



Koleksi Ucapan *MAHATHIR*

*Dengan Ingatan Yang Tulus Ikhlas
daripada
Ketua Pengarah
Jabatan Perkhidmatan Penerangan Malaysia*

APB 709256
NASKAH PEMELIHARAAN
PERPUSTAKAAN NEGARA MALAYSIA
22 FEB 1994

Diterbitkan oleh Jabatan Perkhidmatan Penerangan Malaysia, Kementerian Penerangan
Abas bin Salleh KMN, Ketua Pengarah Perkhidmatan Penerangan Malaysia
B.015 (B.M.) Nov. 1992 (0.1)4

Pra-cetak oleh Syarikat R&S

Dicetak oleh Ampang Press Sdn Berhad untuk Jabatan Pencetakan Negara K. L.



منتري فترغن مليسيا

MENTERI PENERANGAN MALAYSIA

KATA-KATA ALUAN

Syabas diucapkan kepada Jabatan Perkhidmatan Penerangan di atas inisiatif dan dayausahanya menerbitkan buku "Koleksi Ucapan Mahathir" sempena 10 tahun kepimpinan Dato' Seri Dr. Mahathir bin Mohamad sebagai Perdana Menteri Malaysia. Ia adalah merupakan satu sumbangan yang positif ke arah mewujudkan masyarakat Malaysia yang bermaklumat.

Sebagai seorang pemimpin dan negarawan tanahair yang matang dan dinamis pemikirannya, Dato' Seri Dr. Mahathir memperlihatkan ciri-ciri kepimpinan yang berwibawa dan berwawasan. Adalah menjadi hasrat beliau untuk membentuk bangsa Malaysia sebagai bangsa yang berjaya dan mempunyai kualiti hidup yang tinggi serta budaya kerja yang cemerlang, melalui pentadbiran yang bertanggungjawab dan berkesan.

Dato' Seri Dr. Mahathir sebagai seorang pemimpin yang berpandangan jauh, telah mengilhamkan Wawasan 2020 untuk menjadikan Malaysia sebuah negara yang maju dengan masyarakatnya mempunyai nilai-nilai yang mulia serta hidup secara demokratik dan bertolak-ansur, penyayang, progresif, makmur serta dihormati dan mampu bersaing dengan masyarakat antarabangsa.

Di arena antarabangsa, kepimpinan dan kewibawaan Dato' Seri Dr. Mahathir begitu terserlah. Beliau dianggap sebagai 'wira' atau 'suara baru' Dunia Ketiga kerana pandangannya dan sikapnya yang tegas serta ucapan-ucapannya yang begitu lantang dan berani di dalam membincangkan isu-isu seperti hak asasi manusia, perdagangan bebas, masalah alam sekitar, demokrasi, dasar Apartheid dan keganasan kaum. Kini, Malaysia berdiri megah di kalangan masyarakat dunia dan diiktiraf sebagai sebuah negara Islam yang maju dengan masyarakat majmuknya hidup di dalam aman dan damai.

Oleh itu adalah wajar rakyat segenap lapisan mengambil iktibar daripada segala perjuangan beliau untuk memajukan negara. Melalui buku koleksi ucapan ini, dapatlah kita sama-sama mendekati Dato' Seri Dr. Mahathir dan menghayati ucapan-ucapan beliau yang terkandung di dalamnya berbagai amanat, pandangan dan panduan yang

akan membimbing masyarakat Malaysia untuk sama-sama menyumbang kepada pencapaian matlamat-matlamat pembangunan negara.



(DATO' MOHAMED RAHMAT)
Menteri Penerangan Malaysia



**KETUA PENGARAH
PERKHIDMATAN PENERANGAN MALAYSIA**

KATA-KATA ALUAN

U saha Jabatan Perkhidmatan Penerangan mengumpul ucapan-ucapan Dato' Seri Dr. Mahathir bin Mohamad sepanjang satu dekad beliau menjadi Perdana Menteri adalah bertujuan untuk mengabadikan segala perjuangan, aspirasi dan wawasan beliau untuk dijadikan sebagai satu lagi warisan khazanah negara yang akan dapat dinilai dan dihayati sebagai bahan rujukan untuk generasi akan datang.

Penerbitan buku-buku ini juga diharap akan dapat memupuk minat membaca di kalangan semua golongan masyarakat, terutama generasi muda. Cetusan idea yang bernas serta kritikan yang berterus-terang oleh Dato' Seri Dr. Mahathir bin Mohamad di dalam ucapan-ucapan beliau diharap akan dapat menimbulkan kesedaran di kalangan rakyat Malaysia untuk bersama-sama berusaha bagi membangunkan negara.

Malaysia sebagai sebuah negara sedang membangun yang menuju kepada status negara maju, memerlukan rakyat yang berfikiran maju, matang serta bermaklumat.

Sempena dengan ini, saya ingin merakamkan setinggi-tinggi penghargaan kepada Y.B. Dato' Mohamed bin Rahmat, Menteri Penerangan Malaysia serta Y.B. Dato' Fauzi bin. Abd. Rahman, Setiausaha Parlimen, Kementerian Penerangan di atas buah fikiran serta galakan yang telah diberikan bagi menjayakan penerbitan buku-buku koleksi ucapan ini. Saya juga merakamkan sepenuh penghargaan kepada semua pihak yang terlibat dalam menjayakan penerbitan buku ini.

(ABAS BIN SALLEH)

Ketua Pengarah

Perkhidmatan Penerangan Malaysia

KANDUNGAN

Muka Surat

Kata-kata Aluan Menteri Penerangan Malaysia	iii
Kata-kata Aluan Ketua Pengarah Perkhidmatan Penerangan Malaysia	v
Pendahuluan	xxvii
Ucapan-ucapan:	
Ucapan Perdana Menteri Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad di majlis jamuan makan untuk Perdana Menteri Republik Rakyat China T.Y.T. Encik Zhao Ziyang, Kuala Lumpur pada 9hb. Ogos, 1981	1
Speech by the Prime Minister Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad on the occasion of the Inauguration of the United Nations Asian and Pacific Development Centre (APDC), Kuala Lumpur on 17th. August, 1981	4
Address by the Prime Minister Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad at the official opening of the Asean Travel Forum, Genting Highlands on 20th. October, 1981	7
Speech by the Prime Minister Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad at the Third International Conference of Non-Governmental Organisation on Dadah Use, Prevention and Control, Kuala Lumpur on 2nd. November, 1981	10
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening of the 5th. General Assembly of the Organization of Asian News Agencies (OANA), Kuala Lumpur on 3rd. November, 1981	13
Keynote address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Asean-US Economic Conference, Kuala Lumpur on 18th. November, 1981	17

Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at a dinner on the occasion of His Visit to Singapore on 17th. - 18th. December, 1981	23
Opening statement by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the 12th. Meeting of ASEAN Economic Ministers, Kuala Lumpur on 14th. January, 1982	27
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening of the Fourth General Assembly of the ASEAN Inter-Parliamentary Organisation (AIPO), Kuala Lumpur on 2nd. February, 1982	31
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the 5th. Joint Annual Conference of Majeca/Jameca, Kuala Lumpur on 8th. February, 1982	34
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the dinner in Honour of His Excellency Mr. Li Jong Ok Premier of the Administrative Council of the Democratic People's Republic of Korea, Kuala Lumpur on 11th. February, 1982	39
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the dinner given in Honour of His Excellency Mr. A.A.M. Van Agt Prime Minister of the Netherlands, Kuala Lumpur on 15th. March, 1982	42
Speech by the Honourable Prime Minister of Malaysia Dato' Seri Dr. Mahathir bin Mohamad at the State Feast in Nukualofa, Tonga on 7th. June, 1982	45
Ucapan Perdana Menteri Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad di majlis perasmian Mesyuarat Agung yang pertama RISEAP, Kuala Lumpur pada 12hb. Jun, 1982	47
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at a dinner given in Honour of the Rt. Honourable Mr. Malcolm Fraser, Prime Minister of Australia, Kuala Lumpur on 2nd. August, 1982	51
Inaugural address by the Honourable Prime Minister of Malaysia Dato' Seri Dr. Mahathir bin Mohamad at the 5th. ASEAN-Japan Symposium, Kuala Lumpur on 24th. August, 1982	55
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the presentation and closing ceremony of the 27th. Asian Film Festival, Kuala Lumpur on 14th. September, 1982	59

- Address by the Honourable Prime Minister of Malaysia Dato' Seri Dr. Mahathir bin Mohamad at the Asia Society and the Council of Foreign Relations in New York on 28th. September, 1982 61
- Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the 37th. Session of the United Nations General Assembly in New York on 29th. September, 1982 66
- Statement by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad to lead the Discussion on the Item "Regional Economic and Functional Co-operation" at CHOGRM III, Suva, Fiji on 14th. - 18th. October, 1982 75
- Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at a state dinner hosted by the Prime Minister of Papua New Guinea the Rt. Hon. Michael Somare, Port Moresby on 19th. October, 1982 79
- Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening ceremony of the ASEAN Law Association General Assembly, Kuala Lumpur on 26th. October, 1982 81
- Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner in Honour of His Excellency the Prime Minister of France, Mr. Pierre Mauroy, Kuala Lumpur on 13th. December, 1982 86
- Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner in Honour of the Rt. Hon. Pierre Elliott Trudeau, Prime Minister of Canada, Kuala Lumpur on 10th. January, 1983 89
- Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad to the Japanese Economic Organisations, Tokyo, Japan on 24th. January, 1983 93
- Keynote address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official opening of the ASEAN-EEC Industrial Sectoral Conference, Kuala Lumpur on 28th. February, 1983 98
- Statement by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the 7th. Conference of Heads of State and Government of Non-Aligned Countries, New Delhi, India on 8th. March, 1983 104

Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the banquet given in His Honour by H.E. Lt. Gen. H.M. Ershad of Bangladesh on 18th. April, 1983	112
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Civic Reception Accorded in His Honour by His Lordship Mr. B. Sirisena Cooray Mayor of Colombo at the Town Hall on 22nd. April, 1983	116
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the banquet given in His Honour by H.E. Mr. Maumoon Abdul Gayoom, President of the Republic of Maldives on 24th. April, 1983	118
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening of the Asian Conference on the Question of Palestine, Kuala Lumpur on 3rd. May, 1983	122
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the dinner in Honour of His Excellency Mr. Yasuhiro Nakasone, Prime Minister of Japan, Kuala Lumpur on 8th. May, 1983	125
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad in response to the Japanese Prime Minister, Mr. Yasuhiro Nakasone's Policy Speech on Japan's Relations with ASEAN, Kuala Lumpur on 9th. May, 1983	128
Reply speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner given in His Honour by Her Excellency the Prime Minister of the Socialist Federal Republic of Yugoslavia Madame Milka Planinc, Belgrade on 11th. May, 1983	131
Reply speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner given in His Honour by His Excellency the Prime Minister of the Republic of Turkey Mr. Bullend Ulusu, Ankara on 12th. May, 1983	135
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening of the Second General Assembly of RISEAP at Komplek Tabung Haji, Subang on 4th. June, 1983	138
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening ceremony of the 20th. Convention of the International Federation of Asian and Western Pacific Contractors Associations (IFAWPCA), Kuala Lumpur on 25th. July, 1983	143

Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at a banquet hosted by His Excellency President Chun Doo Hwan in Seoul, Republic of Korea on 9th. August, 1983	146
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Luncheon hosted by the Business Organisations in Seoul, Republic of Korea on 10th. August, 1983	150
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner given in Honour of the Visiting Prime Minister of the Republic of Turkey, His Excellency Mr. Bulend Ulusu, Kuala Lumpur on 5th. September, 1983	153
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening of the Asian Association of Management Conference, Pulau Pinang on 30th. October, 1983	157
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the International Symposium organised by Keio University, Tokyo, Japan on 10th. November, 1983	161
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner given in Honour of the Visiting Prime Minister of Papua New Guinea His Excellency, Michael T. Somare and Mrs. Somare, Kuala Lumpur on 19th. November, 1983	169
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner hosted by the Rt. Hon. Pierre Elliot Trudeau, Prime Minister of Canada in Ottawa on 13th. January, 1984	172
Reply speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the banquet given in His Honour by His Excellency Mr. Pierre Mauroy, Prime Minister of the Republic of France, Paris on 23rd. January, 1984	175
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner hosted by Vice-President and Minister of Public Economy of Switzerland, Mr. Kurt Furgler on 25th. January, 1984	178
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Plenary Session on "International Security in 1984: How can we unblock the situation?" on 28th. January, 1984	181

Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner in Honour of the Prime Minister of Thailand H.E. Gen. Tan Sri Prem Tinsulanonda, Kuala Lumpur on 15th. February, 1984	190
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the 7th. Joint Annual Conference of Majeca/Jameca, Kuala Lumpur on 5th. March, 1984	192
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official banquet hosted in His Honour by His Excellency General Mohammad Zia-Ul-Haq, President of the Islamic Republic of Pakistan on 22nd. March, 1984	196
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening of the Third International Seminar on Islamic Thoughts, Kuala Lumpur on 26th. July, 1984	199
Statement by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad on the occasion of the Signing of the Agreement on Technical Cooperation in Port Moresby on 7th. August, 1984	205
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the National Press Club Luncheon, Canberra, Australia on 10th. August, 1984	207
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Inauguration ceremony of the Malaysian Chancery Building, in Canberra, Australia on 10th. August, 1984	211
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Luncheon hosted by the Honourable the Premier of New South Wales Mr. Neville Wran, Sydney, Australia on 13th. August, 1984	212
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the ASEAN-Australia Business Council Dinner in Sydney on 13th. August, 1984	214
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the First Malaysia-Japan Colloquium, Petaling Jaya on 27th. August, 1984	218
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Inaugural dinner of the Malaysian-British Society, Kuala Lumpur on 18th. September, 1984	222

Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at a Luncheon Meeting with Italian Industrialists and Businessmen in Rome, Italy on 24th. September, 1984	225
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner hosted by the Prime Minister of the Republic of Italy H.E. Bettino Craxi, in Rome, Italy on 24th. September, 1984	229
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the 39th. Session of the United Nations General Assembly, New York on 10th. October, 1984	232
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad on 'Investment Opportunities in Malaysia for Midamerica Corporations', Chicago on 11th. October, 1984	242
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Inauguration of the 30th. Colombo Plan Consultative Committee Meeting, Kuala Lumpur on 5th. November, 1984	245
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Global Community Forum Malaysia 1984, Kuala Lumpur on 3rd. December, 1984	249
Speech by the Prime Minister Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad on the occasion of the official dinner hosted by Libyan Arab Jamahiriya Foreign Minister Staff Major Salam Jalloud, Tripoli on 8th. December, 1984	254
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad on the occasion of the official dinner hosted by His Excellency Prime Minister Kamal Hassan Aly of the Arab Republic of Egypt, Kaherah on 11th. December, 1984	257
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the state banquet hosted by His Excellency President Moussa Traore, Mali on 17th. December, 1984	259
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at a dinner in Honour of H.E. Mr. Javier Perez de Cuellar, Secretary General of the United Nations, Kuala Lumpur on 2nd. February, 1985	262

Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening of the Seventeenth Meeting of the Asean Economic Ministers, Kuala Lumpur on 7th. February, 1985	265
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner in Honour of His Excellency Milka Planinc Prime Minister of the Socialist Republic of Yugoslavia, Sri Perdana on 11th. March, 1985	270
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner in Honour of the British Prime Minister Mrs. Margaret Thatcher at Sri Perdana on 5th. April, 1985	273
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the dinner given by His Excellency Olof Palme Prime Minister of Sweden, Stockholm on 9th. April, 1985	277
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the dinner given by His Excellency Dr. Fred Sinowatz, Federal Chancellor of the Republic of Austria, Vienna on 12th. April, 1985	280
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the dinner given by H.E. Kalevi Sorsa Prime Minister of Finland, Helsinki on 15th. April, 1985	283
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad to Nordic Financial Institutions in Helsinki, Finland on 17th. April, 1985	286
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at Trinity College, Oxford on 19th. April, 1985	289
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner given by H.E. Kaare Willoch Prime Minister of Norway, in Oslo, Norway on 22nd. April, 1985	299
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad to Industrialists in Oslo, Norway on 23rd. April, 1985	302
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the dinner by His Excellency Poul Schluter Prime Minister of Denmark in Copenhagen on 25th. April, 1985	305

Speech by the Prime Minister Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad at the dinner in Honour of Mr. Constantin Dascalescu Prime Minister of Romania at Sri Perdana on 10th. May, 1985	308
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the International Monetary Conference, Hong Kong on 3rd. June, 1985	312
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the 18th. ASEAN Ministerial Meeting, Kuala Lumpur on 8th. July, 1985	320
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official opening of the 5th. Asian Congress of Paediatrics, Kuala Lumpur on 5th. August, 1985	324
Keynote address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the World Press Convention, Kuala Lumpur on 18th. September, 1985	328
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Commonwealth Heads of Government Meeting in Nassau, the Bahamas on 16th. October, 1985	337
Ucapan Perdana Menteri Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad sempena menyambut perayaan Ulangtahun yang Ke-40 Pertubuhan Bangsa-Bangsa Bersatu, Bangunan Parlimen pada 24hb. Oktober, 1985	341
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Welcoming Banquet hosted by H.E. Zhao Ziyang, Premier of the State Council of the People's Republic of China, in Beijing on 20th. November, 1985	344
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at Qing Hua University, Beijing on 22nd. November, 1985	347
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Return Banquet hosted in Honour of H.E. Premier Zhao Ziyang, Beijing on 22nd. November, 1985	354
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at a Luncheon in Hangzhou on 25th. November, 1985	356
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at a banquet in Guangzhou on 27th. November, 1985	358

Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the ASEAN Chambers of Commerce and Industry Conference, Kuala Lumpur on 30th. November, 1985	360
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening of the Third Ascope Conference and Exhibition, Kuala Lumpur on 2nd. December 1985	364
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner in Honour of Kaare Willoch, Kuala Lumpur on 13th. January, 1986	368
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening of the Asian Defence Exhibition and Conference, Kuala Lumpur on 18th. February, 1986	371
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening ceremony of the International Islamic Symposium, Kuala Lumpur on 5th. March, 1986	374
International Day for the Elimination of Racial Discrimination Message from the Prime Minister Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad on 22nd. March, 1986	380
Speech by the Prime Minister Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad at the First ASEAN Science and Technology Week, Kuala Lumpur on 24th. April, 1986	382 /
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the 9th. Joint Annual Conference of Majeca/Jameca, Kuala Lumpur on 24th. April, 1986	386
Speech by the Prime Minister Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad at the opening of the South-South II Conference, Kuala Lumpur on 5th. May, 1986	392
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the dinner in Honour of HRH Prince Sihanouk at Sri Perdana, Kuala Lumpur on 22nd. August, 1986	400
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening of the United Nations Expert Group Meeting on Recommended Methods of Testing Cannabis and Amphetamine-Methamphetamine Analysis, Kuala Lumpur on 22nd. September, 1986	402

