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(PRIME MINISTER)

EVENT: THE MEETING WITH THE BUSINESS COMMUNITY

VENUE: CASABLANCA, MOROCCO

DATE: 17M APR 2002

TIME:

I am very pleased to have the opportunity to address this distinguished group of business people of Morocco. We are here to explore and share with the business community in Morocco how Malaysia and Morocco could further enhance bilateral economic and trade relations. A delegation of leaders and representatives of the Malaysian business community who are here with me today are keen to meet and discuss with potential partners on a wide range of business possibilities.

2. Bilateral economic relations can be strengthened, and trade and investment linkages enhanced, through exchanges of visits and business meetings such as this, as well as through participation in trade fairs and exhibitions. I hope the individual business meetings that were arranged between members of the Malaysian business delegation and their Moroccan business partners since yesterday have identified good opportunities and opened new areas for business collaboration between the business communities of our two countries.

3. Over the years, the Malaysian economy has undergone a transformation from being agriculture-based to a modern manufacturing based economy due in large part to the substantial inflows of foreign investments into the manufacturing and related services sector. I believe, Morocco too has taken the same path in the last few years. Your effort is bearing fruit and your traditional agriculture and mining-dependence economy has been supplemented by manufacturing and services, notably tourism.

4. Malaysia has achieved a strong level of economic growth averaging more than 8% per annum over the period 1988-1997, prior to the East Asian financial crisis. While Malaysia has experienced an economic contraction in 1998 of 7.4% due to the impact of the crisis, Malaysia has recovered quickly to register growth rates of 6.1% in 1999 and 8.3% in 2000.

5. In 2001, despite the effects of the global economic slowdown, particularly in the USA and Japan, Malaysia registered a real GDP growth of 0.4%. Malaysia has continued to attract a substantial level of foreign investments even during the difficult

periods and has fared better than most other countries in the region. Investors have continued to look upon Malaysia positively as an attractive investment and business destination. The Malaysian economy is expected to strengthen in 2002 and beyond, in tandem with sustained demand and improved global economic conditions. The GDP growth for 2002 is forecast at 3.5%.

6. The process of industrialisation has taken Malaysia through import substitution to export-oriented; from labour intensive to capital-intensive and value-added industries and now into the knowledge-based industries. The future lies in the knowledge and idea-based economy where the key to wealth and job creation are the extent to which information, ideas, innovations and technology are embedded in all the various sectors of the economy.

7. To be more resilient to the vagaries of the global business cycles and the uncertainties of the world economy, we are further diversifying our economy. Greater emphasis has been given to the services and back again to the agriculture sectors. In recent years, we have successfully marketed services including construction, healthcare, education and tourism to many parts of the world. As you know biotechnology will revolutionise agriculture and we do not want to miss out on this.

8. Malaysia is the 18th largest trading nation in the world and total trade amounts to 200% of the country's GNP. The country's total global trade in 2001 was US\$161.9 billion with exports totalling US\$88 billion and imports US\$73.9 billion. Trade between our two countries however, is still small. Bilateral trade for 2001 amounted to US\$17.3 million, with exports from Malaysia to Morocco valued at US\$15 million and imports from Morocco US\$2.3 million. Major exports to Morocco were telecommunications equipment and parts, semiconductor devices, palm oil and furniture. Main import items from Morocco were semiconductor devices, office and automatic data processing machines and cotton. Certainly, trade between our two countries can be enhanced in terms of volume and range of products traded.

9. Malaysian products are competitively priced and are produced to meet the quality standards of the world markets. Products that could be further sourced competitively from Malaysia include food products, automotive components, electrical and electronic products, wood and rubber-based products, medical products, telecommunications equipment, machinery, plastic household products and paper and stationery, and construction materials such as plywood, windows and doors, sawn timber and interior decoration products.

10. It is Malaysia's aspiration to have a stronger presence in the West Asian and Northern African region. Towards this end, the Malaysia Trade Centre was established in Dubai in May 2001. The Centre is managed by the Malaysia External Trade Development Corporation (MATRADE). The Centre provides Malaysian exporters the opportunity to explore and familiarise themselves with the emerging markets, particularly those in the West Asian and Northern African region.

11. The Malaysia Trade Centre provides up-to-date information on Malaysian products and services and provides opportunities for buyers to view, inspect and make enquiries on the samples of Malaysian products that are available on display for exports purposes. The Centre has been useful in promoting trade with the Gulf region.

12. Businessmen of both our countries can collaborate and work together in accessing the EU and the African markets. As Morocco is just a doorstep to the EU (just 15 kilometers to Spain) and a key entry point to the rest of the African continent, there are numerous business avenues for us to jointly venture for mutual benefits. Morocco could optimise its close linkages with the EU and at the same time collaborate with Malaysia in sourcing quality products at competitive price or enter into joint ventures in manufacturing, to serve the EU market, as well as other markets in the region.

