

SPEECH BY: Dato' Seri Dr. **Mahathir** Bin Mohamad
(Prime Minister)

EVENT: The Malawi-Malaysia Business Meeting

VENUE: The Republic of Malawi

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TIME:

1. Let me first of all thank the Malawi Chamber of Commerce and Industry for giving me the opportunity to address this important gathering of prominent members of the Malawian and Malaysian business community. I would also like to take this opportunity to thank the Government of the Republic of Malawi for the kind invitation to visit this beautiful country and the very warm welcome extended to me and my delegation.

2. I am indeed delighted to be here today in Blantyre and greatly honoured to be able to share my thoughts on how we can further enhance Malawi-Malaysia bilateral economic and trade cooperation. A meeting such as this is important as it enables us to discuss and exchange views and identify areas of common interests which could eventually contribute to the strengthening of bilateral relations between our two countries.

3. This is the first official Malaysian business delegation to the Republic of Malawi. Many historical and geographical reasons may be the cause of the relatively low level of bilateral relations in the past. However, with better communication, a whole new chapter in relations among nations is being established. It is our hope that bilateral relations between the Republic of Malawi and Malaysia can be upgraded by enhancing trade and economic cooperation between our business communities. This can be further strengthened by more frequent exchanges of visits, both at the official and business sector levels.

4. The Republic of Malawi and Malaysia both subscribe to a free market system, where private enterprise assumes a leading role in the economy. This meeting of the private sectors of our two countries is aimed at providing the opportunity to discuss and map out strategies for our mutual benefits through private sector led initiatives. I have with me here today Malaysian businessmen who represent sectors like banking, telecommunications, property development, mining, construction, energy and tourism. They are keen to establish business partnership with their Malawian

counterparts.

5. I hope this meeting in Blantyre will build upon the initial ties established during the earlier visit in September last year by a delegation of Malawian Cabinet members and businessmen to Kuala Lumpur, led by His Excellency the President himself. In this respect, it is heartening to note that some business ventures are already being implemented or at an advanced stage of implementation. For example, Telekom Malaysia has established itself in the GSM cellular telecommunications business with a major stake in the Telekom Networks Malawi while G-Two Holdings has entered into a joint venture agreement with the Malawi Development Corporation (MDC) to build hotels and develop housing, as well as venturing into power generation and the development of holiday resorts.

6. Malaysia has followed with great interest the bold market reforms and the wide-ranging economic restructuring undertaken by the Malawian government. The establishment of the Privatisation Commission under the Privatisation Programme in 1996 is a step in the right direction towards a market-oriented economy. We are glad that these efforts are now bearing fruit with economic growth expected to reach 7.1 percent in 1997. I commend the Republic of Malawi for their success and share the aspirations of forging a distinct national identity.

7. The recent bold efforts undertaken by the Government to induce and protect foreign-investments in the country while at the same time expanding its industrial base is timely and most welcome. Malaysia, has become a source of foreign investment in Africa, supports this efforts and we are prepared to cooperate with the Republic of Malawi in establishing meaningful bilateral trade relations.

8. Bilateral trade between the Republic of Malawi and Malaysia, although small has been growing steadily. Between 1992 and 1996, bilateral trade between our two countries grew by an average of 3.5 percent per annum, reaching US\$1 million last year compared with just about US\$720,000 five years ago. During this period Malaysia's exports to the Republic of Malawi expanded by about 4 percent each year to reach US\$440,000 in 1996. On the import side, Malaysia has absorbed some US\$560,000 worth of products from the Republic of Malawi last year. About 94 percent of these imports were made up of fresh, chilled, frozen or simply preserved vegetables.

9. The present level of trade and the narrow range of products traded do not reflect the true potential for bilateral trade between our two countries. There is

considerable scope for expansion of bilateral trade. For example, Malaysia can be a competitive source of imports of machinery, tools and equipment for light manufacturing and farming as well as consumer goods for Malawi's growing economy.