Statement by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the 41st. Session of the United Nations General Assembly in New York on 29th. September, 1986	407
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Malaysian Investment Seminar, New York on 30th. September, 1986	417
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Fifth Congress of the Federation of Asian Veterinary Associations, Kuala Lumpur on 19th. October, 1986	421
Ucapan Perdana Menteri Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad sempena sambutan Ulangtahun yang Ke-41 Pertubuhan Bangsa-Bangsa Bersatu, Kuala Lumpur pada 25hb. Oktober, 1986	425
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the E.M.F. Foundation Roundtable on Malaysia, Kuala Lumpur on 3rd. November, 1986	430
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the RISEAP Fourth General Assembly at Kompleks Tabung Haji, Kelana Jaya, Selangor on 8th. November, 1986	437
Message by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad in conjunction with the Commemoration of the day at the United Nations, Kuala Lumpur on 1st. December, 1986	442
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Commonwealth Speakers and Presiding Officers Standing Committee Meeting, Kuala Lumpur on 6th. January, 1987	444
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Fifth Islamic Summit in Kuwait on 28th. January, 1987	447
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner hosted by the Prime Minister of India, His Excellency Mr. Rajiv Gandhi, New Delhi, India on 29th. January, 1987	451
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the 37th. Semi-Annual Conference of the Asia-Pacific Council of American Chambers of Commerce, Kuala Lumpur on 3rd. April, 1987	453

Ucapan Perdana Menteri Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad di perasmian Seminar Pengurusan Islam anjuran bersama Bank Pembangunan Islam (IDB) dan Kementerian Pelajaran, Petaling Jaya pada 6hb. April, 1987	457
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Fifth Session of the Interaction Council, Kuala Lumpur on 19th. April, 1987	461
Statement by the Prime Minister Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad to the General Committee after taking the chair as President of the Conference in Vienna, Austria on 17th. June, 1987	465
Closing statement by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad, President of the International Conference on Drug Abuse and Illicit Trafficking in Vienna, Austria on 26th. June, 1987	471
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the dinner hosted in Honour of His Excellency U Maung Maung Kha, Prime Minister of the Socialist Republic of the Union of Burma, Kuala Lumpur on 4th. July, 1987	474
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the dinner hosted by the Honourable Mrs. Margaret Thatcher, Prime Minister of the United Kingdom in London on 20th. July, 1987	477
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Royal Institute of International Affairs, London on 21st. July, 1987	481
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Investment Seminar organised by the Malaysian Industrial Development Authority (MIDA), London on 22nd. July, 1987	488
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the dinner hosted by the British-Malaysian Society, London on 22nd. July, 1987	493
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Luncheon hosted by the Confederation of British Industry in London on 23rd. July, 1987	496
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the dinner hosted by Mr. Kaaroly Grosz Chairman of the Council of Ministers in Budapest, Hungary on 27th. July, 1987	500

Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the state banquet hosted by His Excellency Mr. V.S. Murakhovsky, the Acting Prime Minister of the Union of Soviet Socialist Republic, Moscow on 30th. July, 1987	503
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening of the 33rd. Commonwealth Parliamentary Conference at Parliament House, Kuala Lumpur on 1st. September, 1987	506
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the 1987 Asia-Pacific Real Estate Congress, Kuala Lumpur on 2nd. September, 1987	510
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner in Honour of His Excellency Sir Kingsford Dibela the Governor General of Papua New Guinea, Kuala Lumpur on 8th. October, 1987	513
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner in Honour of His Excellency Mohammad Khan Junejo, Prime Minister of the Islamic Republic of Pakistan, Kuala Lumpur on 5th. November, 1987	515
Statement by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the closing ceremony of the Third Meeting of the ASEAN Heads of Government at the Philippine International Convention Centre, Manila on 15th. December, 1987	518
Ucapan Perdana Menteri Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad di majlis makan malam meraikan T.Y.T. Encik Giovanni Gorla, Perdana Menteri Republik Itali di Sri Perdana, Kuala Lumpur pada 4hb. Januari, 1988	520
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening of the 9th. General Assembly of the ASEAN Inter-Parliamentary Organisation (AIPO) at Dewan Rakyat, Kuala Lumpur on 26th. January, 1988	523
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the dinner hosted in His Honour by the Prime Minister of the Socialist Republic of the Union of Burma, U Maung Maung Kha, Rangoon on 25th. February, 1988	528
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Second Meeting of the South Commission, Kuala Lumpur on 1st. March, 1988	530

Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the East Asia and Pacific Regional Narcotics Conference, Kuala Lumpur on 14th. March, 1988	534
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner in Honour of His Excellency Mr. Poul Schluter, Prime Minister of Denmark, Kuala Lumpur on 17th. March, 1988	537
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening of the 11th. Joint Annual Conference of Majeca-Jameca, Kuala Lumpur on 6th. June, 1988	540
Statement by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad to Commemorate the 26th. June as the International Day Against Drug Abuse and Illicit Trafficking, Kuala Lumpur on 26th. June, 1988	543
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening of the Conference of the 10th. Asian Securities Analysts Council (ASAC) and of the 7th. East Asian Stock Exchange (EASEC), Kuala Lumpur on 18th. July, 1988	545
Statement by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad on the occasion of the 70th. birthday of Nelson Mandela, leader of the African National Congress (ANC) on 18th. July, 1988	549
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the dinner hosted in Honour of His Excellency Mr. Premadasa, the Prime Minister of Sri Lanka at Sri Perdana, Kuala Lumpur on 1st. August, 1988	551
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner hosted in His Honour by His Excellency Sir Aneerood Jugnauth, the Prime Minister of Mauritius at Government House, Port Louis on 16th. August, 1988	553
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official Luncheon hosted in His Honour by His Excellency Dr. Helmut Kohl, Chancellor of the Federal Republic of Germany, Bonn on 19th. September, 1988	555
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Malaysian Investment Seminar in Cologne, Federal Republic of Germany on 20th. September, 1988	558

Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner hosted by His Excellency Dr. Franz Josef Strauss, Minister President of Bavaria, Munich on 21st. September, 1988 562

Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner hosted in His Honour by His Excellency Dr. Wilfried Martens, Prime Minister of Belgium, Brussels on 22nd. September, 1988 564

Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad to Belgian Businessmen, in Brussels, Belgium on 23rd. September, 1988 567

Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad to American Businessmen in New York on 29th. September, 1988 571

Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the 43rd. Session of the United Nations General Assembly, New York on 4th. October, 1988 575

Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening of Gastech '88, Kuala Lumpur on 18th. October, 1988 584

Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening ceremony of the Tenth Meeting of the ASEAN Ministers on Agriculture and Forestry (AMAF), Kuala Lumpur on 20th. October, 1988 588

Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the 10th. International Federation of Non-Governmental Organisations (INFNGO) Conference, Kuala Lumpur on 14th. November, 1988 592

The Singapore Lecture 1988 "Regionalism, Globalism and Spheres of Influence: ASEAN and the Challenge of Change into the 21st. Century" by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad on 14th. December, 1988 595

Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the dinner in Honour of His Excellency Noboru Takeshita, the Prime Minister of Japan at Sri Perdana, Kuala Lumpur on 2nd. May, 1989 605

Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Ninth Conference of the Heads of State or Governments of the Non-Aligned Movement, Belgrade, Yugoslavia on 4th. September, 1989	608
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening of the World Open Squash Championship, Kuala Lumpur on 2nd. October, 1989	614
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad on the occasion of the Commonwealth Heads of Government Meeting, Kuala Lumpur on 18th. October, 1989	616
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the dinner in Honour of the Commonwealth Heads of Delegation, Kuala Lumpur on 23rd. October, 1989	621
Ucapan Perdana Menteri Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad di majlis Sambutan Ulangtahun Ke-44 Bangsa-Bangsa Bersatu, Kuala Lumpur pada 11hb. November, 1989	624
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official opening of the Eighth ASEAN-EC Ministerial Meeting, Sarawak on 16th. February, 1990	626
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the International Conference on Tropical Ozone and Atmospheric Change, Penang on 20th. February, 1990	632
Ucapan Perdana Menteri Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad di Perhimpunan Raksasa Palestin, Kuala Lumpur pada 6hb. Mac, 1990	637
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Royal Commonwealth Society (Malaysian Branch) Luncheon at the Commonwealth House, Kuala Lumpur on 12th. March, 1990	641
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening of the Defence Services Asia Exhibition, Kuala Lumpur on 20th. March, 1990	643
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the First Meeting of the Taipei Investors' Association in Malaysia, Kuala Lumpur on 27th. March, 1990	645

Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the First Meeting of the Heads of State and Government of the Summit Level Group for South-South Consultation and Cooperation at Parliament House, Kuala Lumpur on 1st. June, 1990	648
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the dinner in Honour of the Heads of Delegation of the Meeting of the Summit Level Group for South-South Consultation and Cooperation, Kuala Lumpur on 3rd. June, 1990	654
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner hosted in honour of the Prime Minister of India Mr. V.P. Singh, at Sri Perdana on 4th. June, 1990	656
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening of the International Conference on Biodiversity on 12th. June, 1990	658
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner hosted by His Excellency the President of the Republic of Venezuela, Caracas, Venezuela on 1st. August, 1990	662
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad to Venezuelan Businessmen in Caracas, Venezuela on 2nd. August, 1990	665
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Formal Issue of the Final Report of the South Commission in Caracas, Venezuela on 3rd. August, 1990	668
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the dinner hosted in Honour at the President of Venezuela on 4th. August, 1990	672
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the First Asian Conference on Food Safety, Kuala Lumpur on 3rd. September, 1990	674
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the state banquet hosted by His Excellency the President of the Republic of Korea in Seoul, Korea on 12th. September, 1990	678

Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the dinner hosted by the Korean Federation of Small Business (KFSB), the Korean Chamber of Commerce and Industry (KCCI), the Federation of Korean Industries (FKI) and the Korean Foreign Trade Association (KFTA) in Seoul, Republic of Korea on 13th. September, 1990	681
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the dinner hosted by Barisan Nasional in Honour of Dr. Nelson Mandela, Deputy President of the African National Congress, Kuala Lumpur on 3rd. November, 1990	685
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the 17th. Asian Advertising Congress, Kuala Lumpur on 5th. November, 1990	688
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner in Honour of His Excellency Ratu Sir Kamisese Mara, Prime Minister of the Republic of Fiji, Kuala Lumpur on 26th. November, 1990	692
Statement by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad on the UN Security Council Resolution No. 678 on the Iraq-Kuwait Situation on 29th. November, 1990	694
Ucapan Perdana Menteri Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad di majlis makan malam meraikan T.Y.T. Li Peng, Perdana Menteri Republik Rakyat China, Kuala Lumpur pada 10hb. Disember, 1990	696
Address by the Prime Minister Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad at the International Conference on "The ASEAN Countries and the World Economy: Challenge of Change", Bali, Indonesia on 4th. March, 1991	699
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner in Honour of His Excellency Mr. Toshiki Kaifu, Prime Minister of Japan, Kuala Lumpur on 27th. April, 1991	707
Ucapan Perdana Menteri Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad di majlis makan malam meraikan T.Y.T. Dr. Marian Calfa, Perdana Menteri Republik Persekutuan Czech dan Slovak di Sri Perdana, Kuala Lumpur pada 17hb. Mei, 1991	711

Ucapan Perdana Menteri Y.A.B. Dato' Seri Dr. Mahathir bin Mohamad di majlis makan malam meraikan T.Y.T. Anand Panyarachun, Perdana Menteri Thailand, Kuala Lumpur pada 29hb. Mei, 1991	715
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Chilean Council for International Relations at Santiago on 20th. June, 1991	717
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad to Chilean Businessmen, Santiago on 21st. June, 1991	722
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner hosted by His Excellency President Fernando Collor de Mello, President of the Federation of the Federative Republic of Brazil, Brasillia on 26th. June, 1991	726
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad to Brazilian Businessmen in Brazil on 28th. June, 1991	728
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner given by His Excellency President Carlos Saul Menem, President of the Republic of Argentina, Buenos Aires on 1st. July, 1991	731
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad to Argentinian Business Leaders organised by the Foundation of Scientific and International Studies in Buenos Aires, Argentina on 1st. July, 1991	733
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening ceremony of the 24th. ASEAN Ministerial Meeting, Kuala Lumpur on 19th. July, 1991	738
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening of the Second Conference of ASEAN Ministers Responsible for Information, Kuala Lumpur on 1st. August, 1991	745
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner hosted by His Excellency President Carlos Salinas de Gottari of the Republic of Mexico, Mexico City on 17th. September, 1991	750
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad to Mexican Businessmen, Mexico City on 18th. September, 1991	753

Statement by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Plenary of the Forty-Sixth Session of the United Nations General Assembly, New York on 24th. September, 1991	757
Statement by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Asia Society Meeting in New York City on 25th. September, 1991	764
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad to the Council of Foreign Relations, New York City on 26th. September, 1991	770
Address by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Meeting of ASEAN Economic Ministers, Kuala Lumpur on 7th. October, 1991	778
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening of the Commonwealth Finance Ministers Meeting, Kuala Lumpur on 9th. October, 1991	784
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the official dinner given by His Excellency Mr. Ali Hassan Mwinyi, President of the United Republic of Tanzania, at Dar-Es-Salaam on 23rd. October, 1991	789
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the 7th. ASEAN Congress of Anaesthesiologists, Kuala Lumpur on 6th. November, 1991	792
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Second Summit of the Group of 15 at Caracas, Venezuela on 27th. November, 1991	795
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the launching of the 1998 Commonwealth Games Bid Fund, Kuala Lumpur on 10th. December, 1991	801
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the opening ceremony of the New Chancery and Residence Complex of the Malaysian Embassy in Tokyo on 24th. December, 1991	803
Speech by the Honourable Prime Minister Dato' Seri Dr. Mahathir bin Mohamad at the Naming and Delivery Ceremony of Bunga Pelangi at Ulsan, Korea on 28th. December, 1991	805

PENDAHULUAN

'Koleksi Ucapan Mahathir' adalah merupakan rangkaian 4 jilid buku yang diterbitkan oleh Jabatan Perkhidmatan Penerangan Malaysia sebagai satu usaha untuk mengabadikan ucapan-ucapan Dato' Seri Dr. Mahathir bin Mohamad sejak beliau memegang teraju kepimpinan negara sebagai Perdana Menteri yang keempat.

Rangkaian 4 jilid buku 'Koleksi Ucapan Mahathir' ini merangkumi ucapan-ucapan Dato' Seri Dr. Mahathir selama 10 tahun beliau menjadi Perdana Menteri, iaitu daripada bulan Julai, 1981 hingga Disember, 1991. Buku-buku tersebut dijilid mengikut 4 bidang utama, iaitu Sosial, Ekonomi, Politik dan Antarabangsa. Klasifikasi yang sedemikian dibuat semata-mata untuk memudahkan proses rujukan memandangkan kepelbagaian topik-topik yang disentuh oleh Dato' Seri Dr. Mahathir di dalam ucapan-ucapan beliau.

Sebagai seorang pemimpin yang pragmatik dan berwibawa, wawasan dan pandangan Dato' Seri Dr. Mahathir yang tegas, bernas dan berani melalui ucapan-ucapan beliau sering sahaja mendapat perhatian masyarakat tempatan dan antarabangsa. Oleh itu, melalui rangkaian buku-buku 'Koleksi Ucapan Mahathir' ini, Jabatan Perkhidmatan Penerangan merakamkan selayang pandang ucapan-ucapan Dato' Seri Dr. Mahathir, yang di dalamnya terkandung berbagai aspirasi, harapan serta wawasan beliau yang boleh dijadikan panduan untuk memahami, menghayati dan mengrealisasikan matlamat-matlamat Wawasan 2020 dan Dasar Pembangunan Nasional.

Secara keseluruhannya, apa yang jelas ialah ucapan-ucapan Dato' Seri Dr. Mahathir bin Mohamad mencerminkan hasrat beliau untuk menjadikan Malaysia sebuah negara maju yang bermaruah serta di pandang tinggi dan dihormati oleh masyarakat dunia.

Jabatan Perkhidmatan Penerangan Malaysia merakamkan setinggi penghargaan kepada semua pihak yang telah memberikan kerjasama dan sumbangan, khususnya Pejabat Perdana Menteri, Bahagian Penerangan Luar Negeri, Kementerian Luar Negeri, Arkib Negara dan lain-lain bagi menjayakan penerbitan buku 'Koleksi Ucapan Mahathir' ini.

Pengarah,
Bahagian Akhbar dan Perhubungan,
Jabatan Perkhidmatan Penerangan Malaysia.



“DALAM DUNIA HARI INI DI MANA NEGARA-NEGARA KECIL AKAN MENDAPATI SUKAR UNTUK HIDUP DALAM POLITIK ANTARABANGSA YANG PENUH DENGAN KEPINCANGAN, HANYA ORGANISASI SERANTAU YANG KUKUH DAPAT MENAWARKAN PERATURAN YANG PALING BERWIBAWA UNTUK MELINDUNGI KEPENTINGAN MEREKA. SELARAS DENGAN SEMANGAT INILAH KAMI MENGUTARAKAN ASEAN DAN SEKRETARIATNYA DIPERKUKUHKAN. **”**

*(Amanat Y.A.B. Perdana Menteri di majlis makan malam
meraikan T.Y.T. Anand Panyarachun Perdana Menteri Thailand
pada 29 Mei, 1991)*



1 Ratu Elizabeth II mengadakan lawatan negara selama empat hari ke Malaysia pada Oktober 1989, secara kebetulan bersempena dengan perasmian Mesyuarat Ketua-Ketua Kerajaan Komanwel (CHOGM). (Atas: Baginda Ratu Elizabeth di Majlis Santapan Negara).

3

2

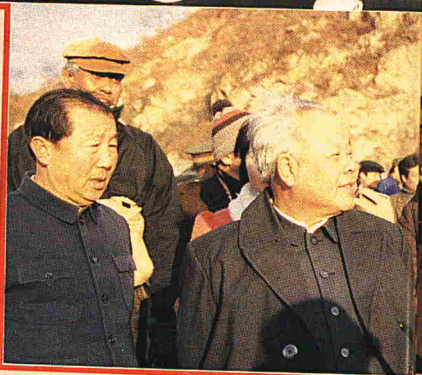




2 Perdana Menteri, Dato' Seri Dr. Mahathir bin Mohamad telah merasmikan Mesyuarat Menteri-Menteri ASEAN.

3 Pada 17hb. Ogos 1988 Perdana Menteri Dato' Seri Dr. Mahathir bin Mohamad dan rakan sejawatannya, Perdana Menteri Mauritius, Sir Aneerood Jugnauth bersama-sama melancarkan bank yang dimiliki sepenuhnya oleh Kerajaan Malaysia iaitu 'Southeast Asian Bank Limited' di Port Louis.