13. Similarly, Malaysia can serve as the competitive springboard to the ASEAN and East Asian markets. Moroccan investors can use Malaysia to tap the ASEAN Free Trade Area (AFTA), a regional market with a population of more than 500 million people and a combined GDP of US\$750 billion. AFTA is well on track and will be fully realised by 1 January 2003. Intra ASEAN trade had increased 4 1/2 times since AFTA was operationalised in 1993. In 2000, total Intra ASEAN trade stood at US\$175.4 billion, and for the first half of 2001, Intra ASEAN trade totalled US\$76.2 billion. Malaysia is the second largest contributor to Intra-ASEAN trade, accounting for over 26%, a clear sign of the country's competitiveness and effectiveness as the gateway to the region.

14. Malaysia provides a cost competitive environment for foreign investors. The Malaysian Government remains business friendly and has put into place the necessary infrastructure, incentives and administrative support to provide a conducive and cost-competitive environment for both foreign and local investors. Moroccan companies, including small and medium enterprises, are welcome to explore business opportunities available in Malaysia. Priority

industries identified by the government include higher-end electronic products, machinery and equipment and components, medical devices, engineering supporting industries, automotive components, biotechnology, pharmaceuticals, manufacturing-related services such as research and development, product design and development, marketing, distribution and logistics, international procurement and other regional support functions.

15. In line with efforts to develop a knowledge-based economy, Malaysia is actively promoting the development of the information and communication technology (ICT) industry. To provide further impetus to the ICT industry, the Malaysian Government has established the Multimedia Super Corridor (MSC) for companies wishing to develop creative IT and multimedia products and services.

16. The MSC is equipped with high-capacity global telecommunications and logistics infrastructure built on 2.5-gigabits to 10-gigabits optic fibres. The MSC offers opportunities to companies wanting to create, distribute and employ multimedia products and services within the 15 x 50 km "Greenfield Corridor" developed for the purpose. Malaysia has put into place the broadband infrastructure, the necessary incentives, policies and cyberlaws to facilitate investors in the corridor.

17. As of 29 March 2002, there are 657 MSC-status companies, already exceeding the target of 500 companies to be attained by 2003. Of these 657 companies, some 30 are world class and 32 per cent are foreign-owned, with many serving the regional and global markets.

18. Members of the Malaysian private sector could also participate in Morocco's industrialisation particularly, in agro-industry, chemical, pharmaceuticals, fabrication of steel and aluminium structures, building materials and automotive components. Aside from the manufacturing activities, Malaysian companies are also competitive in the services sector particularly education and training, healthcare, construction, infrastructure development and tourism.

19. Export of services is becoming increasingly significant for Malaysia. Of particular relevance to Moroccan companies would be the skills and experience that Malaysian companies have developed in the construction of infrastructure facilities, housing, seaports and airports, roads and railways, water treatment plants, power plants and telecommunications. Malaysian companies have successfully implemented construction projects in many parts of the world,

including in Africa, West Asia, East Asia, the Indian Sub-continent and Eastern Europe. Moroccan companies should explore the possibility of partnering Malaysian companies to bid for projects not only in Morocco but also elsewhere within the region.

20. For education, Malaysia offers quality education at affordable fees. A number of Malaysian colleges also provide twinning programmes with American, British and Australian universities. In 2001, a total of 20,384 foreign students studied in institutions of higher learning in Malaysia, of this 602 were from West Asia and 1,482 from Africa. Only 15 students from Morocco are currently studying in Malaysia. We welcome more Moroccan students to pursue their higher education in Malaysia.

21. Like Morocco, tourism is an important revenue generating economic activity for Malaysia. Facilities and infrastructure support for the tourism industry including eco-tourism are well developed in Malaysia. In 2001, a total of 12.8 million tourist arrivals were recorded, registering an increase of 25% from 2000. Malaysia is a shoppers' paradise and Kuala Lumpur has also been rated as one of the cheapest cities in Asia for hotel accommodation and shopping. Tourists can obtain a broad range of duty-free products such as cameras, fountain pens, cosmetics, sports equipment, electronic products and leather goods.

22. There is no better way to truly assess the opportunities in Malaysia than to see it with your own eyes. Apart from business we would also like you to experience our hospitality and culture. Being a multiracial country, Malaysia is a colourful destination with its diversity in food, festival, arts and crafts. Within a single destination you will be able to experience a potpourri of Asian cultures.

23. On behalf of the Government and people of Malaysia, I would like to express the hope that our mission during these challenging times will result in stronger friendship and partnership between Malaysia and Morocco.

24. Finally, let me once again express my sincere appreciation to the Government and the people of Morocco for the very warm welcome and hospitality extended to my delegation and I. I am hopeful that the useful contacts made by the Malaysian business delegation members during this visit would be translated to beneficial business ventures soon.