

The Future Trade Relations between Malaysia and the Arab World

Ladies and Gentlemen

Asalamu Alaikum

I'm very pleased to be here today with you on behalf of the Arab Malaysian Chamber of Commerce (AMCC), we thank the organizer for inviting AMCC to share with you the Chamber vision and objectives to support the development of businesses and the trade relations between Malaysia and the Arab World.

Introduction

Let me start with the facts that the Arab traders arrived to the Malau islands in the late 12th century, since then, the bond with the Arab World continued to develop its strength with the spread of the Islam in the region here.

The colonisations and the foreign invasion of the Islamic World since the fall of the Othman Empire created new alliances and relations between the Muslim World and the rest of the World.

After the Muslim Countries were liberated and gained independence, the relationships between the Islamic Countries start to re-develop very slowly, small mono-lateral trade and business relations were established between some of the Muslim Countries. In the past twenty years or so, there were many efforts to build stronger relationships between the Islamic Countries driven by the Muslim Countries governments and the private sectors organizations, chambers and individual companies in these countries, however, these relationships remain until now very disappointing and small, or at least unsatisfactory as always been confirmed by all officials from these countries.

Number of Muslim countries undertook encouraging economic and social developments programs and policies, these countries built business contacts and relations with the world, however the inter-relations between these Muslim countries and the rest of the Muslim countries also remain very small.

The Malaysian-Arabs relationships

The Malaysian and Arab Countries trade and business relations are of no different. This relationship long established mainly through the frequent Malaysian people visits for Haj and Umra, sending Malaysian students to Egypt, Saudi Arabia, Jordan and other Arab countries for studying Arabic and Islamic knowledge, and Arab teachers coming to Malaysia to teach Arabic language and Islamic studies. Trade and business relationships were extremely small.

Efforts are continue to be made by the Malaysian Government and the Malaysian Trade Organizations to further develop these relationships and to realize the great potential and opportunities for mutual benefits waiting to be gained and enjoyed by the people of these countries.

Malaysia is one of the rising stars in its fast economic and social developments since the country gained its independence, the main trading partners for Malaysia were the Fareast region, ASEAN and the developed world.

The last twenty years witnessed sincere Malaysian efforts of building businesses and trade relationships with the Middle East and Africa, exports to these countries were growing yearly and the Malaysian made products gained the trust and appreciations in these markets for its quality and competitive prices. Malaysian investments in Arab countries and Africa were also growing, and the active participations of the Malaysian Government's Trade and Business agencies and the Malaysian private sector business organizations in promoting Malaysian products had built good relationships with the Arab Countries.

The Arab Countries economic and social developments were delayed for most of the Arab countries for decades. With the exception of the Oil rich Arab countries, the rest of these countries suffered great deal of poverty and slow economic and social developments. The present political developments in some of the Arab countries hopefully will bring fast progress in the economic and social developments, not only to the countries going into these dynamic changes but to all Arab countries.

The Malaysian-Arabs opportunities

There are great opportunities for developing cooperation and business relations between Malaysia and the Arab countries, it is not only the trade of goods could create an interesting integrations of wide exchange of essential commodities, supplies and manufacturing products, but the partnerships in infrastructure developments, manufacturing, educations, tourism, logistic, health care, and many other fields of businesses and services. The AMCC vision on the future of the Malaysia and Arab countries business developments and relationships is as follow:

a. Trading in goods and manufactured products:

Malaysia has wide range of essential and manufactured goods and products exported worldwide, as mentioned earlier, many of these Malaysian products are already well received and imported by many Arab countries, however, there are many untapped markets in the Arab countries for many other Malaysian products have been currently imported by the Arab countries from other part of the world. The Malaysian manufacturers and exporters need continues efforts to introduce their products and explore the opportunity of gaining new markets or expanding existing markets.

The Arab countries are also rich in its resources and products, the manufacturing and the overall industries and the manufactured goods are growing and ASEAN markets including Malaysia present golden opportunity to establish good markets for these products and goods. The Arab manufacturers could have easier entry to ASEAN markets for their products by partnering with Malaysian companies to import and distribute their products in Malaysia and ASEAN.

Malaysian and Arab governments should facilitate the trade between their countries by bilateral and multilateral trade agreements to give preference to their products, and to tray to eliminate the non-tariff barrier to increase the trade flow between their countries.

Allowing more and free exchange of goods and products between Malaysia and the Arab countries through Free Trade Agreements and Bilateral and Multilateral Tariff preferential Agreements should be in the top agenda between Malaysian Ministry of Trade and the a like in the Arab countries.

We must not forget the development of the HALAL products and industries, Malaysia been a pioneer in this development, could offer strong support to develop these industries and services in the Arab countries and create great exchange of HALAL products and services between Malaysia and the Arab Countries, and with the world.

b. Addressing the food security concerns

The food security is of great concern to Arab countries, Malaysia and the world. Both the Arab countries and Malaysia are rich in agriculture produces and resources, however, rampant agriculture lands are unutilized and available in the Arab countries for proper agriculture farming and plantations.

Malaysia is very successful in its agriculture reforms, programs and policies, and had created strong agriculture systems with maximum utilizations of agriculture lands. Both Malaysia and the Arab countries should form joint cooperation for developing agriculture lands in the Arab countries and create great integration in agriculture produces capable of answering to many food security concerns.

Agro-based industries could build value added products, and will help to create large number of SMIs & SMEs and generate higher revenues than export of raw agriculture products.

The transformation of simple agriculture produce to food products of longer shelf life and transportable packaging will open large export markets for these products and facilitate wider exchange of food supplies between all Arab and Muslim countries.