- 4 Lawatan Perdana Menteri ke Beijing pada November 1985 telah memberi peluang kepada para pemimpin dari kedua-dua negara untuk bertukar-tukar pendapat mengenai isu-isu kepentingan bersama. Pada akhir lawatan, beberapa perjanjian bersama telah ditandatangani, antaranya mengenai perkupalan pelaburan serta perjanjian mengelakkan cukai dua kali.



- 6 Antara aturcara lawatan Dato' Seri Dr. Mahathir ketika di negara China ialah melawat Tembok Besar China.



5

Pada 23 - 29hb. Januari, 1983, Dato' Seri Dr. Mahathir bin Mohamad dan Datin Seri Dr. Siti Hasmah telah melakukan lawatan rasmi ke Jepun. Ketika disana, beliau dan rombongan dibawa melawat logi memprosesan dan pemasangan jentera di Nagoya.

8

7





Ketua-ketua Kerajaan beberapa negara menghadiri sidang kemuncak G-15 di Kuala Lumpur yang berlangsung pada 1 - 3hb. Jun 1990.

Ketua-ketua Kerajaan, Perdana Menteri dan para pembesar dari 46 buah negara bertemu di Kuala Lumpur, untuk menghadiri CHOGM 1989. Perdana Menteri, Dato' Seri Dr. Mahathir bin Mohamad mempengerusikan mesyuarat tersebut.

- 9 *Presiden Negara Palestin, Encik Yasser Arafat mengunjungi Perdana Menteri, Dato' Seri Dr. Mahathir bin Mohamad semasa melakukan lawatan selama tiga hari ke Malaysia (5 - 7hb. Mei 1990)*
- 10 *Kelihatan Perdana Menteri Dato' Seri Dr. Mahathir bin Mohamad bersama Dr. Nelson Mandela semasa perhimpunan anti-apartheid dan sokongan kepada Kongres Kebangsaan Afrika (ANC) di Stadium Negara. Naib Presiden ANC, Dr. Nelson Mandela mengadakan lawatan rasmi ke Malaysia pada November 1990.*



9

10



UCAPAN PERDANA MENTERI
Y.A.B. DATO' SERI DR. MAHATHIR BIN MOHAMAD
DI MAJLIS JAMUAN MAKAN MALAM UNTUK PERDANA MENTERI
REPUBLIK RAKYAT CHINA T.Y.T. ENCIK ZHAO ZIYANG
KUALA LUMPUR, 9HB. OGOS, 1981

Terlebih dahulu saya suka mengucapkan selamat datang kepada Perdana Menteri Encik Zhao Ziyang. Seterusnya, saya juga mengalu-alukan ahli-ahli rombongan yang lain termasuk rakan saya Encik Li Qiang, Menteri Perdagangan Luar Negeri yang saya kenal semasa saya memegang jawatan Menteri Perdagangan dan Perindustrian dahulu. Sebagaimana tuan-tuan maklum, rakyat Malaysia baharu sahaja menyambut Aidilfitri dan kami masih lagi dalam suasana perayaan dengan ziarah menziarahi keluarga dan sahabat-handai, memupuk persaudaraan dan muhibah. Lawatan tuan-tuan ini kami sambut dengan semangat Aidilfitri.

Hubungan di antara kedua negara kita telah terjalin sejak berkurun-kurun lagi. Pada tahun 1974 kita telah mengikat hubungan diplomatik. Semenjak itu, hubungan di antara negara kita menjadi semakin erat. Lawatan oleh rombongan dari kedua-dua negara, dari masa ke semasa, telah dapat memperluaskan lagi jalinan hubungan di antara kita.

Lawatan Encik Deng Xiaoping ke Malaysia dalam tahun 1978 adalah satu daripada peristiwa yang mendekatkan kita. Dalam tahun 1979 pula Tun Hussein Onn, Perdana Menteri Malaysia ketika itu, telah membuat lawatan ke negara Republik Rakyat China. Lawatan-lawatan ini telah memberi peluang kepada pemimpin kedua-dua negara memahami dasar-dasar, hasrat dan cita-cita serta "sensitivity" masing-masing. Saya percaya, dalam perbincangan kita esok, kita akan bertukar-tukar fikiran mengenai perkembangan semasa dan juga perkara-perkara kepentingan bersama. Mudah-mudahan perbincangan kita itu akan membawa manfaat kepada kedua-dua negara.

Kerajaan Malaysia sedang giat berusaha untuk memesat dan meningkatkan lagi pembangunan negara bagi memenuhi hasrat rakyatnya untuk hidup lebih makmur dan sejahtera. Dalam konteks ini, usaha-usaha yang dibuat adalah bertujuan untuk menghapuskan kemiskinan tanpa mengira kaum dan menyusun semula masyarakat bagi mengurangkan identifikasi kaum dengan pekerjaan. Tujuan utama program penyusunan semula masyarakat adalah untuk mewujudkan perpaduan yang lebih lagi di kalangan masyarakat Malaysia dengan membentuk satu bangsa Malaysia daripada masyarakat berbilang kaum di negara ini. Proses penyusunan semula masyarakat ini

akan dapat dicapai dengan lebih mudah dalam suasana perkembangan ekonomi yang pesat. Oleh itu Kerajaan telah memberi keutamaan kepada pembangunan ekonomi. Dalam usaha bagi mewujudkan satu bangsa Malaysia yang kukuh dan bersatu-padu, tumpuan juga diberikan kepada pembentukan satu sikap nasional melalui satu sistem pelajaran dan kebudayaan kebangsaan. Inilah hasrat kami dan dengan sokongan penuh semua rakyat Malaysia kami yakin usaha-usaha ini akan mencapai kejayaan.

Untuk membolehkan kami mencapai matlamat ini, keamanan dan kestabilan, khasnya di dalam negeri dan di peringkat wilayah, adalah amat penting. Bagi mencapai matlamat keamanan dan kestabilan di rantau ini, Malaysia bersama dengan rakan-rakannya dalam ASEAN telah berusaha untuk menjadikan rantau Asia Tenggara sebagai satu kawasan aman, bebas dan berkecuali. Negara-negara anggota ASEAN telah juga membuat pendirian bagi mengukuhkan ketahanan negara masing-masing.

Sesuai dengan tujuan ini Malaysia bersedia berbaik-baik dan bersahabat dengan semua negara yang ingin bersahabat dan berbaik-baik dengannya. Hubungan Malaysia dengan negara asing adalah berasaskan prinsip menghormati kedaulatan negara tanpa campurtangan dalam urusan dalam negeri masing-masing. Inilah asas hubungan di antara negara kita berdua. Prinsip ini adalah termaktub dalam "communique" yang ditandatangani bersama oleh Allahyarham Tun Abdul Razak dan Mending Zhou En-Lai di Beijing dalam bulan Mei, 1974. Adalah menjadi harapan kami bahawa hubungan baik yang telah kita jalinkan selama ini akan berterusan dan berkembang.

Perkembangan di Indochina, khususnya di Kampuchea, adalah satu perkara yang membimbangkan kami di Malaysia. Kami bersama-sama dengan negara-negara ASEAN yang lain telah mengambil daya utama mencari penyelesaian politik yang wajar terhadap masalah ini. Usaha-usaha kami itu telah mendapat sokongan antarabangsa. Penyertaan sebilangan besar negara-negara anggota Bangsa-Bangsa Bersatu dalam Persidangan Antarabangsa mengenai Kampuchea adalah bukti sokongan ini. Pengistiharan dan keputusan Persidangan itu membuka jalan dan memberi harapan bahawa satu penyelesaian politik boleh dicapai jika terdapat keikhlasan dan keinginan dari semua pihak. Adalah menjadi harapan kami bahawa semua pihak, khasnya kuasa-kuasa besar, akan bertindak untuk memudahkan tercapainya penyelesaian yang dicita-citakan itu.

Negara-negara Indochina tidak pernah menikmati keadaan aman selama lebih dari tiga dekad. Kami di rantau ini ingin melihat negara-negara itu berada di dalam suasana aman dan menumpukan usaha kepada pembangunan. Kami khuatir pertikaian di negara-negara Indochina boleh merebak ke negara-negara lain di rantau ini. Bagi mengelakkan kemungkinan keadaan ini daripada berlaku, kuasa-kuasa besar adalah mempunyai tanggungjawab untuk tidak campurtangan dalam urusan dalam negeri negara-negara di rantau ini. Inilah asas konsep Kawasan Aman, Bebas dan Berkecuali yang dianjurkan oleh ASEAN.

Negara Republik Rakyat China, seperti juga Malaysia, sedang pesat membangun. Perdana Menteri Encik Zhao Ziyang memang terkenal sebagai pengasas

eksperimen Sichuan yang telah membangunkan Wilayah Sichuan dengan jayanya. Saya yakin kejayaan di Sichuan akan dapat diperluaskan di bawah pimpinan Perdana Menteri Encik Zhao Ziyang. Ini akan mempesatkan lagi pembangunan ekonomi Republik Rakyat China keseluruhannya. Dengan pembangunan yang pesat, Republik Rakyat China memerlukan banyak bahan impot. Ini membuka peluang untuk memperluaskan perdagangan antara Republik Rakyat China dan Malaysia. Republik Rakyat China adalah di antara pengimpot getah Malaysia yang terbesar. Skop bagi perdagangan bahan ini boleh diperluaskan lagi. Dengan perkembangan teknologi baru getah bagi memenuhi keperluan perindustrian yang khusus dan tertentu, lapangan baru telah terbuka dengan luasnya dalam perdagangan getah di antara negara kita.

Selain daripada getah, kelapa sawit adalah satu bahan perdagangan yang boleh diimpot dengan lebih besar oleh Republik Rakyat China. Seterusnya, Malaysia juga mengeluarkan barang-barang perkilangan yang boleh mendapat pasaran di Republik itu.

Hubungan di antara kedua negara kita semakin berkembang. Untuk memperkukuhkan lagi hubungan ini, kita hendaklah bersama-sama berusaha mengatasi sebarang rintangan yang boleh menjejaskan ataupun menjadi penghalang kepada hubungan ini. Lawatan Tuan Yang Terutama dan rombongan merupakan satu peluang bagi kita memahami dengan lebih dekat lagi masalah-masalah yang dihadapi dan pendirian masing-masing. Semoga dengan persefahaman, apa jua kesulitan yang dihadapi dapat diatasi.

Saya dengan hormatnya menjemput tuan-tuan dan puan-puan sekalian supaya bangun menyertai saya dalam minuman ucap selamat untuk kesihatan Encik Zhao Ziyang dan untuk kesejahteraan Kerajaan dan rakyat Republik Rakyat China.

**SPEECH BY THE PRIME MINISTER
Y.A.B. DATO' SERI DR. MAHATHIR BIN MOHAMAD
ON THE OCCASION OF THE INAUGURATION
OF THE UNITED NATIONS
ASIAN AND PACIFIC DEVELOPMENT CENTRE (APDC)
KUALA LUMPUR, 17TH. AUGUST, 1981**

It is a great honour for me to be invited to inaugurate the United Nations Asian and Pacific Development Centre (APDC) and to address this distinguished gathering today. I take this opportunity to thank the APDC for the kind invitation and to thank you all for the warm welcome.

I am sure a lot of efforts have gone into this project. In particular, let me congratulate and extend a special word of thanks to the Economic and Social Commission for Asia and the Pacific (ESCAP) and the United Nations Development Programme (UNDP) for their collaboration in setting up the Centre. As a Malaysian I am very happy that the Centre is sited in Kuala Lumpur. Besides being a great honour for us that Centre could also play an important role with regard to our development.

The APDC, I understand, is the result of integrating four previously existing regional institutions of development research and training. Such a reorganisation can only be expected to result in greater efficiency and effectiveness. It is my hope that the Centre will effectively serve the region. The Centre should not only be an institution which provides intellectual leadership but also an institution which is pragmatic in dealing with the realities of our region with its diverse components. It must address itself to the problems confronting the countries of Asia and the Pacific, particularly the less developed ones.

It is a fact that rapid development need not necessarily constitute orderly change and that planned change need not necessarily result in the expected. Development and change are a result of many inter-related factors. Some of these factors are unknown to us and some others are still beyond our adequate understanding. Development which is a dream of all countries, therefore, has a dimension of uncertainty and risk. Development research and training which are closely related activities relevant to development must be upgraded to meet our needs so that we can better plan and implement our development, better understand the impact of our policies and efforts, and be in a better position to correct our course of action.

I am happy to note that a major goal of the Centre is to strengthen national development training and research institutions. The participation by national institutions in the Centre's activities can be an important programme for achieving this goal.

However, adequate care must be exercised by both the Centre and the national institutions to ensure that this approach will enhance the role and impact of the national institutions in their respective countries. It is only appropriate that I mention this since it is possible that the role of national institutions could be reduced to that of mainly supporting the international institution instead of being mutually supportive. I believe that for such a mutually supportive role to develop the Centre must also give adequate attention to the needs and desire of the national institutions to upgrade their capabilities.

Developing countries are indeed lacking in development oriented research. There are many reasons which contribute to this situation. The lack of development orientation on the part of national research institutions, the lack of experience and competent local researchers and the lack of conducive research environment and incentives for local researchers are some of them. Many developing countries, therefore, become the focus of attention by foreign researchers, mainly scholars who are researching for their Masters or Doctoral degrees or, otherwise having intentions which may be questionable as when they try to prove that developing countries are inherently incapable of development. It is in this light that national institutions must take greater interest in research and build their own research capability. Positive steps must also be taken to bring research institutions closer together so that research projects are better coordinated, duplication and wastage avoided, and research results better utilised for policy formulation and decision making. Greater efforts must be made to ensure that research institutions are manned by qualified, experienced and research-interested personnel and that proper and conducive research environment provided.

Training institutions have an important role in development. While the overall education system provides the basis for the manpower supply for development, training institutions cater for the specifics. While the overall education system provides knowledge, training institutions normally emphasize skills. However, given the fact that development is normative, in other words, preference for a better state of well-being, it is important that manpower for development is injected with appropriate moral and ethical contents. Knowledge and skills must, in the interest of sound development, be utilized within the context of a preferred moral and ethical framework which again must not be alien to the particular society.

It is in the context of this moral and ethical contents that development training institutions must give adequate attention. It is also important that they must develop effective methods for imparting this important subject. It is my opinion that this moral and ethical component must be an integral part of knowledge and skills and we must utilize and develop the technology in order to ensure that development training institutions can effectively address themselves to the challenges of development.

I am happy that the initial phase of the Centre's work comprises studies in the areas of energy, food security, human resources and women in development. These four areas are significant and are current to the countries in Asia and the Pacific.

It is not my intention to dwell in detail on these subjects today. They are important topics. Seminars and conferences at national, regional and international levels have been held and various research have been carried out with respect to them. What is important now is an agenda for action and the will to act not only by each national Government but also by the world community. We can no longer regard many of our problems today as specific to a particular country or region. The future prosperity of a country is very dependent on the other countries as much as the problem or potential destruction of a country is dependent on the other countries. This inter-dependence must be viewed as an asset for the good and prosperity of all and not as an opportunity and a framework for manipulation and oppression by the stronger nations.

The topics covered in the work-plan of the APDC describe some of the main concerns of the Government of Malaysia and presumably the Governments of the other countries in the region. While the solutions to the specific problems should, of course, be found locally within each particular country, a sharing of expertise and experience within a framework of regional co-operation such as the ASEAN could promote more consistent approaches and more efficient policies. It is, however, necessary that regional and sub-regional co-operation endeavours be coordinated against the international perspective of equity, justice and growth, such as the one enshrined in the New International Economic Order.

I am confident that with the necessary support the APDC would be able to contribute positively to the development policies of the countries of Asia and the Pacific. I hope that it would enjoy long years of service to the countries as well as their full support in the implementation of its activities.

I now have great pleasure in formally inaugurating the APDC and wishing it every success.

ADDRESS BY THE PRIME MINISTER
Y.A.B. DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL OPENING OF THE ASEAN TRAVEL FORUM
GENTING HIGHLANDS
20TH. OCTOBER, 1981

Saya mengucapkan terima kasih kepada pihak penganjur forum ini kerana menjemput saya ke majlis pada hari ini dan seterusnya untuk merasmikan pembukaannya. Saya juga ingin mengambil kesempatan ini untuk mengucapkan selamat datang kepada para peserta sekalian. Saya berharap tuan-tuan dan puan-puan, khususnya mereka yang pertama kalinya ke Malaysia, bukan sahaja akan menghadiri mesyuarat ini tetapi juga akan mengambil peluang untuk melihat negara ini serta cara hidup penduduk-penduduknya. Saya berharap tuan-tuan dan puan-puan akan berasa senang dan gembira semasa berada di negara ini.

It is indeed a pleasure for me to be here this afternoon to officiate at the opening of the ASEAN TRAVEL FORUM 1981. I am happy to meet so many distinguished members of the tourist industry from both the ASEAN and the other countries and I wish you all a very warm welcome.

Malaysia is happy to host this first ASEAN Travel Forum. It is my hope that this Forum will place the ASEAN region firmly on the world tourism map. The delegates attending the forum will have an opportunity to be acquainted with and to update themselves on the increasing tourist attractions and facilities in this region.

I would like to congratulate the Tourism Development Corporation of Malaysia (TDC), the ASEAN Tourism Association (ASEANTA), and the ASEAN Hotels and Restaurants Association (AHRA) for their fine cooperation and coordination in organising this Forum.

This is the first time in the history of tourism in this region that a travel forum is held exclusively for the purpose of promoting tourist destinations within the ASEAN countries. We are encouraged by the presence at this Forum of so many tour wholesalers from all parts of the world. I have no doubt that they will find from the deliberations in this Forum that there are many places of tourist interest in the ASEAN region. Some of these places, however, have not received the attention which they deserve.

The coming together of ASEAN countries for the purpose of creating greater business opportunities for those involved in the tourist industry once again demonstrates ASEAN's determination to foster closer cooperation among member countries. We in

ASEAN firmly believe in regional cooperation as a means to achieve greater prosperity and stability for our region. It is with this belief that we have nurtured ASEAN.

Since its formation, ASEAN has made tangible progress in various fields of cooperation and has also received wide international recognition for its aims and objectives. Looking at our success thus far, I have no doubt that with determination and commitment, we can indeed achieve our aims. This is reflected in the fact that today we see in ASEAN not only cooperation among leaders and officials at governmental level but also among professionals in private sector bodies and groups. The ASEAN Travel Forum which is being organised with the cooperation of both the public and private organisations is an example of this cooperation.

The ASEAN region has remained an area of considerable growth and stability. This has enabled ASEAN to concentrate its efforts to bring about greater success in many areas of its activities. It has also enable ASEAN to cooperate more meaningfully with other countries and regions.

Rapid economic development in the ASEAN countries has increased the level of discretionary income, creating a viable market for tourism within the region. Today, more than ever before, there are people in the ASEAN countries who can afford to travel, at least, within the region. The ASEAN countries are rich in scenic attractions. Our diverse cultural heritage should be of interest to our people and others outside the region. We have, therefore, great potential for further expansion in our tourist industry. What is required is an attractive packaging and more aggressive marketing of efficiently-run tours. This Forum provides the opportunity for discussion and exchanges of views on these two important subjects and related topics.

