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(PRIME MINISTER)

EVENT: THE DIALOGUE SESSION WITH THE BUSINESS COMMUNITY

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TIME:

It is truly a great pleasure for me to have this opportunity to address and exchange views with prominent business leaders of the Syrian Arab Republic.

2. Relations between Syria and Malaysia can only be strengthened if it is pursued on as many fronts as possible. Business and economic interface is certainly an important component of that endeavour. For this reason, we are here today to explore with you ways that we can enhance bilateral economic and trade relations. To help achieve that objective, several leaders and representatives of the Malaysian business community have joined me during this visit to identify and develop opportunities for business collaborations.

3. While Malaysia prides itself as one of the major trading nations in Asia, we recognise that Syria, in particular Damascus, has for centuries been a trading hub in this region and that Syria has a rich history in commerce. As we continue to develop our nations, we should make the most of our long involvement in trade to develop business linkages between our two countries. Obviously we have not done enough in this regard as exemplified by the current relatively small amount of trade between the two countries. Lack of understanding of each other's economy could perhaps be the deterring factor. As such, I wish to take this opportunity to outline to you several fundamental elements of the Malaysian economy. Hopefully, greater awareness of the economic environment of the two countries will pave the way for more bilateral business and trade transactions.

4. Malaysia had achieved strong economic growth over the period 1988-1997 prior to the East Asian financial crisis, averaging more than 8 percent per annum. While Malaysia experienced an economic contraction in 1998 of 7.4 percent due to the impact of the crisis, its economy has, however, recovered quickly to register growth rates of 6.1 percent in 1999 and 8.3 percent in 2000. The global economic slowdown in 2001 had again affected Malaysia's economic growth and during the year, Malaysia registered a real GDP growth of only 0.4 percent.

5. With the improvement in the global economy in 2002, Malaysia was able to record a GDP growth of 3.5 percent. In tandem with anticipated improvement in the global economy and as a result of the various measures recently initiated to further stimulate the economy, Malaysia's GDP growth for 2003 is forecast at 4.5 percent.

6. Malaysia's economy is private sector driven. The Government provides support through necessary policies, infrastructure and legal framework to provide a conducive environment for the private sector to operate. Through the Malaysia-Incorporated Policy we have created a smart partnership between the Government and private sector to grow the economy and enrich the country.

7. Encouragement for foreign and local investments has transformed our agriculture-based economy to a modern manufacturing-based economy.

8. Industrialisation has taken Malaysia from import substitution to export oriented, from labour intensive to capital-intensive industries and now to knowledge-based industries. We believe the future lies in the knowledge-based economy where the key to wealth and job creation lies in exploiting information, ideas, innovations and technology.

9. In line with efforts to develop a knowledge-based economy, Malaysia is actively promoting information and communication technology (ICT) industry. Malaysia has also established the Multimedia Super Corridor (MSC) for companies wishing to develop creative IT and multimedia products and services.

10. The MSC, a 15x50 km corridor, is equipped with high-capacity global telecommunication and logistics infrastructure. The Government has put in place the necessary incentives, policies and laws to meet the needs of investors in the MSC. To date, there are 905 MSC-status companies with capital investments amounting to \$3.6 billion USD.

11. Foreign direct investment (FDI) in other industries are still being encouraged. The priority industries identified by the Government include higher-end electronic products, medical devices, engineering support 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.

12. Malaysia is able to sustain its global

competitiveness by further diversifying its economy into other areas including the services sector. In recent years, Malaysia has successfully marketed services such as consultancy, healthcare, education and tourism to many parts of the world. Malaysian companies have developed skills and expertise in the construction of infrastructure facilities, housing, seaports and airports, roads and railways, water treatment plants, power plants and telecommunication. They have successfully implemented construction projects in West Asia, East Asia, the Indian Sub-continent as well as Africa.

13. I have been made to understand that the construction sector in Syria has been expanding rapidly over the recent years and has been one of the major engines of growth for the country. We welcome the opportunity for Malaysian companies to participate in this sector in Syria and to share their experience and expertise with Syrian companies.

