

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

EVENT: THE MALAYSIA - ALGERIA BUSINESS DIALOGUE

VENUE: ALGIERS, ALGERIA

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TIME:

I am greatly honoured to have the opportunity to address this distinguished business community of Algeria.

2. We are here to explore and develop with the Algerian business community ways and means for Malaysia and Algeria to enhance bilateral economic and trade relations.

3. As the exchange of visits can significantly contribute to the achievement of this objective, together with me today are Malaysian business leaders and delegates who are keen to meet and discuss with potential Algerian partners on a wide range of business collaboration and opportunities. I hope Algerian businessmen and members of the Malaysian business delegation have taken full advantage of the individual business meetings arranged during this visit.

4. In Malaysia, you have a partner that fully appreciates the importance of developing international business relations. Malaysia is also an economy that has undergone several fundamental changes since its independence in 1957. It is also a resilient economy, having endured and rebounded from several downturns in the past. It is now poised to face future challenges brought about by the rapidity of globalization. This in part, will be achieved through the development of strong mutually beneficial relations with its partners. Hence, our presence here.

5. Malaysia had achieved a strong economic growth over the period 1988-1997 prior to the East Asian financial crisis, averaging more than eight 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 and Sept. 11 in 2001 had again affected Malaysia's economic growth and in that year Malaysia registered a real GDP growth of only 0.4 percent.

6. 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 various measures recently initiated to further stimulate the economy, Malaysia's GDP growth for 2003 is forecast at 4.5 percent.

7. Malaysia's economy is private-sector driven with the Government contributing by putting in place the necessary policies, infrastructure and legal framework to provide a conducive and pro-business environment for the private sector to operate. This is to ensure that the private sector can continue to be the primary engine of economic growth. Through the Malaysia-Incorporated Policy which has been adopted more than a decade ago, we are able to create a smart partnership between the government and private sector to achieve mutual benefit and help develop our country.

8. Over the years, the Malaysian economy has transformed from being agriculture-based to a modern industrial economy. Eighty-two percent of our export of some 90 billion U.S. Dollars is now made up of manufactured goods.

9. Industrialisation has taken Malaysia from import substitution to export oriented, from labor intensive to capital intensive and value-added 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 are the extent to which information, ideas, innovations and technology are embedded in all sectors of the economy.

10. In line with efforts to develop a knowledge-based economy, Malaysia is actively promoting the development of the 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.

11. The MSC is equipped with high-capacity global telecommunication and logistics infrastructure built on 2.5 gigabytes to 10 gigabytes optical fibre. The Government has put in place broadband infrastructure and the necessary incentives, policies and cyberlaws to serve investors in the MSC. To date, there are 905 MSC-status companies with capital investments amounting to 3.6 billion U.S. Dollars.

12. Promoting foreign direct investment (FDI) remains an important strategy for generating and sustaining Malaysia's economic growth. Malaysia provides a cost competitive environment for foreign investors. The Malaysian Government continues to be business friendly to both local and foreign investors. I believe Algeria has also taken a similar path to attract FDI into its

manufacturing sector and reduce its reliance on petroleum earnings. There is much that we can learn from each other in this regard.

13. In Malaysia, 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 support functions.

14. Malaysia continues to be competitive in the global economy by further diversifying its economy into the services sectors. In recent years, Malaysia has successfully marketed services such as construction, 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. They are especially active in the oil and gas industries.

15. Education is rapidly becoming a major contributor to the economy of the country as Malaysia 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 recognized, 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 of Malaysia. Only 44 students from Algeria enrolled to study in Malaysia in 2002. We welcome more Algerian students to pursue higher education in Malaysia. The cost is a fraction of that in Europe or America but the standards are comparable.

16. While we search for new avenues of growth, merchandise trade will continue to feature prominently in Malaysia's economy. Malaysia is the eighteenth largest trading nation in the world and conducts trade with more than 230 countries and regions globally. Malaysia's total trade in 2002 was valued at 173.2 billion U.S. Dollars with exports amounting 93.3 billion U.S. Dollars and imports 79.9 billion U.S. Dollars.