The tourist industry in Malaysia has been growing at an encouraging and steady pace. Today the industry ranks seventh after rubber, petroleum, tin, palm oil, sawn logs and sawn timber. The foreign exchange earnings generated by the tourist industry in Malaysia has almost doubled in the last 10 years from RM 312 million in 1970 to RM 616 million in 1980. In 1980, about 1.5 million tourists visited this country. Based on current trends, the number of tourists visiting Malaysia is estimated to increase to 2.3 million in 1985.

A number of projects under the Government's Fourth Malaysia Development Plan will result in better facilities for people visiting this country. This includes the expansion of existing airports, construction and improvement of the road system and the development infrastructure. While we develop the country economically we are also giving emphasis to developing and sustaining our national cultures and values. This will be reflected in the environment particularly in the architecture, in the arts and in the way of life of our people. While they are meant to fulfil the aesthetic needs of our own people they would also be an attraction for tourists of this country.

Although tourism is not new to the ASEAN countries, it is comparatively underdeveloped. In this respect, it can be said that our countries can benefit from the

experience of other more developed countries. We have the potential to develop a wide variety of attractions within our region and these can indeed be promoted among our own people as well as among international visitors. Let us put our heads together to evolve ways and means to develop the tourist industry in the ASEAN region.

With these words, I now have much pleasure in declaring open this first ASEAN Travel Forum.

**SPEECH BY THE PRIME MINISTER
Y.A.B. DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE THIRD INTERNATIONAL CONFERENCE OF
NON-GOVERNMENTAL ORGANISATIONS ON
DADAH USE, PREVENTION AND CONTROL
KUALA LUMPUR
2ND. NOVEMBER, 1981**

Let me first of all welcome you all to Kuala Lumpur and particularly to this Third International Conference of Non-Governmental Organisations on Dadah Use, Prevention and Control.

Malaysia, like many other countries, is fully aware of the seriousness and complexity of the global problems of dadah use and substance abuse and we fully endorse all international efforts, be it Governmental or Non-Governmental, directed towards the eradication of this social menace. I am glad that the world community recognises the fact that the problem of dadah use, prevention and control is not one that lends itself to easy, simple and instant solutions. There is greater awareness that a nation cannot, and should not remain aloof, unconcerned and uncommitted as the dadah problem is no respecter of geographical, political or physical boundaries. Research findings, I am told, have also revealed that the dadah problem in a sinister way is very democratic in that it does not discriminate against religion, racial descent, or socio-economic background of a person. Youths and members of societies from developed as well as developing countries are subjected to serious risk of dadah abuse. More threatening is the fact that there is indication that the age of initiation to the sub-culture of dadah use and substance abuse is becoming younger and younger, that we have not come up with solutions to cure or rid the dadah dependents of their psychological dependence nor found effective method to prevent relapse of so-called rehabilitated persons.

Malaysia comprehends the magnitude of the dadah problem. We have accordingly designated it as a security problem. Malaysia has advanced this concept for international adoption at the 28th Regular Session of the Commission on Narcotic Drugs held in Geneva in 1979 as well as the Commonwealth Heads of Government Meeting of Asia and Pacific Region held in September, 1980 in New Delhi. We are happy that the 96th Meeting of the United Nation's General Assembly have recognised the growing threat caused by the spread of dadah use, its serious impact on human health, its adverse effects on social development leading to social disintegration and increasing criminality, on economic advancement and national security in a number of countries.

It is our hope that the international community will not only accept Malaysia's concept but will also translate it into action so that individually we may solve our own

dadah problems and collectively we may eradicate this international scourge which is threatening the resilience of future generations. Insights, understanding and concepts are meaningless and empty unless bold action is taken to ensure results. Indeed, it will be a sad day for all of us if resolutions and recommendations of international conferences, this conference included, do not see the phase of implementation.

For us in Malaysia, the dadah problem is still our number one enemy. As a security problem it will be given priority. Directly the Government has already incurred more than RM100 million for various prevention programmes. What is important is not the amount spent but the result. The Government would extend assistance to Pemadam and other non-Governmental organizations so that we would be able to confront the dadah problem on all fronts. All members of society must necessarily become involved in the battle against dadah. We in the Government will not only assist the non-governmental organizations but also look forward to their efforts in effectively complementing and supplementing the Government's efforts. We cannot allow the expression "everybody's responsibility is no one's concern" to be true of dadah prevention. I am in fact very disturbed by the lax attitude and absence of a sense of urgency of various professions and disciplines who regard the dadah problem as a multi-facetted problem but have argued long and deep over different modalities and which profession or discipline should play the leading role. Collectively they have not given the problem the priority it deserves when separately if they were confronted with a problem of the magnitude of the 55,000 persons involved they would have certainly declared it as an epidemic and launched immediate measures to control and eradicate it. Dadah is one enemy that we cannot say, "If we cannot fight its abuse, we can join in the abuse".

Dadah problem, besides being in itself a problem, is also a symptom of the many underlying current social problems. The break-down in the influence of the family, urban migration and weakening in religious beliefs and in social norms are some of the problems that contribute to the worsening of dadah problems. The problem is like the question of the chicken and the egg - which comes first. In the case of dadah, if we seek to cure the underlying social problem first, it is likely that the spread of dadah will prevent success. On the other hand, trying to tackle the dadah problem without attending to the underlying problem is likely to prove as unsuccessful.

The obvious answer to the problem is to move on a broad front, i.e. to tackle both the underlying and the related dadah problem together. The Government of Malaysia is committed to doing this. And towards the objective of ridding this country of dadah use and substance abuse, the Government will not tolerate petty jealousies between groups or professions.

ASEAN countries who are both the source and the bearer of the brunt of the international dadah problem merit greater attention of the world community. It is in the interest of the world community not merely to assist us in the field of supply reduction but also in the area of demand reduction. The world will reap a bonus if the dadah problem in the ASEAN region is reduced, if not wiped out.

It is my sincere hope that you who represent the non-governmental organisations in your own country will be able to derive benefits from your attendance at this Conference and that you will contribute your efforts to your own programmes, your country's programmes as well as the overall programmes of the international community. In short, for the sake of future generations, we all have to respond actively, positively and urgently to overcome the dadah problem.

With this hope I declare this Third International Conference of Non-Governmental Organizations on Dadah Use Prevention and Control opened.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF THE 5TH. GENERAL ASSEMBLY
OF THE ORGANIZATION OF ASIAN NEWS AGENCIES (OANA)
KUALA LUMPUR
3RD. NOVEMBER, 1981**

Saya mengambil peluang ini untuk mengucapkan terima kasih kepada Urusetia Perhimpunan Agung OANA Yang Kelima yang telah menjemput dan memberi penghormatan kepada saya untuk merasmikan perhimpunan ini. Kepada para peserta sekalian saya dengan segala sukacitanya mengucapkan selamat datang ke Kuala Lumpur dan Malaysia dengan harapan semasa saudara-saudara berada di sini saudara-saudara akan dapat melihat dengan lebih dekat lagi masyarakat dan cara hidup di sini.

Allow me first and foremost to thank the Secretariat for giving me the honour to declare open this assembly. On behalf of BERNAMA, Malaysia's National News Agency, let me express my gratitude to UNESCO and the Executive Board of the Organization of Asian News Agencies for choosing Malaysia as the host country for this meeting.

If I may recall, this is the second large regional gathering of key media and media-related personnel to have been held in this country within the past three years. The first was the Inter-governmental Conference on Communication Policies in Asia and Oceania or ASIOCOM held in February, 1979.

I deliberately mentioned ASIOCOM not only because it is related to this meeting but also because it was during that Conference that OANA formally made an offer to provide the organizational framework for a news exchange programme among Asian countries, a concept first mooted in a UNESCO-sponsored meeting of experts in Colombo in 1976. Although it is now almost five years since the idea was first mooted and close to three years after it was given an official blessing in the form of declarations and recommendations adopted at the ASIOCOM, we are yet to see that concept translated into reality. Nevertheless, bearing in mind the varied policies pursued by the various news agencies now available in Asia, I could not help but be sympathetic with all of you for the numerous problems you have to overcome before taking substantive action on the matter.

The role of the mass media in national development as we are quite aware, has been the underlying theme of numerous forums for many years. It is a favourite research topic among social scientists. Various United Nation agencies too, including the UNESCO, has from time to time directed their attention to this area of study.

Being experts in the field in your own right, I am sure you are very familiar with the subject. It is not my intention, therefore, to dwell on it at great length. A particular point that I wish to emphasise here is what I consider as the lack of a sense of social responsibility on the part of some media personnel. This lack of concern or absence of responsibility on the part of some journalists is also what brings you here today.

We in Malaysia are particularly concerned with the frequent incidents of misreporting, deliberate or otherwise, about our affairs in the foreign press, particularly Western Press. We had our first few bitter doses of uncalled-for publicity shortly after the May 13, 1969 racial riots in which foreign readers were regaled with distorted views of the events happening then. Indeed dire predictions were made which imply that the world could write off Malaysia. In the event Malaysia did not only get over her difficulties, but she emerged stronger, more united and more prosperous than ever before.

Nevertheless, the years following that unfortunate incident saw us occasionally falling victim to the wild imaginations and sensation-mindedness of some irresponsible journalists, some of whom had not even visited our country. Lately, as a result of our legitimate attempts to gain control of our own resources, we have been subjected to various reports calculated to frighten away foreign investors from our country. Against this campaign, we are literally speaking, helpless.

For those of you who have just arrived in this country you may notice that Malaysia is not by any means the most modern country. Within the capital Kuala Lumpur, and in the rural areas, there are people living in dilapidated huts. Nevertheless, I am sure you would have noticed that we do not live on trees. Imagine our mild surprise when a book widely distributed throughout the world among children and adults described and illustrated how Malaysians live on trees in order to escape wild animals. The only people Malaysians would like to escape from are these kind of publishers. I am sure that if the media as a whole is sensitive and cares for the truth, or at least a modicum of that commodity, this kind of thing would not happen.

You too may have come across such rubbish. How do we overcome this problem? The answer to a great extent lies with us. We should not allow others to monopolise information about ourselves. We should expand our efforts at informing the world what is the truth about ourselves and what is fiction. Asians should not fall into the pattern of sensationalism and unmitigated embellishment of the truth that characterise the western press. We should tell things as they are. In time the world will learn that we are reliable and our credibility will ensure our acceptance.

A trend that is to be applauded is investigative reporting. Unfortunately, only a thin invisible line separates investigative reporting from muck-raking. The world must have secrets which should not be exposed if relationship between nations is to be good. If every single thought about our friends are known to them, they will not remain friends. So, while investigative reporting is good, we should be careful not to allow such reports to degenerate into muck-raking.

As it is now, we in the Third World countries have for too long been suffering not only from the constant ill-treatment by the powerful Western agencies but also from the insufficient space given to us by western newspapers as against what our media give them. This imbalanced pattern of news flow, as you often call it, is very much of concern to us in this country. Whatever the reasons for the current state of affairs, it is evident that this problem of information imbalance between the developed and developing countries can no longer be accepted by us in the Third World.

At this juncture I would like to relate my latest experience with those who govern media ethics. Recently an article on freedom of the press by me was published in a local newspaper. Three days ago I received a telegram from the International Press Institute which carried an implied threat to the image of our country. Yet the same telegram pointed out that the U.N. members had accepted human rights to include, "Freedom to impart ideas of all kinds ...". What I did was to impart my ideas through the media, an exercise of one of the human rights to which I am as entitled as anyone else. It is strange that an institute that is supposed to protect my right should seek to deny it. Yet when deliberate misreporting and agitations are carried out through the press, no comment is heard.

I realise that international organisations like these are very powerful. We have had several brushes with such organisations before and have been badly bruised. But in the name of press freedom itself we cannot be cowed by threats to our country's image.

The Third World has suffered much from quote "the freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers". While our frontiers have been breached again and again, we have not had the same capacity with regard to the frontiers of the countries which control world media. It is because the exercise of press freedom is so loaded in favour of the developed countries that we have tried to fight for a new world information and communication order. The UNESCO is very well aware of this. All the principles of the United Nations were written by developed countries before the developing countries were admitted as members. Now that the membership of the United Nations is greatly enlarged, some of the loaded principles should be reviewed. The western-controlled international media have subverted the governments of many developing countries until some are overthrown. The sad thing is that the governments which took over are often less democratic than the maligned predecessor. Whatever Governments take over, they soon become subjects of international vilification by the western media.

While it is not my intention to interfere with your deliberations, I strongly feel that the time has now come for the Asian news exchange concept to be translated into reality as the first step towards the establishment of a New World Information and Communication Order.

In this connection, I am glad to learn that the proposal will be one of the main subjects for discussion at this assembly. This in itself has made the Kuala Lumpur

OANA General Assembly more important than your previous assemblies. I am pleased to hear that this organization had for the past few years been actively pursuing the matter in the hope that a viable news exchange project could be launched as soon as possible. On its own, it had even taken the move to amend its statutes to accommodate the non-Asian news agencies to enable a wider participation in the proposed project. I was also told that numerous follow-up meetings have been held by several expert committees since the ASIOCOM Conference. It appears to me that what is needed now is a greater will to make the project a success.

The fact that more than twenty-three news agencies including those from the non-OANA member Pacific countries are attending this assembly is a clear manifestation of your seriousness of intention. In terms of technical requirement, I was given to understand that there is now a greatly felt need for the various telecommunication authorities to reduce their tariff rates to enable a more viable news exchange programme among the non profit-making news agencies of the region. It is my hope that this repeated call be heeded for our own mutual benefit.

Malaysia for our part, have already reduced the rate substantially. Although a substantial reduction of tariff rates would mean a great loss of revenue to us, I for one would not mind it if it is in the long-term interest of the region and its peoples. It is with this same spirit that I hope this move by us would be followed by the other countries in the region. We believe that an efficient network of news exchanges across Asia and the Pacific would not only facilitate the flow of news between and within the developing countries of the region but also from the region to the outside world bearing in mind the various bi-lateral and multi-lateral exchange arrangements already in operation by certain agencies.

It is my hope that the time would not be too long for us to see Asia's image being painted by Asians themselves rather than by outsiders who are neither sensitive to our needs and aspirations nor sympathetic to our cause. A just and equitable distribution of information within the region and outside it would inevitably help promote regional understanding and in the long run enhance further the co-operative efforts among the countries of the region.

With this hope, I hereby declare this fifth General Assembly of the Organization of Asian News Agencies opened.

**KEYNOTE ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE ASEAN-US ECONOMIC CONFERENCE
KUALA LUMPUR
18TH. NOVEMBER, 1981**

Let me, first and foremost, extend to you all a very warm "Selamat Datang". To those of you from the United States of America, who have come a long way - from the other side of the globe, so to speak - I would like to thank you for the trouble you have taken. It is my sincere hope that during your brief stay in Malaysia you will learn more about ASEAN and something new about this least known member of ASEAN.

This ASEAN - US Economic Conference, to my mind is a very important gathering. The idea to convene this meeting, which came up early in 1980, has now become a reality not too long after the decision. This only indicates the commitment and seriousness that both the parties, the ASEAN side and the U.S. side, view the potentials of their interaction and cooperation for mutual gain and benefit.

Gathered here today are many prominent and influential people from the ASEAN countries and the U.S. representing the business sector as well as the government. In this modern age, life has become so complex that it is impossible to demarcate between what is purely business and what is public issue. Government cannot function without some business involvement and business needs Government more and more, even when the free enterprise system is wholly espoused. Thus your presence, the representatives of the various fields of the private sector as well as the officials of the relevant agencies of the Governments, can go a long way towards making this Conference a success. ASEAN - U.S. economic relations would be that much stronger because of the involvement of Governments with the business of business.

The theme of this Conference - Financing Needs of ASEAN in the 1980s: the Possible Role of the U.S. - is again appropriate and timely. All of us are very well aware of the need to transform the world economic order so as to arrive at a more truly just and equitable situation for the benefit of both the developing and the developed nations. I believe that for such a system to evolve, there must be sincerity on all sides. This sincerity must not be just a word in the dictionary of conventional diplomacy for what is really sophisticated arm-twisting and manipulative endeavour for achieving more advantage by the already advantaged. What we need today, if we are to achieve some semblance of a fair distribution of international wealth, is sincerity based on true friendship and a clear understanding of the moral obligations that we all have towards each other. It is sad that after years of talking of a New International Economic Order

we have achieved very little beyond talking. More of such talk, even if heads of States and heads of Governments are involved, will not get us very far. What we need is sincere dialogue, based on a firm commitment to resolve issues and solve problems. The political will to co-operate must be clearly laid down, so that officials and businessmen who are really involved in the day-to-day running of the economies of the world can then translate the ideas to promote the common good into reality on the ground.

It is in this light that I feel your meeting is an important and meaningful effort in helping to improve and institutionalize a better system and framework for cooperation between nations. For us in ASEAN, cooperation is the key to our future. It is in the best interest of every ASEAN country to see to ASEAN's success as a group. We do not claim that we do not have problems or for that matter, differences among us; we have learnt that through goodwill and cooperation we can achieve at least part of the goals that we have set for ourselves. Today, we see increasing cooperation not just at the level of officials but among the professionals and the people in general. Our cooperation with third countries is also bearing fruits. In fact, your meeting is a result of this new and increasing understanding and spirit of cooperation between ASEAN and third countries, whether singly or as groups.

I need not dwell at length on ASEAN as an entity. I am sure most of you are acquainted with this region. ASEAN's strategic location, its economic resources and potentials, and above all, the region's commitment to free enterprise and the market economy are not unfamiliar. With a population of more than 250 million people, stable governments, a responsive work force and with abundant natural resources we possess the necessary ingredients to stimulate a more vigorous economic growth. The political and economic stability in the ASEAN countries are indeed remarkable assets, considering the general tendency towards instability of the region as a whole. This stability is no fluke. It has been worked at. And countries which can work towards the achievement of such stability must be considered reliable by those venturing from outside the region.

One of ASEAN's primary concern is the maintenance of peace and stability in this region. This concern is reflected in our efforts to create a Zone of Peace, Freedom and Neutrality (ZOPFAN) in Southeast Asia. We believe that it is only through peace and stability that we in the region could devote more time and effort in the pursuit of economic and social development. We in ASEAN strongly believe the strength and stability of a country depends not so much on its armed forces, but more importantly on our ability to intensify economic development and provide a better quality of life for our people. In this day and age, wars of conquests are no longer fashionable. Countries are subjugated through internal upheavals. We in ASEAN are acutely aware of the need to remove the causes of such upheavals. Our economic policies and development efforts are designed so as to contribute towards political stability. Pure economic accomplishments without regard for the welfare and desires of the people has been shown to be a destabilizing factor, and even a cause of the downfall of Governments. Thus, our economic policies are based on clear and definite political objectives. If we impose conditions on foreign investors, it is not because we grudge them their profits; but because we have a need to reconcile foreign economic incursions with national aspirations. In

the long run, the political stability we achieve is for you, much more worthwhile commercially than the short-term profits you might make.

