Malaysian and Indian businessmen have gained considerable experience in joint-ventures and partnerships in not only the manufacture of consumer goods but also the fabrication of machinery and related heavy industrial equipment. You have also acquired the experience and expertise in the services sector ranging from construction and engineering, telecommunications, banking and insurance to general consultancy services and human resource development. Unfortunately we tend to overlook these opportunities because of our preoccupation with the traditional partners.

6. To Indian businessmen, I urge you to seriously look at the vast opportunities in Malaysia as a result of seven years of strong and broad based economic growth. We have designed an attractive package of investment incentives that have brought a large inflow of investors from Japan, Taiwan, the United States, EC and our own partners in ASEAN. Whilst some of the bigger investors from India are already in Malaysia to benefit from our own drive towards development and industrialisation, I believe there are many more Indian industrialists who have the technology and the capability to participate in a wide range of industrial ventures in Malaysia. Your strength in engineering-based ancillary and supporting industries could fit in well with our own efforts at developing corresponding sectors in Malaysia. It would also provide the necessary linkages to the established electronic, electrical and motor vehicle industries such as electroplating, heat treatment, stamping, precision machining, mould and die subcomponents, precision plastic moulding and packaging for sensitive electronic components. You also have the capability to strike partnerships with Malaysian industrialists in the manufacture of industrial machinery and parts, machine tools and related engineering industries.

7. To Malaysian businessmen, I urge you to take stock of liberalisation measures currently being undertaken by India and to plan for greater involvement in economic opportunities arising from such liberalisation. The trade and market reforms undertaken by India makes the trade regime more transparent and promotes competition. With a floating exchange rate for the Rupee there is greater convertibility which should facilitate trade in goods and services. Protection levels are coming down with a definite programme of tariff reductions being implemented. The Government of India has taken courageous measures to open up various sectors of the domestic economy for participation by foreign investors and has designed a package of investment incentives to encourage the inflow of direct foreign investment.

8. Many Malaysian entrepreneurs have already invested overseas in countries like China, Vietnam, Papua New Guinea, Mauritius and Chile. Some are already investing in India. They have acquired experience in the development of export processing zones, the construction of hotels and tourist resorts, provision of telecommunication services, banking as well as the traditional area of plantation management. I am confident that they would be able to find ready partners in India to undertake rapid industrialisation arising from the liberalisation measures embarked by the Governments of India and Malaysia.

Ladies and Gentlemen,

9. I need not remind you that at the political level, Malaysia and India have fostered stable and strong relations. At the bilateral level, several mechanisms are already emplaced to facilitate trade and investment. Air links between Malaysia and India, established since the signing of a bilateral Air Services Agreement in 1974, have been intensified with a greater frequency of flights operated by our respective national airlines. The Economic, Scientific and Technical Cooperation Agreement concluded between both governments in 1991 provides the official framework through which further measures for enhancing cooperation could be examined and through which the resolution of problems that may arise in such cooperation could be worked out. We will continue to explore the viability of concluding other economic agreements on a Government to Government basis to provide greater confidence among our entrepreneurs to engage in joint commercial ventures with greater intensity. At the level of the G-15, networking between entrepreneurs from Malaysia and India can be widened through the South Investment, Trade and Technology Data Exchange Centre (SITTDEC) based in Kuala Lumpur.

10. At the multilateral level our two countries have worked closely in support of the U.N. and its activities. We subscribe to free trade and are strong proponents of a multilateral trading system based on rules and disciplines

that can ensure predictability and transparency which can curb unilateral actions. We stand committed to the successful and balanced conclusion of the Uruguay Round. The results of the Uruguay Round will only be meaningful to us if our entrepreneurs are ready to make brave commercial decisions to benefit from the liberalisation of world trade and liberalisation of investment rules.

Ladies and Gentlemen,

11. I hope that you will take the opportunity from this gathering not only to renew ties or make new contacts, but to discuss the more serious business of business itself. I am sure that bilateral discussion that have been arranged for this occasion will yield viable business ventures between our two countries.

Thank you.