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(PRIME MINISTER)

EVENT: THE JOINT BUSINESSMEN MEETING IN CAMBODIA

VENUE: CAMBODIA

DATE: 15 APR 1994

TIME:

Distinguished Guests;

Ladies and Gentlemen,

I am pleased to be here today to have the opportunity to address this distinguished gathering of Cambodian 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 interest so as to strengthen bilateral cooperation.

2. Currently, Malaysian companies have made investments in Cambodia in such sectors as banking, newspaper publishing, hotel, telecommunication, restaurant, freight forwarding, shipping, beverage production and petroleum distribution. The total amount of investment made is estimated at US\$40 million. Despite this, the quantum of our bilateral trade is still small, amounting to about US\$12 million in 1993.

3. Nevertheless, I am confident that the potential to further widen the scope of business cooperation exists. Many positive factors which can enhance the development of business activities between our two countries are in place. They include:-

- Measures undertaken in Cambodia to liberalise the economy;
- The geographical proximity of our two countries;
- Cambodia's abundant natural and mineral resources;
- Favourable policies of your Government to allow foreign companies to participate in the economic development effort of the country; and
- The diversity of products of both countries to expand bilateral trade.

Ladies and Gentlemen,

4. The current modest level of economic cooperation is perhaps due to the narrow range of products currently being traded and the lack of contacts and information on market opportunities. But we know that there are immense opportunities for cooperation by the private sector of both countries -- in trade, investments, services and other sectors of the economy.

5. It is in this context that I have brought with me a trade and investment delegation comprising leading businessmen and entrepreneurs to establish contacts and interact with their counterparts here so as to expand the scope of our bilateral relations.

6. I am certain that arising from these discussions, the business communities of both countries can identify new areas of mutual interests for joint cooperation.

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 Cambodian products are good, particularly for agricultural goods, primary commodities including minerals and intermediate products. In this regard, I wish to invite your exporters to come to Malaysia to see for yourselves the vast opportunities available and to strengthen your contacts with our buyers. Our business community will no doubt be prepared to give their full cooperation to Cambodian suppliers looking for markets for their products.

Ladies and Gentlemen,

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

10. In foreign relations, Malaysia accords much importance to strengthening linkages with the countries of the South. Indeed, with Malaysia's experience and knowledge in the management and development of its economy, we should have some expertise to share with Cambodia in its development efforts.

11. In addition, Malaysian companies have the experience and the know-how to participate actively in the development of the Cambodian 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 these companies can make

positive contributions towards Cambodia's development efforts through joint ventures with Cambodians.

Ladies and Gentlemen,

12. I am pleased to note that several Malaysian companies are already operating in Cambodia 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 Cambodian economy as they widen their contacts, have better understanding of the opportunities and gain more confidence through their exposure and experience.

13. To facilitate cooperation with Cambodia, the Government of both countries have concluded an Air Services Agreement to provide direct air transport between the two countries. 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 the CEPT (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 Cambodian 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 the Cambodian 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 Cambodia 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 that would intensify further current bilateral economic cooperation.