Next to political stability, ASEAN values highly the need to maintain economic growth with price stability. As a matter of economic philosophy, ASEAN believes that the objective of stable economic growth can best be achieved in an environment of free enterprise in a market economy. Private investment, both domestic and foreign, is encouraged to expand and to seek new opportunities to raise production capacity in the region. We encourage the private sector to achieve greater profitability through higher productivity. In return, we expect investors and entrepreneurs to be responsible corporate citizens.

The role of Governments in ASEAN is centred on maintaining a stable economic environment. We learn a lot from each other and consequently, there is a great deal of similarity in the policies on economic growth pursued by ASEAN countries. One of the things that we know investors value highly is predictability. Consequently, since the formation of ASEAN, we have avoided making sudden tangential departures from set courses. We do not nationalize, for example. However, if you sell your shares in the market, we may buy them, even up to the point of gaining control. But this is not nationalization - though some people have tried to make out that it is. Our predictability on matters pertaining to economic policies is our asset. It has contributed to a stable economic environment. Apart from this, we have invested heavily in education and training. The productivity of our work force is accordingly high. At least three of the ASEAN nations are able to export highly trained labour. But as ASEAN progresses, their workers will come back to help with the development of their countries.

Strong Governments are also characteristic of ASEAN countries and this must enhance economic stability. Such ideological changes are not our style. We are all committed to promote stable growth with equity.

The world is passing through a most difficult economic period. Recovery does not seem to be within sight yet. The recession in the industrialized nations naturally has a debilitating effect on the economy of the producers of primary commodities, we have started to diversify and industrialize. Efforts at agricultural diversification have made us more resilient; but, the moment we begin to take advantage of our international comparative advantage position to move downstream and process more and more of our primary produce for export, the markets in the major industrial countries begin to change the rules of the game. Now, our industrialization programme is being held up because global recession does not enable us to earn enough from our primary commodities. Also, we are not able to sell the few manufactured products which we have been able to produce efficiently and at competitive prices because of increased protectionist sentiments in the developed nations.

These external factors make the job of maintaining economic stability by the ASEAN Governments very difficult. For us, the conduct of international trade has become a game of tails I lose and heads you win. Furthermore, we are dismayed at the slow progress on the part of the major industrial countries to get out of their recession

and combat inflation. With the exception of Japan, they appear to be caught in the web of high interest rates, high consumer prices, high wage demands, low investment, low productivity and low or no growth. In our growing interdependent world, their continuing stagflation generates a general malaise in world trade and growth, to the detriment of the least developed nations which can ill-afford to be confronted with such a situation. Worse, much of the high inflation is exported to the developing countries, thereby adding to their gloom.

Taking all these into consideration, it is remarkable that the ASEAN countries have been able to maintain fairly steady and comparatively high growth in real terms. There may be many factors contributing to this stability of economic growth, but it will not be wrong to say that there is a strong element of good management of ASEAN Governments and their policies. This by itself should again be a plus for foreigners doing business with ASEAN.

The liberal attitude of the ASEAN Governments is yet another factor in the growth and stability of the ASEAN countries. Funds flow fairly freely in and out of ASEAN countries. There are regulations, of course, but they are minimal as compared with other developing countries. Consequently, the fear over the recovery of capital or profits does not deter investors. The nett result is a greater inflow of funds and technology, which contribute towards growth and economic stability.

The ASEAN countries are the original Spice Islands of history. European nations fought wars in order to have access to the spices of the Spice Islands. Today, ASEAN is not only a leading producer of spices but provide the world with 91 per cent of natural rubber, 87 per cent of tin, 88 per cent of palm oil, 73 per cent of copra, and 62 per cent of tropical hardwood, apart from petroleum, copper, abaca and cocoa. In addition, there is a vast hydro-electric potential. Clearly the ASEAN countries have tremendous resources. The world is welcome to these resources, but while wars of conquests are no longer necessary in order to get at them, good commercial practices are still valuable.

The ASEAN countries naturally do not want to be merely storehouses for commodities. They want to add value to these resources before they export. Thus, it is the policy of all ASEAN countries to encourage the growth of resource based industries. To date, only a small part of ASEAN's huge commodity base is processed or manufactured in the region. In order to derive the maximum benefit from the production of raw materials, ASEAN has definite plans to attract joint-ventures in the processing and manufacture of raw materials on a large scale. Relatively cheaper labour and other overheads as well as abundant resources and numerous investment incentives should make such industries very worthwhile indeed.

Political stability, sustained and stable economic growth, predictability, rich resources, trainable manpower and vast energy potential - these are the things that ASEAN has - these are the ingredients that investors look for whether foreign or local. Clearly, ASEAN is a good bet for progressive and forward looking businessmen. Already, those who have come and invested are reaping rich harvests. Some ASEAN

countries, like Malaysia for example, have become significant exporters as a result of foreign investments. Exports of electrical products are also on the increase. Our effectiveness in the export of resource-based manufactures has begun to make inroads in even the most competitive international markets.

The emphasis on resource-based industries imply certain reliance on imported capital goods. The ASEAN nations do not intend to compete with the developed countries. Rather they wish to complement. And as their prosperity increases with economic growth, they will provide rich markets for the goods of the industrialized nations.

Import accounts for no less than one-third of the GNP of the ASEAN countries. In one or two, the ratio is much higher. In the 1970s, ASEAN imports expanded at about 23 per cent annually, financed mainly by its equally rapidly rising exports, which rose by an average of 25 per cent a year, and by abundant private savings. Reflecting this buoyant situation, growth in productive capacity had also accelerated. Fixed investments rose at an annual rate of between 20-23 per cent in the 1970s. This dynamic process has been sustained so far in the 1980s.

This being an ASEAN affair I would not like to speak much about Malaysia. A few words about this least-known of ASEAN partners are however not out of place, I think.

Malaysia has been a very consistent exponent of all the policies of ASEAN. Indeed, long before ASEAN was mooted, Malaysia has already made clear its belief in the free enterprise system and its welcome for foreign investors. Consequently, steady economic growth has been a characteristic of Malaysia almost since independence in 1957.

This economic achievement of Malaysia is that much more noteworthy considering that Malaysia is plagued by a number of intractable internal problems. Foremost among them is the unequal development of the component races in Malaysia's multi-racial society. To reduce this inequality requires active steps by the Government. Thus, in the early 70s the New Economic Policy was adopted with the twin objectives of eradicating poverty irrespective of race and the restructuring of society so as to eliminate the identification of race with economic function. Both these thrusts are essentially economic. Consequently, the growth of the economy has to be subjected to some restraint. Yet, despite these fairly considerable constraints, Malaysia's real economic growth has been maintained for many years at the rate of approximately 8 per cent. And this growth has been achieved without significant inflation.

The New Economic Policy is in the interest not only of Malaysians but also the foreign investors. It has enabled the political climate to remain stable, thus preventing the wild changes of policies that are so damaging to business, and also preventing the kind of disruptive activities that people under political tension are prone to.

Malaysia is ruled by conservatives whose only desire is to develop the country for the benefit of the people. Radicalism and extremism has been rejected not only by Government but also by the people. There are of course extremists and fanatics but

they have not been able to make headway among the masses. There is consequently little fear of anti foreign agitations of the kind seen in some countries. However, it does not mean that Malaysians doesn't have national pride or they are not sensitive. They are likely to be peeved if you say they live on trees.

Malaysia at the moment is diversifying her economy so as to be free from excessive dependence on the production of raw materials. An industrialization programme, which started almost as soon as independence was achieved, has gained momentum steadily. This programme is quite dependent on foreign participation. Certain rules and regulations have been formulated so that while the foreign investors are not deprived of their profits, Malaysia and Malaysians fully benefit from the process of industrialization. The latest move is into heavy industries and high technology industries. With little indigenous expertise, the participation of foreigners is even more welcome in these areas. Of course Malaysia expects a significant transfer of technology in the process.

How successful these programmes and policies are you can see for yourself. Kuala Lumpur is a bustling capital where once it was a sleepy colonial administrative centre. What you see in Kuala Lumpur you will see all over Malaysia, from Kota Kinabalu in Sabah to Kangar in Perlis. The Government has deliberately spread out the development so that there is even growth. Locational incentives are used to achieve this.

I hope that this rapid sketch of Malaysia and its potentials is not out of place here. However, it would be a pity if I left you without saying a few words about inflation in Malaysia, even though much of this is imported. Although inflation is fashionable today, it is quite an alien experience for us. We had managed to grow strongly to the early 1970s with an average rate of inflation of only about 1 per cent annually. For the most part of the 1970s inflation was less than 5 per cent a year. But, we are realistic enough to recognise that so long as the industrial nations continue to inflate at a high rate, we will have to deal with it squarely. As a matter of public policy inflation will be controlled and reduced progressively. We intend to have a firm grip here through fiscal and monetary discipline. We have many things going for us: the economy saves 25 - 30 per cent of the GNP; monetary expansion is kept consonant with output growth; we balance our current budget and whatever surpluses we have, together with the traditional but reliable flow of private savings with specialised institutions, are normally sufficient to finance the bulk of our development programmes. Whenever we need to supplement these funds, we borrow from abroad. Because we do so infrequently, our external debt servicing ratio is at present only about 2 per cent of our export earnings. No matter what happens, we are determined to ensure that world inflation will not engulf us. I am sure you will agree that this is good for business.

I hope that you will take this opportunity to understand this region better and to explore ways and means of establishing better cooperation between American businessmen and financiers with ASEAN's counterparts. If you can do this you would be doing more in the area of North-South cooperation and the establishment of a New International Economic Order than all the other much publicized meetings. I wish you all fruitful deliberations.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT A DINNER ON THE OCCASION OF HIS VISIT TO SINGAPORE
17TH. - 18TH. DECEMBER, 1981**

I wish to thank my good colleague, His Excellency Mr. Lee Kuan Yew, for the warm hospitality and friendly reception accorded to me, my wife and members of my delegation on the occasion of my first visit to Singapore as Prime Minister of Malaysia.

I am happy to be in this busy and bustling city again. Every time I am here I am amazed at the rapid pace of development and transformation taking place. Like other visitors, I am particularly impressed by the cleanliness and the abundance of greenery which has softened the hardness of the concrete skyscrapers. I am confident, under the able leadership of Prime Minister Lee, Singapore will continue to grow and prosper in the coming years.

Malaysia and Singapore have many things in common due to a large extent to our geographical proximity and historical experience. We also share a convergence of priorities and values, particularly our preoccupation with uplifting the socio-economic well-being of our peoples, our concern to see that democratic ideals and principles are preserved and our vigilance in the eradication of subversive threats aimed at undermining our security and resilience. While I acknowledge that in the broad sense our objectives converge, nevertheless because of the peculiarities of our respective settings, emphasis and style differ somewhat. Malaysian society, for example, is heterogeneous as compared to Singapore's which is almost homogeneous. Our population is largely rural whilst Singapore's is almost entirely urban. Because of these and other peculiarities, the Government machinery, its administrative and implementational style and scope must also differ. An appreciation of these differences is as important as the acknowledgement of the common historical and geo-political backgrounds in the fostering of understanding between our two countries.

I am happy to note that Malaysia - Singapore relations have improved tremendously during the last few years. This is a gratifying development. It would, therefore, be to our mutual advantage to endeavour to further develop and continue the rapport and understanding that have been nurtured between our two countries. It is partly with this in view that my predecessor, Tun Hussein Onn, had agreed to the setting up of the Inter Governmental Committee (IGC) of the two Governments. May I reiterate my firm support and confidence in the IGC in fulfilling its tasks and thus further enhancing our bilateral relations.

I have had a long association with this country, even before it became independent. As a student in Singapore some 30 years ago I made a lot of friends among

Singaporeans who are now very prominent citizens of this Republic. I can say that this experience is not unique to myself alone. There are many Malaysians who have shared similar experiences and have long standing friends in Singapore, among them are some members of my delegation. So I cannot see any reason why what we do in Malaysia need earn the mistrust and suspicion of Singapore, and vice versa. We can always call up each other, and frankly discuss our mutual problems when they arise. Unfortunately, this connection of the old days in schools of universities is no longer possible among the new generations of Malaysian and Singaporeans. While it prevails, however, we should do our utmost to strengthen the foundation of good relations for the benefit of future generations of our two countries.

I rejoice over the rapid progress and prosperity of Singapore because it also means that Malaysia will continue to have a happy and stable neighbour. An unhappy Singapore can be destabilising to Malaysia, likewise discontent in Malaysia can affect Singapore. Singapore leaders have spared no effort in developing the Republic into a country with a united citizenry and similarly, we in Malaysia, have been moulding the country into a united and disciplined nation. Singapore's success story in the economic and social fields cannot but be a model for Malaysians rather than an object cannot of envy. What we do within our own country is, therefore, contributory and complementary towards each other's progress. For example, I cannot see why Singapore defence has to bolster its defences exert to complement the capability and greater resilience of this region against external threat to the security of this area. And of course the security of the region is the security of Malaysia. In fact, such is the link between our national defences that have agreed and cooperated within the Five Power Defence Arrangement. Neither have we even once ceased to cooperate in matters relating to the threat of subversion against society. The security apparatus of our two nations continue to cooperate closely against any subversive and criminal elements that could affect our stability even when political leaders are openly squabbling. All these go to prove that we share common objectives and we are likeminded in endeavouring to continue with our close bilateral cooperation and to resolve issues before they become problems. This common interest which links our nations' respective destiny, I believe, should not only be preserved but further enhanced.

May I draw attention to one of the hazards of modern international relations. We live in a world of instant communication which has spawned instant events, instant interviews and instant comments. There is not much time to think before commenting on events of grave international significance during a long distance instant interview telecast. Consequently, comments are made unthinkingly almost literally from the gut. The result is disaster for the relationship between nations. We hope that the good relation we are trying to build up between our two countries will not have this latest spanner thrown into the works.

Under the present Malaysian leadership, ASEAN will continue to feature prominently in Malaysia's foreign policy consideration. Since its inception in 1967 ASEAN has gained tremendous momentum and respect so much so it is recognised today as a regional entity and force in all matters pertaining to the region and indeed the world.

Despite early scepticisms, ASEAN has proven to the world to be a viable and cohesive grouping. This credibility has to be sustained and we, who are its members, must collectively work to persevere this image, to persevere the recognition and respect that ASEAN has achieved.

Let us always bear in mind that ASEAN is unique in that it is not only a grouping of five sovereign nations each with a mind of its own but there exists a warmth of feeling for each other which transcends the basic contractual obligations that we have enshrined in the Bangkok Declaration of 1967. Nowhere else have we seen a ground nations deliberating on the future of each other's well-being with so much sincerity and goodwill. ASEAN's commitment transcends limited and localised national outlooks, and so renders possible a more daring programme for the future based on a peaceful and stable South East Asia. Clearly, in certain matters regional interest supercedes those of the narrower national objectives. The ASEAN spirit that we have nurtured enables the conference table and peaceful negotiation to replace threats and armed conflict in the settlement of disputes. Hence, we deplore the foreign armed intervention in Kampuchea as contrary to our belief in the conduct of inter state relations and a violation of our common programme for a Zone of Peace, Freedom and Neutrality. We are together in advocating the principles and more, in strengthening our common stability and national resilience.

Singapore and Malaysia are not new in resisting internal communist subversion. The events in the Indochina states has brought communism closer to our door step. But, so long as the principle of non-interference in the internal affairs of states is recognised, and for so long as the sanctity of sovereign states is respected, then we are willing to co-exist. We do not believe in double standards in the conduct of international relations. We cannot accept commitment to pursue friendly relations on the one plane, and on another indulge in acts of subversion and terrorism to weaken our national resilience. Relations, if it is to be durable, must be based on the mutually accepted norms of equality and respect. There cannot be any compromise on this.

South East Asia with its abundant wealth and strategic location has been a constant target of big power rivalry. We have gone through many trials and tribulations during the colonial era. We have experienced the bitterness of military conquest during the Japanese occupation. In other words, we have known confrontations, external threats and catastrophic wars and seen our efforts at nation-building hampered by outside interference. For us to opt for superpower collusion would be submitting ourselves to be pawns in their conflicts and rivalries. It is because of the danger of this bleak prospect that ASEAN had advocated the concept of ZOPFAN which will ensure the survival of the small nations of South East Asia.

The development of Singapore and of Malaysia is a task not only of the leaders but the peoples of our two countries. Similarly the development of good relationship between our two countries is also a task for the leaders as well as of the people. I will try, for my part, to ensure good people to people relations and I am sure this will be reciprocated.

Finally, may I ask you to join me in a toast to His Excellency the President of Singapore, to His Excellency Prime Minister Lee Kuan Yew, to the progress, prosperity and well-being of Singapore and its people and last, but not least, to the continued friendship between Singapore and Malaysia.

**OPENING STATEMENT BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE 12TH. MEETING OF ASEAN ECONOMIC MINISTERS
KUALA LUMPUR
14TH. JANUARY, 1982**

It gives me great pleasure to welcome the Ministers and the Distinguished Delegates to the 12th. Meeting of ASEAN Economic Ministers of which Malaysia is honoured to be the host.

During the next two days, you will be deliberating on matters which are significant to the realisation of our hopes and aspirations in regional economic cooperation. This Meeting will hopefully mark another significant milestone in our efforts to consolidate and put into action the programmes that have been envisaged by the ASEAN Concord of the Bali Summit in 1976.

Your deliberations and the outcome at the conclusion of this Meeting should be in the light of the realities that the region is facing, namely inflation, recession and no less important the political situation in South East Asia. Whatever measures or programmes that will ensue from our deliberations should be geared towards the fulfilment of our designated goal, i.e progress in the economic fields through regional cooperation, a cooperation that will enable the people of our countries to enjoy the benefits which, as citizens of one the richest regions in the world, they are entitled to.

I wish to emphasize that in so far as Malaysia is concerned, ASEAN remains in the forefront of our foreign policy priorities. The rationale behind the Government's thinking in this regard is the vital role of ASEAN as a stabilizing influence and as a catalyst in developing the economic resilience of the region. We cannot prosper alone in a region that is in turmoil and unstable. To prosper we have to have the kind of regional environment that is conducive to economic growth. Malaysia's adherence to the principles of ASEAN cooperation is therefore not altruistic. It is enlightened self-interest. And because it is so, we will always place the interest of ASEAN as a top priority.

ASEAN has become an important platform for the development of closer relations with advanced countries as well as with international organisations. ASEAN, therefore has an important role to play in national, regional and international affairs. Hence, there is the need to strengthen the machinery of our cooperation with third countries. Special attention should be given to narrowing the front of our relations into areas of immediate priority and urgency to our social and economic well-being. I

note that the AEM has already identified energy, shipping and access to markets as crucial areas to ASEAN and I am confident that the relevant committees will pay particular attention to these sectors in formulating their project proposals. I feel that in project formulation we should have a clear overall picture of the objectives and direction of ASEAN's economic thrust and tailor our requirements accordingly. Unless this is done the various committees will be pursuing their own separate courses instead of working in tandem to meet ASEAN's priority needs.