There is number of Arab countries (specially the Gulf countries) have already positioned the food security in their prime agenda; Malaysia is also establishing programs to secure continues essential food commodities supply. The Arab countries could have joint collaborations with Malaysia to explore opportunities and possibilities of developing large scale agriculture farming in many Arab countries with large abundant agriculture lands.

Many Arab countries are rich in livestock and chicken farming, but lack of proper meats and poultry industries. The cooperation between Malaysian and Arab companies will benefit greatly from the development of these industries in the Arab countries and will provide Malaysia with secured supply of meats and poultry for its domestic consumption and for its Halal food industries as Malaysia is a net importer of meats and poultry.

c. Infrastructure developments in the Arab countries

Most of the Arab countries are going through massive infrastructure developments with hundreds of Billions of Dollars allocated by governments for the next ten years developments with large participation of the private sectors in these developments. Malaysian and Arab companies should join forces and explore the opportunities of working together and undertake the developments of many of these urgently needed projects.

The governments' infrastructure projects are from housing and property developments, roads and highways, bridges, rail roads, ports and airports, to water, electricity, sewage systems and telecommunications projects.

The private sectors in each of these Arab countries are participating in the government projects and also involved generally in the property and housing developments. There are golden opportunities for joint collaborations and partnerships between Malaysian developers and contractors and their counterpart companies in the Arab countries to undertake properties and housing developments.

d. Islamic Finance

The present world financial crisis and the looming of world financial disaster could crash the present fragile world financial system. Economists all over the world advised that these crisis will be best addressed and mitigated by shifting the world fiat financial system to new financial architecture and system of more just, fair and resilient to crises and turbulence.

In an article by YAB Tun Dr. Mahathir Mohamad published in the New Straits Times a few days ago, Tun Mahathir said: "I quote: Europeans seem to think that they can restore their wealth to its former self by some kind of financial juggling. And because they think so, they refuse to recognise that their economy is beyond repair. They are in a state of denial. Unquote".

I personally believe it is not only the Europeans think this way but all developed countries think the same way, and the world is facing serious financial troubles because of these denials.

The Islamic Financing models, system and principles had proved its resilient, strength and fairness facing several financial crises, from the Asian financial crises in the late ninety in the last century until the present world financial crises which are persisting for the past five years and forecasted to last or to worsen in the coming more years.

The Islamic financing products are well developed in number of the Arab countries and Malaysia, there is great need to strengthen the cooperation and the integration of the Islamic financial systems to form single acceptable model of Islamic system capable of replacing the present ailing system.

e. The service industries

Development of Education, Health Care, Logistic and Tourism are area of great opportunities for developments in the Arab countries and in Malaysia as well.

Malaysia had achieved remarkable development and improvement in its high education and vocational training programs, the country became a preferred destination for Arab students for English courses and higher education studies. The Arab countries are in dear need of education revamp and higher education and vocational training to its growing numbers of unemployed youths, Malaysian well developed in these areas and could be the best partner to undertake these required developments in the Arab countries with its English medium programs and courses.

The Health Care and Hospital managements are the other area where Malaysian companies will be the best partners to help modernising the existing health care facilities and to build technologically advanced new health care facilities in the Arab countries.

The Arab countries were the sea master in the past, shipping is remain strong attractive for business ventures for many Arab businessmen, some of them reached higher achievement like Saa'de Brothers, the Lebanese founder and controller of the international shipping line CMA. Other Arab well established liners like UASC and MSC are running the seas. There are many smaller Arab shipping line companies involved in the sea freight and have long established with good experience and business relations with the world shipping industries. Malaysia, unfortunately, lacking far behind in this and is totally dependent on foreign shipping lines to serve its trade of import and export. Malaysian government and companies could depend on Arab shipping lines services, expertise and relations to secure its import and export shipments to Middle East, Africa and Europe, Malaysia could also build its own sea freighters for its international trade through partnerships with established Arab shipping lines companies.

Malaysia had well developed its Tourism and hospitality industries to great extend and became world tourism destination with superior services, in the other hand, the Arab countries are place for the most attractive and ancient historic sites in the world but lacking developments and tourism facilities and infrastructure. The cooperation and partnerships between Malaysian and Arab companies could tap on the opportunities of developing attractive tourism and hospitality industries and will help to build strong tourism business relationships not only between Malaysia and the Arab countries but between ASEAN & the Fareast and the Arab countries.

AMCC

The Arab Malaysian Chamber of Commerce was inaugurated in Malaysia in February 2011 by Arab and Malaysian companies and business individuals in an effort to create bridges and platforms for the development of business and trade relationships between Malaysia and the Arab Countries.

The Chamber in short span of only two years had made valuable efforts to realize its vision and achieve its goals. The Chamber members of about 200 had participated and organized number of events including holding special session with the Malaysian Minister of Trade and Industry, participating in the Malaysian International Halal Forum, in the Malaysian-IDB Investment forum, organizing Country in Focus seminars for number of Arab Countries as a platform for the Arab countries to introduce their countries foreign investment policies and business opportunities, organizing Legal Framework seminar for doing business in the Arab countries, that in addition to help both Malaysian and Arab companies sourcing for products, service or business opportunities and reply to information inquiries.

The Chamber has planned programs and scheduled events to help developing stronger business and partnerships between Malaysia and the Arab countries. The Chamber welcomes and invites Malaysian and Arab companies and businessmen to participate in its programs and attend the events organized by the Chamber, and will happily provide all available assistance, information or contacts to any interested parties of doing business in Malaysia or the Arab countries.

I hope our presentation will be fruitful to you, I wish you all the success and thank you.