14. Education is rapidly becoming a major contributor to the economy of Malaysia as the country gains recognition as a major centre for education in the Asian region. Malaysia offers quality higher education at affordable fees. In addition to locally developed programmes that are internationally recognised, a number of Malaysian universities and colleges also provide twinning programmes with American, Canadian, British and Australian universities. In 2002, a total of 36,452 foreign students studied in Malaysia and 28,015 or 76 percent of those students studied at higher learning institutions.

15. Twenty one Syrian students had enrolled in higher learning institutions in Malaysia in 2002. This number may be small, but we hope that the success of these students will convince others to also pursue their higher education in Malaysia.

16. Malaysia is also promoting the development of Islamic banking, which has won wide acceptance among the local banking fraternity and the public, including the non-Muslims. The financial sector master plan, launched in March 2001, incorporates a ten-year plan for Islamic banking and re-insurance. The overall objective of the plan is to create an efficient, progressive and comprehensive Islamic financial system and to promote Malaysia as a regional financial centre for Islamic banking and finance. Malaysia is cooperating with other Islamic countries to develop the Islamic banking system.

17. While we seek new avenues of growth, merchandise trade will continue to feature prominently in Malaysia's economy. Malaysia is the eighteenth largest exporter as well as importer in the world and conducts

trade with more than 230 partners globally. Malaysia's total trade in 2002 was valued at \$173.2 billion USD with exports amounting \$93.3 billion USD and imports \$79.9 billion USD.

18. Malaysia exports a wide range of finished and semi-finished products comprising electrical and electronic products, chemicals and chemical products, machinery and equipment, palm oil, crude petroleum, liquefied natural gas (LNG), timber products and rubber products.

19. As indicated earlier, trade between Malaysia and Syria is relatively small. In 2002, Malaysia's trade with Syria amounted to \$67.5 million USD. Exports to Syria was valued at \$66.5 million USD and imports \$1.0 million USD.

20. Major exports of Malaysia to Syria were textile yarn, palm oil, machinery appliances and parts, veneer, plywood and particleboard, and paper products. Main imports from Syria were cotton, fabric and clothing accessories, printed matter, spices, and electrical power machinery parts. Definitely, trade between the two countries can be enhanced in terms of volume and range of products traded.

21. Malaysian products are competitively priced and produced to meet the quality standards of international markets.

22. Various measures being introduced by the Syrian government to facilitate business and trade will certainly strengthen Syria's position as a major trading hub in West Asia. Currently, the majority of Syria's trade is with Europe. We hope to see more trade with Asia in the future, particularly with Malaysia. Syria can also serve as the conduit for Malaysia's products to the region.

23. Similarly, Syrian companies can use Malaysia as the gateway to the ASEAN and East Asian markets. Syrian exporters and investors can use Malaysia as a springboard to tap the ASEAN Free Trade Area (AFTA), a regional market with a population of about half a billion and a combined GDP of \$750 billion USD.

24. Malaysia is keen to further expand its trade not only with Syria but also with other Islamic countries. The 10th Session of the Islamic Summit Conference in October 2003 that will be held in Putrajaya, Malaysia, provides an excellent opportunity for us to pursue this objective. In conjunction with the Summit, several parallel events will be organised that will bring together businesses from Islamic countries from all over the world. Among these is the Expo OIC 2003 from 14 to 19 October 2003 and the OIC Business Forum from 15 to 16 October 2003. Malaysia is pleased to welcome

the representatives of the Syrian Government and its business community to the Summit and the business related events.

25. Your participation is certainly needed to make these events a success. We should go beyond merely indulging in exchanges of views and experiences. We should aim for substantive results and to realise actual business transactions. Our shared religious beliefs can certainly facilitate a better understanding of each other. However, we cannot just depend on our common beliefs to survive in the international business environment that is becoming more and more competitive. We have to pursue business relations that is founded on strong business fundamentals, which are constantly reviewed, improved and modified to reflect the ever-changing business environment.

26. Our presence here signals the interest of Malaysia and its business community to further develop business relations between the two countries. Several MOUs have been concluded during and prior to this visit covering sectors such as education, IT, tourism, science and technology and statistics. Meetings between members of the Malaysian business delegation and the Syrian businessmen during this visit should lead to expanded bilateral trade and business relations. We also hope to see many of you again in October in Putrajaya where greater opportunities await you.

27. Finally, I would like to express my sincere appreciation to the Government and the people of the Syrian Arab Republic for the very warm welcome and hospitality extended to my delegation and I.