We also realise that we must constantly promote close and integrated economic and development cooperation among us. In this respect we are indeed encouraged that we have achieved considerable progress in various fields.

In the area of trade it is heartening to note that Intra-ASEAN trade now exceeds US \$10 billion measured at current prices whereas in 1970 Intra-ASEAN trade accounted for about US \$2.3 billion. In trying to promote, facilitate and expand Intra-ASEAN trade, the Preferential Trading Arrangement was implemented in 1978. As to date, 6,581 items have been given tariff preferences and I understand that another batch of 1,948 items will be adopted at this Meeting.

One area of ASEAN Economic Cooperation which has been under scrutiny is in the field of industry. As you are all aware there was a lot of scepticism regarding the future of ASEAN during its formative years. In particular, the proposal to set up five major ASEAN Industrial Projects in each of the member countries was seen as an impractical and grandiose plan with very little hope of success. That is why ASEAN has placed so much emphasis on the successful implementation of the ASEAN Industrial Projects. We see this as a cornerstone of our efforts towards consolidating and developing economic cooperation among the member countries. I am happy to note that substantive progress has been made towards the implementation of the ASEAN Industrial Projects in respect of the urea projects in Malaysia and Indonesia. I am confident that the other ASEAN Industrial Projects would also be launched soon.

I would like to stress here that ASEAN should inject new ideas in Industrial Cooperation. The idea of joint marketing as a step to boost the respective industrialisation programmes should be seriously examined. This, for example, can be done by drawing up a formula whereby the country with the biggest market would enjoy the most benefits even if the product was manufactured by a smaller country. In industrial complementation programmes ASEAN should pursue this further, perhaps with the private sector playing a more vigorous role. It is encouraging to note that the ASEAN-Chambers of Commerce and Industry are now taking an active interest in the complementation programmes. The Governments of ASEAN have already set up the machinery for Industrial Complementation by way of signing the Basic Agreement on ASEAN Industrial Complementation on 17th. June, 1981.

Industrial Cooperation in ASEAN envisages that ASEAN Governments and the private sector should cooperate closely in order to strengthen the economic position

of ASEAN. In this regard one should not only look out for what one stands to lose but, one should look for what the group has to gain in the process.

In the field of transport and communication, ASEAN has achieved some measure of success. However, due attention has to be given to shipping. With ASEAN's ever increasing trade volume there is a corresponding increase in the outflow of funds for invisibles, such as freight and insurance, from the region. We are heavily dependent on external services in this regard and the rising freight charges are an additional burden to the balance of payments of the ASEAN countries. It is apparent that this is an area where ASEAN can profitably cooperate to achieve self-reliance in shipping in order to overcome the problems connected with the carriage of ASEAN trade not only to overseas markets but within the ASEAN region as well.

I wish to draw your attention to the importance of the energy sector. As you are all well aware, ASEAN as a whole constitute a major producer of conventional energy such as gas and petroleum. Yet we lack the infrastructure and expertise and technology to fully exploit our natural resources. Enormous investments is required if we wish to establish an all encompassing gas and petroleum industry, but this is not beyond our capabilities and the problems are not insurmountable. I would like to urge you to take an urgent look at the potential for ASEAN collaboration in this sector.

In other areas of Intra-ASEAN cooperation, member countries of ASEAN have initiated the ASEAN Swap Agreement in finance while in food supply the ASEAN Food Security Reserve has been ratified.

While we have achieved considerable progress within ASEAN, we have also been cooperating closely with third countries and international organisations. I wish to stress here that it is important that ASEAN adopt an imaginative and innovative approach in third country cooperation. While there is a need to consolidate our relations with third countries, this should not preclude ASEAN from having some form of economic relations with other countries which could turn out to be no less important dialogue partners either on a sectoral basis or in specific areas or on the basis of regional groupings. I say this particularly in view of the developmental stage of most ASEAN economies where middle-level technology especially from countries such as South Korea and India are of relevance to our present economic programmes. We need to move in this direction so as to enlarge the effective base of ASEAN cooperation.

I feel that the time has also come where more attention should be given to the substance of our dialogue. Some progress has been made in this regard, but no profound results have so far emerged from our dialogue with the various countries. I therefore welcome the present efforts in ASEAN to review all aspects of our relations with third countries. I have stressed earlier that our priority should be focussed on areas which are vital to ASEAN's interests.

As regards commodity problems I would like to point out here that ASEAN countries still rely heavily on the export of primary commodities. ASEAN has made strenuous

efforts to have continuous collaboration and cooperation between the consumers and producers. I am sure our ASEAN colleagues would join Malaysia in expressing our displeasure at the failure of the US to ratify the Sixth International Tin Agreement and the unprecedented US decision to dispose GSA tin outside the US.

Despite our disappointment in solving commodity problems ASEAN, however, should continue to adopt a collective approach and joint efforts in pursuing other international economic issues in the North-South Dialogue, the Multi-lateral Trade Negotiations and the Multi-fibre Arrangement. As you are aware, the hopes and aspirations of the Third World which were pinned on the outcome of the Cancun Summit on North-South relations failed to materialise. With the lukewarm support given by the industrialized West, in particular the United States, to the reviving of the stalled global negotiations and with the hopes of the developing countries in seeing a more equitable sharing of the world's wealth between the North and the South fast diminishing, it becomes all the more necessary for the developing countries to strengthen economic cooperation among themselves. ASEAN's activities and efforts in the economic fields so far provide ample testimony of the grouping's resilience and success and serves as a model and shining example to the other developing countries on meaningful economic cooperation albeit on a sub-regional basis.

ASEAN has made great strides in implementing the various regional economic cooperative programmes and in its relations with third countries and international organisations. However, in the pursuit of progress through development and in the desire to step up economic activities it is important to ensure that the machinery for ASEAN regional economic cooperation is sufficiently geared and adequately equipped to service the grouping's varied and increasing activities. It is imperative that a review of ASEAN's organisational structure be undertaken with a view to improving its effectiveness in the light of changing circumstances.

In my considered view the restructuring of the ASEAN machinery should be carried out in stages because it embraces a wide range of subjects. For the moment, it is felt that there is no real need to change the basic structure of ASEAN. The immediate need is to look into the strengthening of the ASEAN Secretariat and the functions of the various committees. I understand ASEAN Economic Ministers will in fact look into these issues. I believe that whatever decisions are arrived at in the Meeting in this regard should make ASEAN a more viable entity.

Let me wish this Meeting every success. With these words I hereby declare this Meeting officially open.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF THE FOURTH GENERAL ASSEMBLY
OF THE ASEAN INTER-PARLIAMENTARY ORGANISATION (AIPO)
KUALA LUMPUR
2ND. FEBRUARY, 1982**

First of all, let me wish a warm "selamat datang" to the distinguished delegates and observers of this Assembly. We are indeed very happy to have this privilege of hosting the Fourth General Assembly of the ASEAN Inter-Parliamentary Organisation or AIPO. This is the second time that Malaysia is hosting a Conference of ASEAN Parliamentarians, the first being the Second ASEAN Parliamentary Conference held in Kuala Lumpur in August, 1975.

I am happy to know that the Fourth Working Committee Meeting of AIPO held in Kuantan in August last year was very successful and that the Meeting agreed to place before your General Assembly an Agenda comprising a wide range of subjects, covering a review of the regional and international political situations, and the vital matter of cooperation among the ASEAN countries in the economic, cultural and other fields. Organisational matters relating to AIPO are also before you for consideration and approval. I am particularly happy to know that one of the items that you are going to consider is the Common Legislative Programme on Narcotics, Drug Abuse and Rehabilitation. This indeed points to the way in which ASEAN Legislators can cooperate for the benefit of all their peoples.

I also note with great interest that one other subject that you are going to discuss is the ASEAN Trade Expansion Scheme. Now, trade is a very important matter for all of us in ASEAN and indeed Ministerial and Official Committees have been studying this subject for a number of years, and working out ways and means for liberalising and expanding the flow of trade among ourselves in ASEAN. What is even more important is that the ASEAN countries have been able to put up a common front in the face of the protectionism practised by the developed countries.

Despite the various efforts made by us to secure fair terms of trade, we have, we must admit, largely been unsuccessful. In this connection, the depressed prices obtainable for our primary commodities are a case in point. Although the cost of production of natural rubber and tin have gone up tremendously in recent years, their prices in the international market do not reflect such cost increases. The prevailing low rubber price has adversely affected hundreds of thousands of the poor smallholders in Malaysia; as is the case with the other ASEAN countries. People who speak of free trade and opposition to monopolies have gone to the extent of

disrupting the market by sales from stockpiles and so on. The aspirations of the peoples and Governments of our countries for a New International Economic Order have not only been ignored but their terms of trade continue to be made more inequitable.

It is here that the legislators' support of the ASEAN stand on these issues is of great importance. As members of your respective Parliaments you are in an ideal position to enunciate and explain these issues not only to your own voters and people, but also to the rest of the world. Popular non-Government responses would then enhance Governmental efforts of ASEAN countries to overcome the problem of depressed prices for our commodities.

It is the Malaysian Government's view that in the long run we should process a fair proportion of our primary commodities in our own countries and export the finished and semi-finished products in order to gain more in terms of value added and technology. Such a step would not merely help to alleviate the poverty and unemployment situation of our countries, but also make a meaningfully significant contribution to holding down the forces of inflation generated by expensive production of these items in the advanced countries. In these days of bulk carriers it makes economic sense, for example, to manufacture vast quantities of rubber tyres in Malaysia for export to consuming countries. The transport of low value raw materials in small quantities is no longer a means of lowering the cost of manufacture.

We in South East Asia have entered an era fraught with unprecedented perils. It is distressing to note that the problem of Kampuchea which has plagued us for the last few years appears to be no nearer to an equitable solution. The intransigent attitude of certain parties is very much regretted. It may no longer be worthwhile for us to support their position in the United Nations.

In Afghanistan the tragedy persists because of the continued defiance of the U.S.S.R. of world opinion. If Russia was opposed to the U.S. role in Vietnam for its support of weak unpopular regimes, similarly Russia should not prop up the regime presently installed in Kabul. The people of Afghanistan should be allowed to settle their internal problems themselves. This, of course, means that other powers should not interfere either. A regime with popular support should, with the mandate of the people, be able to rule without outside help. For us in ASEAN, the tragedy of Afghanistan is a crucial test of the principle we believe in, i.e. no outside power should march into the territory of a weak neighbour or country in order to install a friendly Government. If this principle is breached without protest by the world community then ASEAN and other small nations will live in constant fear.

The ASEAN concept of ZOPFAN here in South East Asia is in pursuit of this cardinal principle. As Parliamentarians you have the duty and the stature in your respective countries and in the world and regional forums to pursue the quest for entrenching this principle as the only basis on which healthy and equitable international relations can be based.

I also understand that ASEAN Parliamentarians have been having a dialogue with their colleagues in other countries on various matters of cooperation for mutual advantage and that your representatives have visited some of these countries and they in turn have visited the Parliaments in the ASEAN countries. The presence of the distinguished observers here in your midst at this Conference is ample testimony to the success of your efforts in this direction. The Malaysian Government supports these contacts between members of various Parliaments for the promotion of greater understanding between our peoples and for fostering cooperative endeavours for our mutual benefits.

I am informed that among the topics included for the discussion at your Assembly is a proposal to study the establishment of an ASEAN Parliament, perhaps based on the model of the European Parliament. I can only say that all important projects start as dreams in the minds of men of vision. We may or may not see our dream materialise, but if the objective is good and worthwhile, we should not be deterred by the magnitude of the problems. The ASEAN Parliament may yet be a forum for the successful coordination of our development and progress.

It now gives me great pleasure to declare this Assembly open and to wish you every success in your deliberations.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE 5TH. JOINT ANNUAL CONFERENCE OF MAJECA/JAMECA
KUALA LUMPUR
8TH. FEBRUARY, 1982**

It is a great pleasure and honour for me to be given this opportunity to address such a distinguished gathering of industrialists and businessmen from Japan and Malaysia. To our Japanese guests, I take this opportunity to extend to you all a very warm welcome. I hope you will take time off to tour Malaysia so that you will know how adequate are the facilities, particularly those outside Kuala Lumpur, for the purpose of your investment, if that is what you intend to do. At the very least, you may notice how good a tourist destination Malaysia can be.

Perhaps, most of you will recall that I had addressed you on two previous occasions – once in Tokyo in 1978 and again in Kuala Lumpur in 1979. Personally, I am very happy to be amongst so many old friends today and hope to be able to meet some of you after the opening session.

Japan is Malaysia's biggest trading partner as well as an important investor. It is only appropriate that the business leaders of the two countries should get together regularly for the purpose of exchanging views and seeking answers on bilateral matters which normally confront two trading partners. For the Japanese, who are known for their experience in trade, I am sure that the problems which confront you with regard to trade in Malaysia are insignificant compared to those you have with other countries. With understanding, there should be no problem in overcoming or appreciating the policies and practices which give rise to these issues.

You may be aware that lately I have been exhorting Malaysians to emulate the Japanese, particularly in work ethics and ethical values. This re-orientation is crucial at this juncture in the development of this country. I can speak on behalf of the Malaysian Government and the business community in this country that we have all the basic ingredients that will make it possible for Malaysia to become an important industrialised country in Asia after Japan and South Korea. We have for a long time been looking West, as did Japan in the early days of her development. But, the West is no longer a suitable model. They have lost their drive. They still want the good life but are not prepared to face the realities of a world market, which they can no longer dominate. Consequently, if we emulate them we will land ourselves in the quagmire they are in without ever passing through the golden period that they went through. Japan

may be classified as developed but it is still developing vigorously. As such it is a much better example for developing Malaysia.

We have come to realise that the basis of your rapid development is your sense of commitment and your continued willingness to work. Thus, when we ask Malaysians to look East, it is not so much your living standard that we are thinking about. That will come when we reach the stage of development that you are in. What we are interested in is your work ethics. That is what we are after, although there are many other things about Japan and the Japanese that are worth learning about.

In pursuit of the ethics and knowledge, we have decided to invite ourselves to Japan. We hope that, among other things, Japan will be willing to accommodate our students. We are not thinking of academic studies in your universities, although obviously some Malaysians would be asked to get Japanese academic qualifications. More relevant to our needs is the training opportunities in your business and industrial establishments. We understand that most big Japanese firms have training facilities. We would like, if you agree, to get a few places in these facilities. Alternatively, we would like our people to be taken in for training in the day-to-day running of your factories and business houses. We will be providing scholarships, of course, but any form of assistance and support from the Japanese business community will be appreciated. I would like to emphasise again that it is not just skills we are after, but more importantly, the correct attitude to work, including the sense of belonging, which breeds loyalty.

I believe that the benefit of such a programme will not accrue only to Malaysians. The benefit would certainly be mutual. Indeed, I believe that the result of closer Japan-Malaysia cooperation will be felt by the whole region in one way or another. The economic prosperity of a nation invariably spills over and the results are predictable.

It is our firm belief that Malaysia is on the verge of a very significant economic expansion. All the ingredients and indicators are there. The world recession we are facing must end sooner or later. We intend to be prepared for the turnaround. Here, we need friends to help us prepare the ground. MAJECA-JAMECA is that kind of set-up that fits in with the plans and progress of Malaysia – and of course of Japan, too.

Malaysia is, as you know, a parliamentary democracy that believes in a market economy to stimulate economic growth and social development. Admittedly we have certain policies that impose particular obligations but these are less onerous than those found in other economies. There is no such thing as an absolutely free economic system, as the Japanese who do business with the United States and Europe must surely know. But, Malaysia believes much more in economic interdependence than perhaps most others. That is why we are members of ASEAN and why we promote ASEAN cooperation with third countries. At the same time, we have close bilateral relations with a large number of countries. Japan is one of the major countries with which we have close economic cooperation.

We are not listed as the Pacific Community but the fact still remains that Malaysia and Japan are countries of the Pacific Rim. This vast area is predicted to be the growth area of the world, replacing the Atlantic shores. Malaysia and Japan, therefore, share a common economic destiny. Although we differ in terms of ethnicity, language, history, tradition and culture, there is sufficient commonality in terms of political philosophy and economic thrust that cooperation would be easy to achieve. Indeed, it is not impossible to establish mutual friendship at Governmental as well as the peoples' levels.

In the economic field, our relationship has grown even stronger. Although the economy of Japan is beyond comparison where Malaysia is concerned, the two economies are nevertheless similar in some respects. For instance, our two economies are vigorous and pointed in the same direction. The annual volume of trade between the two countries has reached more than RM11,800 million in 1980 and is expected to increase further annually. Given this growing and diversified economic relationship, it is almost inevitable that problems arise from time to time. But, Malaysia and Japan can take pride in being able to handle difficult issues through close and persevering bilateral consultations. I am confident that increased mutual understanding will enable us to resolve any problem amicably.

As a major world economic power Japan, no doubt, feels a certain sense of obligation to the rest of the world, especially to developing countries like Malaysia. But, as everyone knows the obligation pays. A prosperous Malaysia will make a better customer and trading partner for Japan. We are happy that Japan is cooperating closely with the industrialization programme of Malaysia. Of course, Malaysia has to pay for the cooperation, but this is a fact of life that we must accept. We hope, however, that the price will not be too high; certainly, it should be within our reach. The time is fast approaching when certain industries for a number of reasons will no longer be suitable for siting in Japan. By siting or resiting those industries in Malaysia, Japan will continue to reap the profits from these industries, instead of having to abandon them altogether. We appreciate the Japanese willingness to accommodate Malaysian policies, particularly with regard to taking minority shares. We find that the first question other investors ask is whether they will have controlling interest, reflecting of course their belief that Malaysians are not quite suitable for running industries. It is because of this that Japanese investments in Malaysia are bigger. The fact that they are also successful only indicates that our policies are not in any way harmful. I am sure that MAJECA will play a greater role in explaining Malaysia-Japan business relations and also Malaysian policies, so that the cooperation and complementation between Japan and Malaysia will achieve greater heights.

I would be failing in my duty, if I do not offer any suggestions to you regarding training of Malaysians in Japan. We are short of skilled manpower and our vocational training schools cannot meet the demand. We need to widen the range of skills being taught, and improve the quality of teaching so that we can produce higher grades of skilled craftsmen. At the same time, we want our trainees to internalise a new attitude and discipline towards work, as I have mentioned earlier.

At the level of technical education, we also need to widen the range of skills being taught, and also to adjust training methods to the practical aspects, with less emphasis on theory. We also need to ensure that theoretical training, and practical classroom work, is sandwiched with periods of activity in commercial and industrial concerns, so that work experience enhances the ability for practical application. As I have said, we are short of training facilities and competent teachers in technical subjects. We also need to create the necessary corp of industrial and commercial managers from graduates of our vocational and technical schools as well as higher institutions. We seek facilities that can provide management experience at all levels - from shift foremen to able marketing, finance and personnel directors.

I suggest that the Japanese authorities along with Japanese companies, identify the facilities that they have and in what way they can be of assistance to Malaysia in helping us to fulfil our needs. The Malaysian Government has already set up a committee to identify students to be sent to Japan and the first batch of students is now undergoing a six-month intensive Japanese language course at the MARA Institute of Technology.

