

MEDIA RELEASE

MALAYSIA NEEDS TO STRENGTHEN ITS PRESENCE IN ASEAN

1. The Economic Ministers of ASEAN are now meeting in Lao PDR to review progress in the implementation of the various economic integration initiatives. This is the first formal meeting of the ministers after the establishment of the ASEAN Community on 31 December 2015.
2. Intra-ASEAN trade in 2015 stood at USD545 billion, an increase of 78.8% compared to USD304.8 billion back in 2005. Intra-ASEAN investments have also increased tremendously, from USD4.5 billion to USD22 billion within the same period, accounting for 18.4% of FDI inflows into ASEAN countries. Going forward, we foresee more investment flows to ASEAN countries are coming from within the region.
3. About 1,500 Malaysian companies are now actively involved in ASEAN. We are big investors in Indonesia and Singapore. Malaysian companies have a strong presence in the Indonesian palm oil sector, banking and other infrastructure-related projects. Axiata is amongst the largest telecommunication services providers in Indonesia, Cambodia and Singapore, as well as the first telecommunication company to offer 4G LTE services in ASEAN.
4. This year, Lao PDR assumes the Chairmanship of ASEAN. Since joining ASEAN, the country has introduced various economic reform measures aimed at attracting foreign direct investments. Lao PDR's economy has been growing at an impressive rate of 7% per annum.
5. Malaysia's trade with Lao PDR is relatively small, but it is on the upward trend. Our trade has expanded from USD2.4 million in 2003 to USD17.7 million in 2015. Meanwhile, our investment in Lao PDR has also grown steadily since 2010. To date, Malaysia's investment in Lao PDR was recorded at USD430.2 million, making us the 6th largest foreign investor in the country.

6. Malaysian companies have continued to expand their presence in Lao PDR over the last 10 years. To date, there are about 20 Malaysian companies which are actively operating in the country, in key areas such as hydropower, mining, development of specific economic zones, and infrastructure projects, especially railway.
7. Giant Consolidated Limited, a Malaysian railway construction company has been awarded the contract to build the 220-kilometer Savannakhet-Lao Bao railway linking the country's western borders to Thailand and Vietnam. The construction cost is estimated at USD1.3 billion while another USD4.5 billion is expected to be spent on the development of train stations and related developments in 11 cities along the route. This project is expected to commence once the route alignment has been finalised by the Lao Government.
8. Other than that, there are also two internationally certified education institutions founded and developed by Malaysians. These two institutions are the Panyathip International School in Vientiane and Savannakhet, with total enrollment of around 10,000 students over the last 10 years.
9. To promote economic development and to attract foreign direct investments, Lao PDR has established 13 Specific Economic Zones (SEZs). Three of these SEZs are being developed by Malaysian companies, namely the Savan Park (developed by Savan Pacifica Development), Dongphosy (developed UPL Lao) and another one in Thakek region, in the south of Lao PDR.
10. Savan Park is a joint venture development between the Lao Government and Savan Pacifica Development, with a total investment of around USD106 million. This commercial and industrial hub is now operational and a number of companies, including five from Malaysia are already operating in this SEZ. The first three phases of its development have been completed, with the fourth and last phase expected to be fully developed by early 2017.

11. Meanwhile, the Dongphosy Specific Economic Zone (DSEZ) is being developed as a commercial hub by a Malaysian-owned UPL Lao in partnership with the Lao Government. DSEZ is a 70-hectare duty-free retail zone equipped with modern residential facilities to promote the growth of tourism in Lao PDR. UPL Lao has already invested USD40 million to develop the economic zone thus far. The Gross Development Value (GDV) of this project is estimated at USD1 billion when it is finally implemented. The first phase is targeted to be completed by the end of 2018. DSEZ is one of the most exciting development projects in Lao PDR and UPL Lao is targeting to bring in more Malaysian companies to be part of this project.
12. Malaysian companies have been playing an important role in the economic and social development of Lao PDR. We need to build on this strong foundation and expand our presence in this country to take advantage of its huge potential.
13. In my meeting with the Malaysia Business Council in Lao PDR on 2nd August, they have urged the Malaysian Government to consider having a stronger economic representation in this country to facilitate Malaysian companies in dealing with the Lao Government and other stakeholders. At present, MITI through its overseas office in Hanoi and MATRADE's regional office in Ho Chi Minh are continuing to assist Malaysian companies which are investing in Lao PDR. The Malaysian Embassy in Vientiane is now focusing more and more on economic and commercial matters.

Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry
3 August 2016

-END-

About MITI:

The Ministry of Commerce and Industry was established in April 1956 then was renamed as The Ministry of Trade and Industry in February 1972. On 27 October 1990, the Ministry was separated into two Ministries which are; Ministry of International Trade and Industry (MITI) and Ministry of Domestic Trade and Consumer Affairs (KPDN).

MITI is the key driver in making Malaysia the preferred destination for quality investments and enhancing the nation's rising status as a globally competitive trading nation. Its objectives and roles are oriented towards ensuring Malaysia's rapid economic development and help achieve the country's stated goal of becoming a developed nation by 2020.