

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

EVENT: THE JOINT BUSINESSMEN MEETING IN LAOS

VENUE: LAOS

DATE: 17 APR 1994

TIME:

Distinguished Guests;

Ladies and Gentlemen,

I am happy to be here today to have the opportunity to address this distinguished gathering of Laotian business and industry leaders. I commend the organisers for the initiative to hold this function in order to bring together like-minded business leaders of our two countries to discuss issues of common concern and interest so as to further strengthen bilateral cooperation.

2. Although Malaysian companies have invested in logging, road construction and hotel renovation, the value of the investments is not substantial. The value of our bilateral trade is small. Total trade only amounted to US\$1.0 million in 1993.

3. However, I am confident that there is significant potential to expand the scope of our cooperation based on positive factors which can contribute to the development of a conducive environment for the promotion of business.

4. The current low level of economic cooperation is attributed, among other things, to the narrow range of products currently being traded and the lack of contacts and information concerning the market opportunities. Yet, we know that immense opportunities exist for business deals for the private sectors of both countries, especially in trade, investments, and services.

5. It is with this in mind that I have brought with me a trade and investment delegation comprising leading Malaysian businessmen and entrepreneurs to establish contacts and to interact with their counterparts here.

6. I am certain that arising from these discussions, the business communities of both countries can identify areas of mutual interests in diverse economic sectors for joint investments.

7. Malaysia is an important market for imports. In 1993, total imports amounted to US\$45 billion. According to the GATT 1993 International Trade Report, Malaysia was the 19th largest import market in the world. Given the rapid pace of economic growth, liberal import policies and the increasing affluence of the population, the Malaysian market is expected to grow in importance for products from foreign suppliers.

8. Therefore, market prospects for Laotian products are good, particularly for agricultural products, primary commodities and intermediate products. In this regard, I wish to invite your exporters to come to Malaysia to see for yourselves the vast opportunities available for your products and to strengthen contacts with our buyers. Our business community will be prepared I am sure to give their full cooperation to Laotian suppliers looking for a market for their products.

Ladies and Gentlemen,

9. In return, Malaysia can offer a wide range of manufactured products at competitive prices. These include processed food, consumer products, building materials, etc. In 1993, Malaysia exported manufactured goods valued at US\$ 34 billion. This accounted for 73 per cent of total exports. Many of these products have market potential in Laos.

10. In foreign relations, Malaysia accords much importance to strengthening linkages with the countries of the South. Malaysia has acquired experience and knowledge in the management and development of its economy. We should have some expertise to share with Laos in its efforts towards economic development.

11. In addition, Malaysian companies have the experience and the know-how to participate actively in the development of the Laotian mining, timber extraction, plantation management, downstream processing of agricultural and mineral and natural resource sectors and in the services industry such as finance, engineering consultancy, construction, development of infrastructure and tourism-related projects. Our companies have a good performance record with their operations in many South countries. I am sure that these companies can make positive contributions towards the development of Laos.

12. I am pleased to note that some Malaysian companies are already operating in Laos on a joint venture basis. Such collaborative efforts, albeit at a modest level, is a step in the right direction to enhance trade and economic relations between our two countries. I am confident that Malaysian companies will intensify their participation in the Laotian economy as they widen their contacts, establish better understanding of the opportunities available and gain

more confidence through their exposure and experience.

Ladies and Gentlemen,

13. To facilitate cooperation with Laos, the Government of both countries have put in place the necessary framework agreements for commercial relations. They include:

- Investment Guarantee Agreement,
- Economic, Scientific and Technical Cooperation Agreement; and
- Air Services Agreement.

Our two Governments will continue to strengthen the existing institutional arrangements, where necessary, to give confidence to the private sector to undertake business on a sustained basis.

14. Malaysia has an open economy in which foreign trade and investments assume an important role. Malaysia is therefore committed to an open and liberal global trading system which would help to promote international trade. Apart from its commitment to the multilateral trading system, Malaysia recognises the importance of regional cooperation to promote growth and help to reinforce the multilateral trading system.

15. Malaysia is a member of ASEAN and participates actively in all its programmes. ASEAN is committed to establishing the ASEAN Free Trade Area (AFTA), a market of 320 million people, by the year 2008. The mechanism to achieve AFTA is theCEPT (Common Effective Preferential Tariff) under which the tariff level will be reduced progressively to between zero and five per cent within a fixed timeframe beginning from January this year.

16. AFTA will be an important mechanism to expand intra-regional trade and stimulate rapid economic development in member countries. In the process, new opportunities will be created for the business community within and outside the region. In this regard, there are certainly areas for cooperation between Laotian and Malaysian businessmen wishing to take advantage of these opportunities.

17. The steady high growth rates registered by ASEAN in the past are also matched by those achieved by many of the dynamic economies of East Asia. In addition to ASEAN, East Asia has evolved into a vibrant manufacturing and commercial area. This has benefitted regional trade and investment flows thereby reinforcing further the interdependence of the East Asian economies.

18. The intensification of cooperation within East Asia would help to stimulate production, trade and other related economic activities. Towards this end, ASEAN and the East Asia Economic Caucus or EAEC are relevant to Laotian economic interests considering that it is a member of Southeast Asia and developments in the region would have

stimulative effects on its economy. As the economy of Laos develops, I am certain that her linkages with the economies of ASEAN and East Asia will strengthen and her contributions to the development of the region will increase.

19. The visit of my delegation here today is aimed at enhancing bilateral ties. With the support given by the government of both countries to this effort, I am confident that our businessmen will succeed in forging new business ties to intensify current bilateral economic cooperation.