I am sure that if Japan were to open the doors of her training institutions to Malaysian students and assist us in the training of our work-force, we would together be laying the foundation for an enduring and meaningful cooperation between our two countries. In doing so, we would be inculcating in our leaders of tomorrow a better understanding and appreciation of the mode of conduct, culture and thought processes of the Japanese and Malaysian people, thereby creating a positive climate for future business activities and various forms of cooperation.

As I indicated earlier on, there is much we can learn from the Japanese business experience: from why Japan is No. 1 today. As I see it, the important lesson to be learnt is that, to be truly successful, it is not enough for a nation to be naturally well endowed with rich resources or to have the capacity or capability to produce goods, be they raw materials or manufactures. Our Japanese friends have shown us that the effective packaging and marketing of these products at competitive prices are vitally important. I think it is this extra quality coupled with hard work, that has made the Japanese "sogoshosha" so very successful.

I realise, of course, that the success story of the Japanese sogoshosha is embedded deep in history and tradition, and reflects the very essence of the Japanese business way of life. It must not be forgotten that the Japanese "sogoshosha" is unique and it will be a disaster for anyone to imitate it wholesale. As many of you already know, our business community has begun to organise itself into mutually reinforcing groups with a view to not only selling more effectively what Malaysia has to offer the world but to "create" more trade for and investment in Malaysia as well. These so called Malaysian "sogoshosha" are intended to form a vital link between production and investment in Malaysia on the one hand and the world markets as well as international capital and knowhow on the other. I welcome this new development. Indeed, it is long overdue. It is high time that our businessmen go international and venture to where the markets are,

instead of waiting for the markets to come to them. For our part, the Government will be supportive of this new spirit; while these new institutions must stand on their own feet, the Government will be positive in its approach to ensure that those which have been longer in this game do not thwart their growth and natural evolution. As in many other areas, I see a vast potential for close cooperation for mutual benefit between these emerging international trading companies and the Japanese "sogoshosha," the majority of which already have business dealings in Malaysia. There is much our businessmen have to learn about the methods and techniques of international trade and marketing. Our infant "sogoshosha" will need to put into place an efficient organisation and infrastructure to enable them to function effectively. The Japanese "sogoshosha" can assist their Malaysian counterpart by smoothening their lengthy period of learning, especially in avoiding the "childhood diseases".

I see that many among our Japanese friends present here this morning represent the top executives of some of the major Japanese "sogoshosha". To you, I ask that you look at our modest Malaysian effort positively. I am sure there is much that both sides can benefit through cooperation, from training in the skills of managing a "sogoshosha" to the sharing of market information for mutual benefit. Towards this end, I hope you will devote some of your time to this very important area of human relations and where practicable, work out definite schemes of cooperation that will strengthen the business ties between Japan and Malaysia. Through this cooperative effort, I am hopeful that there will emerge for us in time, characteristically Malaysian trading institutions that we can proudly style as the truly Malaysian sogoshosha, just as the Japanese "sogoshosha" - no matter how they are imitated around the world - remains uniquely Japanese in style and character.

As you are aware, the formation of the Malaysia-Japan Economic Association was the outcome of the exchange of views in August 1977 between Mr. Fukuda, the former Prime Minister of Japan and Tun Hussein Onn, the former Prime Minister of Malaysia. Both shared the view that one of the best means of promoting close cooperation and friendship between the two nations was to establish a forum through which the business communities of the two countries can make direct personal contacts with each other.

The presence of this big and high powered delegation from Japan shows that the work of the Malaysian association, along with that of JAMECA, is being given full attention by member companies. I am indeed very happy with this development which, over these years, has grown stronger than ever. My special thanks, therefore, must go to my friend, Dr. Shigeo Nagano, for his untiring efforts in promoting good relations between Malaysia and Japan. My thanks too to Yang Mulia Raja Tan Sri Mohar, President of MAJECA, and his team of executives for having kindly invited me to declare open the Conference.

On this note, I now declare open the 5th. Joint Annual Conference of the Malaysia-Japan Economic Association and its counterpart, the Japan-Malaysia Economic Association.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER IN HONOUR OF HIS EXCELLENCY MR. LI JONG OK
PREMIER OF THE ADMINISTRATIVE COUNCIL OF THE
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA
KUALA LUMPUR, 11TH. FEBRUARY, 1982**

Let me first of all take this opportunity to extend to Your Excellency and members of your delegation a warm welcome to Malaysia. This is the first time that a Premier of the Administrative Council of the Democratic People's Republic of Korea is visiting Malaysia. We are indeed honoured by your visit. I hope that the few days stay that Your Excellency will have with us will be both pleasant and memorable.

Your Excellency's visit is an important milestone in the development of our bilateral relations. Indeed, it will provide us with another useful occasion for our two countries to follow up on the contacts that have been developed since we established diplomatic relations in 1973. There have been several exchanges of visits between Malaysia and the Democratic People's Republic of Korea at different levels and these have contributed to enhancing closer understanding and friendship between us. Your Excellency's visit, no doubt, will further enhance these friendly ties and in so doing foster closer cooperation to our mutual benefit.

We in Malaysia are happy with the development of our relations. As Your Excellency is aware, Malaysia has always followed a consistent policy of establishing friendly relations and mutual cooperation with all countries, irrespective of ideology or political systems, based on the principles of respect for each other's sovereignty, territorial integrity and of non-interference in one another's internal affairs. We believe that the adherence to those principles as well as the principle of peaceful co-existence is vital if we, particularly the smaller nations of the world, are to enjoy peace, security and stability which are so essential for the economic development, prosperity and well-being of our peoples.

In the development of our bilateral relations, I am mindful of the potential that each of our two countries has to offer. I recall my visit to your beautiful country in June 1979 when I was the then Deputy Prime Minister of Malaysia, during which I had the opportunity to see some of the achievements attained under the able and dedicated leadership of His Excellency President Kim Il Sung and yourself. Your country, in your own ways, has attained significant achievement in developing your agriculture, energy resources and heavy industries. I was indeed impressed by your efforts towards the development in these areas. In the agriculture field you have come close to achieving self-sufficiency in food. You have successfully harnessed your rivers for hydro-electric energy, irrigation and flood control. The Democratic People's Republic

of Korea possesses vast potential in this field. I also noted your efforts in four "Nature-Remaking" projects which are the reclamation of tide-lands, the cultivation of new land, the construction of the Nampo lock-gate and the Taechon Power Station. Your country has also been successful in the industrial sector where industrial activities represent as important a part as agricultural development. Apart from these we had the opportunity to explore areas of cooperation between our two countries, particularly in encouraging direct trade and economic cooperation for the development of our two countries.

Malaysia, like the Democratic People's Republic of Korea, is a developing country whose economy is agriculture based but with a rapidly increasing industrial and manufacturing sector. To sustain the momentum and to further encourage the development of this sector the Malaysian Government is committed towards establishing new markets for its industrial and manufactured products while sustaining the growth of the market for its primary produce like rubber, palm oil, tropical hardwoods and tin. Our Government is also committed to improve the livelihood of all Malaysians and to increase their standard of living.

The prospects for cooperation between our two countries are therefore bright and I am optimistic of the future. One area is certainly in the promotion of our two way trade. Malaysia has much to offer to the Democratic People's Republic of Korea in terms of our rubber, palm oil, tin and tropical timber products. On the other hand, we require building and construction materials like cement and steel, light industrial machinery, non-ferrous metals like zinc, lead and aluminium, chemical fertilisers and even coal, which are important for our industrial development and which the Democratic People's Republic of Korea could make available. We could therefore cooperate in this area more closely. It would be to our mutual benefit to work for an increase in the volume of our trade.

Your visit to our part of the world is taking place as important political development evolve around us. Southeast Asia and the Korean Peninsular are strategically sensitive areas which have been the theatres of two major wars in the second half of this century. Although these wars are over, the geo-political factors that contributed to them are ever present and still causing instability in the two regions. The exploitation of these geo-political factors can be hastened if the states within these regions should become themselves vulnerable through their lack of trust and cooperation and cohesion. We in ASEAN have benefited from mutual cooperation and understanding and are working to extend these benefits to the rest of our region through our relentless pursuit of the concept of Southeast Asian Zone of Peace, Freedom and Neutrality. What has occurred in Kampuchea is indeed deplorable. The military intervention and occupation of Kampuchea by foreign forces not only violates international law but constitutes a setback to the principles of ZOPFAN. Indeed, the continued occupation of Kampuchea would further invite major power involvement and interference by outside forces in the region causing further instability in the process. That is why we are actively involved in seeking a political solution to the Kampuchean problem. Such a political solution must be based on the Declaration and Resolution of the International

Conference on Kampuchea and consistent with that Declaration. It is our desire to see the emergence of a coalition Government that is truly representative of the people of Kampuchea. It is our hope that the parties concerned will work towards the early return of peace and stability so that the countries in the region can embark on national development and build a new era of friendly and cooperative relations for our mutual benefit.

As non-aligned countries, both the Democratic People's Republic of Korea and Malaysia can play a constructive role in bringing about the peace that we so desire in our respective regions. In this regard it is incumbent upon the Non-Aligned countries to continue to adhere steadfastly to the goals and founding principles of the Movement so that its credibility can be preserved and further enhanced. It is therefore the duty of all Non-Aligned members more particularly the members of the Coordinating Bureau of which the Democratic People's Republic of Korea is one to pursue this objective.

Before concluding, may I once again welcome Your Excellency's visit to Malaysia. Your visit indeed is a testimony to the common wish of both our Governments to work together and cooperate wherever possible to develop our respective economies and improve the standard of living of our respective peoples. Malaysia and the Democratic People's Republic of Korea share similar aspirations in this regard. It is our hope that the individual endeavours undertaken by our respective countries will bring about peace and economic development in our two regions for the general well-being of our peoples.

On that note, may I now invite all of you to join me in a toast to His Excellency the President of the Democratic People's Republic of Korea, to His Excellency the Premier of the Administrative Council of the Democratic People's Republic of Korea, to the progress, prosperity and well-being of the Democratic People's Republic of Korea and her people and to the friendship between the Democratic People's Republic of Korea and Malaysia.

SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER GIVEN IN HONOUR
OF HIS EXCELLENCY MR. A.A.M. VAN AGT
PRIME MINISTER OF THE NETHERLANDS
KUALA LUMPUR
15TH. MARCH, 1982

It is a pleasure for me to extend once again to Your Excellency and the distinguished members of your delegation a warm welcome to Malaysia. Your Excellency's visit which is the first by a Prime Minister of the Netherlands is indeed an honour for Malaysia. I am delighted at the opportunity of playing host on this occasion and I hope that your few days stay with us will be both enjoyable and memorable.

We have had the opportunity this afternoon to meet and share our thoughts on a wide variety of subjects. I am happy that we share above all else a common desire to see the relations between our two countries expand to our mutual benefit and for the well-being of our peoples. I have no doubt that your visit will further strengthen the relations and foster greater cooperation between our two countries.

There have been frequent consultations and close cooperation between our two countries in the political as well as economic fields. I am appreciative of the understanding and support which the Netherlands have given to Malaysia on matters of great importance to us, both internally as well as regionally and internationally. Your support for the aspirations of the developing countries to effect structural changes to the international economic order cannot go without special mention nor can we forget the active role which your country has played in the North-South dialogue. Your support for the siting of the International Natural Rubber Association Headquarters (INRA) in Kuala Lumpur is much appreciated.

Malaysia has of late become disenchanted with what is said to be a free market for commodity trading, particularly tin. We see a system already loaded in favour of consumers being manipulated in a most unfree market-like way to the detriment of our economy. Due to various manipulations on the Exchange, the price of tin has reached a very low level, necessitating intervention by the ITA, which in turn means contribution by Malaysia to the tune of almost 100 million Malaysian Ringgit.

Malaysia is therefore looking towards other arrangements for the marketing of tin as well as regulating output in order to lessen her dependence on tin as a revenue earner. We are urging a producers' association, not in order to jack up prices or to hold the world to ransom, but in order to get fair prices while continuing to stay in the

market. We hope that the Netherlands would understand this move by Malaysia and would not stand in the way.

I am happy to note, Mr. Prime Minister, that the volume of trade between Malaysia and the Netherlands has always been substantial. However, this is not because the imports were for the Netherlands, but because you act as the gateway to much of Europe. We do hope that actual direct trade with the Netherlands will increase. The test that you are a strong advocate of trade liberalisation is most heartening particularly as we see so many developed countries turning to protectionism after years of enjoying free access to the developing countries.

Malaysia welcomes foreign investments. We are happy to see increased interest by Dutch businessmen in investment opportunities in Malaysia. I would like to assure you that your investment is protected. We will not nationalise or expropriate in any way. However, I would like to stress once again that we retain the right to buy anything that is sold in the market. If your shares or your companies are up for sale then we reserve the right to buy if we think that it is worthwhile. There has been some attempt to frighten investors away by saying that Malaysia might nationalise by buying from willing sellers. We do hope that such absurd interpretations of what goes on in the market will not be accepted by you. We hope to see more Dutch investments in Malaysia. We know that you are pragmatic businessmen who understand that our policy on foreign investment is for our own good. If you happen to benefit it is your right and we have no objection.

Malaysia as a member of ASEAN is committed to improve the quality of life of our peoples and to enhance their general well-being. We can attain these goals faster if our resources are productively utilised. For this reason we would like to see the early return of peaceful and stable conditions in Indochina so that all of us could devote ourselves to the pursuit of development. We have made it clear that we cannot accept military intervention as a means of settling a zonal problem. The people of a country must be given the right to determine the form of Government that they want.

Malaysia, and ASEAN, will persevere in our efforts to seek a comprehensive and durable political solution to the Kampuchean conflict on the basis of the UN Resolution 36/5 and the Declaration and Resolution of the International Conference on Kampuchea. We firmly believe that such a solution would pave the way for the realisation of our objective of a Zone of Peace, Freedom and Neutrality in South East Asia which would prevent super-power involvement in the region and thereby ensure durable peace and stability.

In this regard we appreciate your Government's concern and the fact that you share our views on a peaceful resolution of the Kampuchean problem.

I would also like to express my appreciation to your Government's assistance in resettling the Vietnamese illegal immigrants from Malaysia. We hope that the remaining

that the South-Pacific region remains relatively tranquil and crisis-free. Your national well-being and political stability have indeed mirrored the pragmatism and wisdom of Tongan leaders and the resilience of your people.

Like Tonga, Malaysia wholeheartedly subscribes to regional cooperation. We realize that we have to face an increasing number of issues and challenges; and this we can do better as a region than as a lone nation. Through regional cooperation we can pool our resources and be in a better position to bargain at the conference table or to promote growth internally. In my part of the world, our approach to regionalism finds expression in the Association of South East Asian Nations (ASEAN) which was established some 15 years ago. ASEAN has grown over the years, infusing regional confidence and impetus towards economic and social cooperation amongst its members. ASEAN has also evolved as a cohesive political factor in South East Asia today, speaking with one voice on questions affecting the region's peace and stability.

Regionalism is also rapidly gaining momentum in the South-Pacific. The role played by Tonga in this regard is most laudable. I am happy to note that the South-Pacific Forum and the South-Pacific Bureau for Economic Cooperation (SPEC) have contacts with ASEAN, thus enhancing on a regional basis the links that our two countries have.

Today many traditional ways and customs of our forefathers seem to dissipate readily and be discarded. In the South-Pacific region, you are blessed with diversity and an abundance of firm traditions. Here I am struck by the healthy habit which Tongans have retained, of consultation and consensus. In this way you have succeeded in dealing with issues, big or small, with true understanding and dialogue.

I am deeply moved by the honour accorded to me, my wife and members of my delegation by your special welcome. It is inevitable that the friendship between Tonga and Malaysia remain secure within the Commonwealth and our common Asia-Pacific region. Stretches of ocean lie between our lands but it is never too far or too difficult for us to keep in touch. I am confident that we can develop a continuous and meaningful communication with each other.

Your Excellencies, distinguished guests, ladies and gentlemen, may I invite you to join me in a toast to His Majesty King Taufa'ahau Tupou, His Royal Highness Prince Tu'ipelehake, and the Government and people of the Kingdom of Tonga and to the further strengthening of friendship and cooperation between our two countries.

**UCAPAN PERDANA MENTERI
Y.A.B. DATO' SERI DR. MAHATHIR BIN MOHAMAD
DI MAJLIS PERASMIAN MESYUARAT AGUNG
YANG PERTAMA RISEAP
KUALA LUMPUR
12HB. JUN, 1982**

Terlebih dahulu patik mengucapkan terima kasih kepada Yang Teramat Mulia Tunku Abdul Rahman Putra Al-Haj kerana memberi penghormatan kepada patik untuk merasmikan Mesyuarat Agung Yang Pertama Regional Islamic Dakwah Council of South East Asia and the Pacific pada pagi ini.

It is indeed a great honour for me to be given the opportunity to address this First General Assembly of the Regional Islamic Dakwah Council of South East Asia and the Pacific. I understand that this occasion is being attended by representatives of the dakwah movement from no less than 16 countries in this region. I would like to thank the President of RISEAP, Yang Teramat Mulia Tunku Abdul Rahman Putra Al-Haj, for his graciousness in inviting me to this distinguished gathering.

It is indeed gratifying that voluntary Muslim organisations in this region have decided to work together in a practical way for the progress of Islam and its "ummah" in South East Asia and the Pacific region. The Dakwah Conference for South East Asia and the Pacific region held in Kuala Lumpur in 1980 did not remain as mere resolutions but has resulted in the establishment of a viable organisation. The fact that all of you representing Muslim voluntary organizations in this region are striving hard for the cause of Islam is a sign of an increasing awareness of the need for Islamic solidarity at non-Governmental level. Such efforts can greatly complement the activities undertaken by Governments of Islamic nations.

You are now gathered to evaluate the progress of the Council since its establishment and to make plans for the future. I wish you all every success in this regard.

I am very happy that this meeting is being held in Malaysia. It is always our intention to play an active role in the Islamic dakwah movement, both locally and internationally. It is our policy to be closely associated with Islamic nations and to support Islamic causes. In this regard, we believe that our participation - and also the participation of everyone else - should not only be active but also be effective in the true sense of the word. We need to make tangible achievements in all fields as much as we need to preserve and nurture Islamic values and spiritual beliefs. We need to do this because we must demonstrate to ourselves and to others that the Islamic way is the successful way, that gives meaning to life and death, that is the perfect balance

between the worldly and the life after death. Then and then only can Islam be the faith and the religion of the world, winning more adherents and influencing the course that the world takes. This proper interpretations and practices of Islam must be universal and must overshadow, if not obliterate, obscurantist and deviationist practices which tend to put Islam to ridicule or create fear among others and so prevent the spread of and advancement of Islam and the Muslims.

We are living in a rapidly changing period in human history. Rapid changes have caused a certain degree of disorientation to everyone. Some have lost their faith in religion completely while others have begun to understand the meaning of religion and the need for it. On balance Islam has benefited for there is a widespread resurgence of Islam everywhere. Inevitably there has been deviations but by and large there has been a greater appreciation of the role of Islam not only among Muslims but also among non- Muslims.