10. On the international front, Malaysia advocates greater South-South cooperation through trade among developing countries. It is also our believe that members of the South countries should work together to improve trade and other economic activities for mutual enrichment. Malaysia, therefore, actively encourages its private sector to trade and to invest in countries of the South, in order to play a role in their economic development. Malaysian companies have responded to this call, and it is in this spirit that Malaysian businessmen are here today in the Republic of Malawi.

11. Malaysia has been cited as a model for economic development. Maybe it is. But I would like to stress that Malaysia's success is not a miracle as some suggest it is. Our success is due to plain hard work, discipline and a wish to be independent of foreign domination. Agriculture and natural resources helped us but were insufficient to create jobs for our people. And so we went into manufacturing and kept ourselves competitive through low inflation.

12. We found that one of the prerequisites for sustained economic growth is an adequate and efficient infrastructure. We note that Malawi too is focussing on this by upgrading its communications facilities and financial services to support other economic activities in the country. Malaysian companies have ventured into the South markets and accumulated considerable experience in banking, highway construction, housing and hotel development, power supply, oil and mineral exploration and telecommunications. Malaysia is prepared to work with Malawians in these areas. Malaysian businessmen who are present here today are also keen to invest directly in the 18 projects that are being privatised by the Malawian authorities or acquire equity in the 140 State Owned Enterprises that are open to foreign participation.

13. When Malaysia began its industrialisation it concentrated on job creation through labour intensive industries. Today Malaysia is short of workers and we have to move some of our labour intensive industries to countries with high unemployment rates and therefore lower cost of labour. I am sure you will agree with me that the first priority for a developing country is to create jobs for its workforce. If it is agreeable we would like to move some of our labour intensive industries here in order to create reasonable incomes for

the Malawian workforce.

14. Malaysian companies have already invested in South Africa, Zimbabwe, Namibia, Ghana, Guinea, Tanzania, Mauritius and of course Malawi with the same objective. These companies have acquired experience in the development of export processing zones and housing projects, the construction of hotels, tourist resorts and highways, the provision of telecommunications and television broadcasting services, banking as well as the traditional area of plantation management.

15. This meeting today is a platform for both the private sectors of our countries to explore the possibility of going into downstream manufacturing and processing activities, utilising locally available resources like minerals and agricultural products. There are vast opportunities in these areas since the Malawian mineral resources are still largely untapped while most of its agricultural produce are being exported in the raw form to be processed elsewhere.

16. Apart from exploring the economic potential in each other's country, the Malawian and Malaysian private sector should also explore opportunities for cooperation in third countries. We should focus our attention on the newly emerging markets in the Southern and Central African region where Malawian and Malaysian enterprises could synergise their individual resources and experience. For example, they could seek joint ventures to import, warehouse and distribute Malaysian manufactured products in Malawi, its neighbours and other land-locked markets in Africa.

17. The Republic of Malawi and Malaysia have already put in place the necessary framework to enhance business and trade in the form of the 'Trade Agreements' and 'Investment Guarantee Agreements' which were signed in Malaysia last year. I therefore, urge both the Malawian and the Malaysian business communities to identify areas of cooperation for mutual benefits.

18. Under the Malaysian Technical Cooperation Programme (MTCP) many participants from the South countries, including the Republic of Malawi, have benefited from various training programmes. For example, between 1992 and 1996, 32 Malawian officials have attended short courses in areas like international diplomacy, public administration, agriculture and environmental protection. We would be happy to make available a few more such training places.

19. I am confident that the foreign business community will view the introduction of the Public Enterprises

(Privatisation) Act and the establishment of the Malawi Investment Promotion Agency as affirmative action towards creating a more conducive investment climate in this country. I am certain that the Malaysian business community too will respond positively to the initiative taken by the Malawian government.

20. May I take this opportunity to once again thank you for the warm reception and gracious hospitality accorded to my delegation and I. We look forward to discovering more about your fascinating land and its people during this visit.

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