17. We are one of the largest exporters of electrical and electronic products in the world. Among the major

electrical and electronic products exported by Malaysia are integrated circuits, automatic data processing machines, parts and accessories for office machines, telecommunication parts and equipment, electrical switcher relays and circuits, audio and visual recorders household appliances and radio and television receivers. Exports of these products in 2002 amounted to 52.1 billion U.S. Dollars, accounting for 55.9 percent of Malaysia's total global exports. Other major products which Malaysia produces and exports include chemicals and chemical products, machinery and equipment, palm oil, crude petroleum, liquefied natural gas, wood products and rubber products.

18. It is recognised that Algeria is the second largest country in Africa after Sudan with a population of 32.3 million, which is larger than the 24 million population of Malaysia. Algeria is Malaysia's second largest trading partner in Northern Africa, with trade in 2002 amounting to 116.1 million U.S. Dollars. Malaysia's exports to Algeria in 2002 was 113.6 million U.S. Dollars and imports was 2.5 million U.S. Dollars, a gross imbalance which needs to be addressed.

19. Major exports to Algeria were iron and steel products; palm oil; chemicals and chemical products; veneer, plywood and particle board; and textile yarn. Main import items from Algeria were crude fertilizers; fertilizers; and electrical distributing equipment. We have to acknowledge that trade between our two countries is still relatively small. I strongly believe that this visit and the contacts between Algerian and Malaysian businessmen can help increase trade between us.

20. Malaysian products are competitively priced and produced to meet the quality standards of international markets. Products that could be sourced competitively from Malaysia include household electrical appliances, medical products, telecommunication equipment, wood and rubber products and motor vehicles.

21. Malaysia is very keen to have a stronger presence in the Northern African region. This is in line with the effort to encourage Malaysian businesses to tap the potential for trade among South countries which has not been explored to the fullest.

22. I hope the Algerian business community would be equally open to new areas of business collaborations and, together with the Malaysian businessmen, explore opportunities in the emerging markets. Businessmen of both countries can also work together in accessing the European Union and other African markets. Algeria could be an important gateway to trade with the European Union and with the rest of the African continent. As Algerian companies enhance their long-

standing trade relations with the European Union countries such as Italy, Spain and France, they can collaborate with Malaysian companies in sourcing for competitive quality products or enter into joint ventures in manufacturing to serve the European Union as well as other markets in the region.

23. Algerian companies that are planning to venture abroad are welcome to explore business opportunities available in Malaysia. Apart from reasons I have already outlined, Malaysia can also serve as a gateway for Algerian companies to access the ASEAN and East Asian markets. Algerian businessmen and investors can use Malaysia as a springboard to tap the ASEAN Free Trade Area, a regional market with a population of more than half a billion and a combined G.D.P. of 750 billion U.S. Dollars. Malaysia has a good track record as a manufacturing and export base for both the regional and global markets. Malaysia also serves as a location for regional operation of many large corporations.

24. October 2003 would be an opportune time for Algerian businessmen to visit Malaysia. In conjunction with the 10th Session of the Islamic Summit Conference in October 2003 that will be held in Putrajaya, Malaysia, several parallel events will be organised that will bring together businesses from Islamic countries. Among these is the Expo OIC 2003 on 14 to 19 October 2003 and the OIC Business Forum on 15 to 16 October 2003. Malaysia is pleased to welcome the Algerian Government and its business community to the Summit and the business related events as a way to enhance trade and investment linkages among OIC member countries.

25. Through participation in these events, it is hoped that businessmen from OIC countries, including Algeria, will not only just exchange views and experiences but would also be able to realise actual business deals.

26. The Governments of both countries have laid down the framework for closer economic cooperation between us. Now it is up to the private sector to actively create and capitalise on opportunities available in order to assist both countries to enhance their economic relations.

27. Finally, I would like to express my sincere appreciation to the Government and the people of Algeria and in particular the Algerian business community for the very warm welcome and hospitality extended to my delegation and I. I am confident that this mission will result in a stronger friendship and partnership between Malaysia and Algeria.