Now we know very well that it was Islam which rescued the world from the Dark Ages and then launched it on the course that has resulted in the so-called Modern Civilization. With the resurgence of Islam and the tremendous economic wealth at the command of Muslim nations, the stage is set for a second rescue of the world. This time there should be a better approach so that spiritual values are maintained along with the economic and political advancement of the world. A new world would then emerge which will be more balanced and peaceful than that which followed the Renaissance in Europe. Muslims everywhere must be made conscious of this. They must play their part or once again they may lose the initiative and instead of leading they will be led, possibly towards their own destruction. We have seen what happens to some religions which are older than Islam. Let us not delude ourselves into thinking that the ravages of time cannot have the same effect on Islam. It is imperative therefore that we prepare ourselves to counter the total materialism of alien ideologies and beliefs.

Muslims whether as minority or majority in any country have an important role to play. This role is not limited only to the cause of Islam but also in the context of a nation, or even in the total human society. Islam teaches us to live together in harmony, to be tolerant and to be respectful of each other. It teaches us to be just and fair in our dealing with everyone. It teaches us to love all Allah's creations. Islam, therefore, teaches us to cherish the highest of values that are universally accepted by mankind.

A human civilisation with these high values will not just display architectural and artistic achievements, or material progress and high economic standards, but more importantly it must display a true sense of discipline in adhering to the values and ideals that can ensure a meaningful existence and progress for all. Islam has a great role to play and as Muslims - whether individually or collectively - we have a responsibility to perform.

Islam invites man to mobilise all material and human resources for the promotion of all virtues, of justice and of peace. Material progress is not, and should not be,

an end in itself. Islam looks at material progress as a means to enable men to serve his creator. Thus material progress must always be viewed as a means in the pursuit of higher spiritual values; otherwise the result could be detrimental and disastrous. We must remember that we are merely the temporary custodian and administrator of the material wealth on earth. It is how we administer this wealth that distinguishes us from the avaricious materialist. In this there is a comprehensive guidance in the Al-Quran Al-Karim.

It is estimated that the region of South East Asian and the Pacific has about 250 million Muslims scattered in various countries. There are only 3 countries in the region where Muslims form the majority of the populations. Almost 50% of the Muslims live in countries where they are minorities. The country with the biggest number of Muslims in the world, Indonesia, is in this region. The only other Muslim countries in the region are Malaysia and Brunei. In the 17 other countries, Muslims are minorities. What is clear is that the Muslims of the region, whether they are a minority or a majority, wish to maintain their Islamic identity. In order to maintain their Islamic identity they have to face many difficulties and challenges but Islam has shown a resilience and power which enables its adherents to hold fast to their faith even in the most adverse circumstances. The justice and fairness shown by the Muslim majority countries in dealing with their non-Muslim citizens must effect the well-being of Muslim minorities. At the same time it is important to remember that strength and material success is a strong influence in the winning of respect.

Muslims are members of a universal community of faith that transcends geographical and political boundaries or racial and language barriers. While each Muslim community has its obligations towards the cause of the overall Islamic brotherhood, it also has certain local obligations and roles. Islam, as we know, is a religion of tolerance for those of different faiths and tolerance of the different opinions within Islam itself. Islam regards differences of opinion, as long as it does not result in division among Muslims or obvious deviations, as a blessing. Almost without exception non-Muslims have always been given the fullest degree of autonomy and tolerance in Muslim countries. However, it is unfortunate that Muslim minorities in many parts of the world today have not been accorded similar tolerance which Islam accords to non-Muslims. The Muslim minorities seek only tolerance from the non-Muslim majority. They seek nothing more than the right to live, to worship, and to practise their way of life and to work and to grow old and die with dignity that befits every human being.

Muslims who are living as minorities should not see their minority status as something negative or restrictive. They should take cognizance of the country's social environment, adhere to the values and standards of Islam, accepting what is good and rejecting what is bad. What is important is that as Muslims, we must uphold and practice the true teachings of Islam whose objective is universal good, equality and progress.

We in Malaysia will continue to do everything within our means to assist in the struggle of the Muslim "ummah", for the right to live the life of true Muslims. I am

happy to note that RISEAP and the Malaysian Pilgrimage Management and Fund Board have made arrangements to enable Muslims from those countries where they are minorities to perform the Haj using the facilities of the Board. This year as a result of a joint visit made by the Board and RISEAP to Australasia some 150 Muslims from Australia, New Zealand, Fiji and New Caledonia will perform their Haj under this arrangement.

An International Islamic University which will be sited in Malaysia to cater for Muslims, as well as non-Muslims, will commence in 1983, Insya-Allah. I hope that this University will benefit Muslims, including those who constitute minorities in countries without or with limited Islamic educational facilities. In addition we are in the process of establishing an Islamic Bank. I understand that there is an interest from Muslims in this region to use the services of such an institution. We will try our best to ensure that this banking facility will be able to benefit as many Muslims as possible.

I am very pleased to note that RISEAP is giving emphasis to research activities. Research is an important modern organisational function which can complement various other activities. The emphasis on producing books for children is something that we all look forward to. The process of teaching Islam must necessarily give special attention to the young. I am also happy with RISEAP's efforts to come out with a film on the Quran and modern science which will be useful for the dakwah activities. Certainly for our dakwah to be effective we must make full use of the technology that is available to us.

We are today on the threshold of a promising future. But the promise of this rewarding future is not without great challenges. Every step forward that we take in ensuring the well-being of the Muslims constitutes the building block of a new golden age of Islam. We must not let divisiveness in whatever form weaken us in our endeavours.

With these words, I now declare this First General Assembly of RISEAP officially open.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT A DINNER GIVEN IN HONOUR OF THE RT. HONOURABLE
MR. MALCOLM FRASER, PRIME MINISTER OF AUSTRALIA
KUALA LUMPUR
2ND. AUGUST, 1982**

It is a pleasure and a privilege for me, on behalf of the Government and the people of Malaysia, to extend a very warm welcome to you, Mr. Prime Minister, and members of your delegation.

Mr. Prime Minister, I have been told that you are a 'fair dinkum Aussie' - by which I was made to understand, you are a typical, straight-talking, plain-speaking Australian.

If there is such a creature as a "fair dinkum Malaysian", I think I can claim to be it. I am also rather fond of plain-speaking, even if it makes my officials and sometimes my own countrymen wince with embarrassment.

So there is something in common with both of us. We can understand each other because we mean what we say and we say what we mean. This visit of yours, Mr. Prime Minister, should give us an opportunity for some straight talking on a number of topics pertaining to the relationship between our two countries.

Malaysia has been independent for 25 years and I am proud to say that under the rule of the Alliance Party, and its successor the Barisan Nasional, it has achieved steady progress. This it has done under policies which have hardly changed - particularly policies with regard to relations with foreign countries. Twenty five years in the history of independent Malaysia is a very long time indeed. It is in fact the whole period of its independent history. We think that we are due for some changes. Hence our cautious approach towards modifying foreign relations.

We have rearranged our priorities and in the process the Commonwealth has been relegated to a less exalted position. But we still wish to maintain our links with the Commonwealth. In the case of Australia it is not so much the Commonwealth as it is the proximity of Australia that influences our relations.

Australians have been involved in Malaysia in one way or another for a long time. They were the gold miners of Raub. They fought for the British Empire in the Malay States during World War II and then they helped in the fight against the communist terrorists during the emergency. We now have a defence arrangement,

although at one time Australia made a distinction between Malaya and Malaysia. When a MAS plane was "stuck" in Australia, your Government helped to release it. Malaysia has been trading with Australia for a long time and indications are that trade will increase over the coming years.

It is important, therefore, that we know each other better. Your visit, Mr. Prime Minister, and the exchange of visits by our ministers and officials, will help us do this. We in the Malaysian Government have been looking forward to the discussions on bilateral matters ever since we knew of your intended visit. We hope these discussions will be fruitful.

We are glad to note your stand on protectionism. As a country that was once a part of the British Empire we have been a preferential market for goods from Commonwealth. But, unfortunately, the moment we became an independent Commonwealth country, the Commonwealth had ceased to be a preferential market for Commonwealth countries. There are all kinds of restrictions so that we never really enjoyed the privileges of being a member of the Commonwealth, the privileges that were enjoyed to the full by the earlier members. You must pardon us if over the years we have become less enthusiastic about the Commonwealth.

We must admit that we also practice a degree of protectionism. This is necessary if we are going to make up for what we lost in the past and what we fail to get now. But our protectionism is reasonable and flexible. Indeed, if you do any shopping at all while you are here, you will find practically anything that is manufactured or produced anywhere in the world is available here, including of course, those from Australia. And this is going to be the case for a long time. Our small and relatively poor home market can support only a limited number of industries. Total, or even large scale import substitution is impossible.

We are glad, Mr. Prime Minister, that you are against protectionism. However, your stand has not yet resulted in a freer flow of Malaysian goods into the Australian market. In the meantime we are buying huge quantities of your products and will be buying more when our steel-mill and coal-powered power stations go on stream. The balance of trade is very much in favour of Australia now. It will be even more so in the future. Although you may consider that it is the total balance of a country's world trade that counts, it is important to remember that the total is made up of the sum of it's parts.

We feel strongly that something has to be done about this. We feel strongly that industrializing countries, like Malaysia, should be given the chance to take over the lower technology industries where we should be able to reduce cost, while the advanced countries concentrate on high value-added high technology industries. That way there will be an international division of labour which will be beneficial to all.

We were glad to see an increasing interest among Australians to invest in Malaysia. However, far too frequently, what they produce here can only be sold in

Malaysia and may not be exported to Australia. In other words, we were giving a market with nothing to offset this contribution on our part. Nevertheless, Australian investors are still welcome.

Mr. Prime Minister, the Australian Government has been most correct and proper in its dealings with Malaysia. This is as it should be, and we truly appreciate it. But colonial sentiments and ideas die hard and we still find some Australians and their institutions rather patronising.

There is nothing that you and I can do about this. Still I would be less than "fair dinkum" if I say that we welcome this patronage and that it does not affect our thinking about Australia and Australians.

Quite a few Malaysians have migrated to Australia. If Australia does not mind, we do not mind either. Malaysians who are prepared to be Malaysians only when things go their way are not going to be missed by those who are prepared to take the good with the bad. But the policy of taking only highly qualified Malaysians is unfair to a lot of unqualified Malaysians who would also like to migrate to Australia. The result is that we have quite a few misfits and liabilities left behind for us to put up with. These people refuse to accept the will of the majority and are constantly creating issues and instigating foreigners who are not knowledgeable about the true facts to blacken the image of Malaysia. We do hope you will reconsider your policy and take them also. Experience has shown that what they vehemently oppose in Malaysia they will accept meekly in Australia and other western societies. Basically their problem is one of an inferiority complex.

Mr. Prime Minister, Australia, like Malaysia, is an enormous producer of primary commodities, including tin. The trade in primary commodities differ from that of manufactured products. It would seem that consumers, dealers, and brokers do not consider that the cost of producing primary commodities should influence prices as the cost of manufacturing do. Commodities are traded in exchanges where the brokers rule supreme. They ensure that whatever happens they do not lose.

Malaysia is less than enchanted with this system. That is why recently we proposed the Tin Producers Association and system of common marketing arrangement for producers. As Australia is a substantial producer of tin we hope you will consider giving your support to the Association by becoming a member at the appropriate time.

Mr. Prime Minister, during your visit we have had close discussions on matters pertaining to our relations. I am taking this opportunity to publicise some of the problems because I know Australia and Malaysia are open societies and would want to know what is going on. This is in the best tradition of "fair dinkum", I think.

On the whole, we can congratulate ourselves on the good relations that exist. The problems that I have mentioned can eventually be resolved to our mutual satisfaction. I

must say once again how happy we in Malaysia are with your visit. We feel indeed much closer and more able to understand you, and I hope you of us.

Your Excellencies, distinguished guest ladies and gentlemen, may I now invite you to join me in a toast to the good health of the Rt. Hon. Malcolm Fraser, Prime Minister of Australia and to the well-being and prosperity of the people of Australia.

INAUGURAL ADDRESS BY THE HONOURABLE
PRIME MINISTER OF MALAYSIA
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE 5TH. ASEAN- JAPAN SYMPOSIUM
KUALA LUMPUR
24TH. AUGUST, 1982

It is a great honour for me to be invited to address the Fifth ASEAN - Japan Symposium, attended as it is by many eminent personalities.

This symposium is being at a very opportune time, as it will enable the participants to examine the many difficult regional and international issues and challenges of today, facing not only the developing countries, such as those in the ASEAN region, but also the developed world, of which Japan is a prominent member.

For the ASEAN countries, the political developments in the region, coupled with the uncertain international economic outlook, impose severe pressures and challenges.

ASEAN today is faced with two major problems - one, the instability and uncertainty caused by the situation in Indochina. In particular, the presence of large numbers of Vietnamese forces close to the Thai-Kampuchea border has destabilised the situation even further. Consequently there has been an influx of refugees from Indochina, although somewhat abated from the crisis proportions of a few years back.

The second major problem arises out of the current world recession which has compounded the inflationary pressures we are facing and threatens to retard the industrialisation efforts of the ASEAN countries. The developed countries have opted for protectionism as a panacea for their ailing industries. If this tendency is not checked, not only would the exports of developing countries be effected but their development and industrialisation efforts would be seriously hampered.

I am gratified to see that through concerted effort and united stand, ASEAN has largely been able to face these challengers. Since its establishment in 1967, ASEAN through its various activities, be they socio-economic, cultural or scientific, has contributed to stability and prosperity among its members. In setting up ASEAN, its founding fathers envisaged the grouping as one that can lessen tension and rivalry within the group while enabling effective regional cooperation in the pursuit of development and group resilience. The ensuing cooperative endeavour of ASEAN, and the recognition and cooperation given to it by its dialogue partners and the international community had further helped to buttress the association as a regional organisation for peace, progress and prosperity in South East Asia.

Creating the conditions for national and regional stability is important for ASEAN. While efforts towards strengthening national and regional resilience are being vigorously pursued through its many consultative and joint activities, ASEAN is also mindful of the need to create and promote a stable political environment in South East Asia. Consistent with this desire, the leaders of ASEAN declared in November 1971 in Kuala Lumpur, that ASEAN would pursue the creation of a Zone of Peace, Freedom and Neutrality in South East Asia. The leaders of ASEAN firmly believe that given their freedom from super power dominance and interference, neighbouring states could successfully set aside their differences to forge a common purpose and objective to bring about a new international order in South East Asia on the basis of mutual respect and co-existence irrespective of their socio-economic systems.

Consistent with the principles of the Kuala Lumpur Declaration, ASEAN countries extended the hands of friendship to the new regimes in Vietnam, Laos and Kampuchea. ASEAN states, in quick succession, established diplomatic relations with the Indo-China states to provide the necessary links for a meaningful cooperation with the hope of creating regional stability. Exchanges of visits that followed within the short space of time immediately after the establishment of diplomatic relations which culminated in the visits by the Vietnamese Prime Minister, Mr. Pham Van Dong to the ASEAN countries in 1978, set the ground for new opportunities to lay the basis for meaningful cooperation and peaceful co-existence between ASEAN and the Indo-Chinese countries. But these opportunities were, however, lost when Vietnam intervened militarily and occupied Kampuchea. This she did with the open support of the Soviet Union. Vietnamese military intervention and occupation of Kampuchea had not only violated the principles of international law and the Charter of the United Nations, but also disrupted ASEAN's peaceful move of forging a meaningful cooperation with Vietnam. The Sino-Soviet rivalry has since added to the destabilising of this region.

Conscious that such rivalry must be removed from Indo-China before any prospect of establishing a durable peace and stability in South East Asia can be achieved, ASEAN was more than ever determined to pursue the objective of ZOPFAN. In this context, the central thrust of ASEAN's effort is to work for a political solution of the Kampuchean problem through the Declaration and resolutions of the UN International Conference on Kampuchea (ICK).

ASEAN's efforts towards the search for a political solution of the Kampuchean problem will continue to be vigorously pursued. To ASEAN the continued military occupation of Kampuchea by Vietnam, would only invite further interference, domination and rivalry among major powers leading to further instability in the region. It is, therefore, in the interest of Vietnam as well as of ASEAN that the Kampuchean problem should be quickly resolved. ASEAN's approach to the solution of the Kampuchean problem on the basis of the ICK Declaration and resolutions which called for total withdrawal of Vietnamese forces in Kampuchea and the exercise of the right of self-determination by Kampuchean people is aimed at establishing a sovereign, independent and neutral Kampuchea respected and guaranteed by the

great powers. Such a solution would exclude external power's interference and domination. It would also constitute an important step towards the realisation of ZOPFAN.

The formation of the Coalition Government of Democratic Kampuchea in June, 1982 under the Presidency of Prince Sihanouk, in ASEAN's view, would greatly contribute to the achievement of a political solution envisaged under ICK. Malaysia together with its ASEAN partners, are committed to support Sihanouk's Government. In this context, it is our hope that the international community would give their support to strengthen the Government under the Presidency of Prince Sihanouk.

It has long been recognised that the political situation in South East Asia, directly or indirectly, impinges on Japan's economic and strategic interests. A prosperous and stable ASEAN is important for the maintenance of peace and stability in the region and therefore merits Japan's support. Such support, directed towards the socio-economic development in ASEAN countries, has manifested itself in Japan's increased overseas development assistance (ODA) and private sector investment and assistance to ASEAN Industrial Projects. Apart from this, Japan is also assisting in the promotion of trade, tourism and intra-ASEAN cultural activities.

Over the years relations between ASEAN and Japan in the economic, social and cultural fields have become very close. These relations have been nurtured not only through the regular meetings of the ASEAN-Japan Forum but also at Ministerial level. There is no doubt that Japan's assistance to ASEAN is highly valued. Financial assistance amounting to US\$1 billion has been offered for the implementation of the ASEAN Industrial Projects. These projects are of special significance as they are regarded as important in fostering solidarity, unity and cooperation in the ASEAN region.

In the field of trade, ASEAN and Japan have registered yearly increases in terms of value. It showed a substantial increase over the past few years; from US\$20 billion in 1979 it rose to US\$34 billion in 1980 and registering US\$30 billion for the period January to October 1981. ASEAN is in fact Japan's second largest trading partner after the United States.

However, it should be borne in mind that the bulk of ASEAN's exports to Japan still comprises raw materials and fuel. Only a mere 7% of ASEAN's export to Japan are manufactured products. Needless to say, the continued imposition of non-tariff restrictions have impeded the growth of ASEAN's export of manufactured products to Japan. These measures include quotas, the cumbersome and intricate procedures of the Japanese Industrial Standard Marketing System, the import confirmation system, health requirements for meat and marine products, etc.

One positive aspect of Japanese contribution in the field of trade cooperation has been the establishment of the ASEAN Promotion Centre on Trade, Investment and Tourism in Tokyo. This Centre could be made into an effective instrument to further promote ASEAN-Japan economic relations.

The potentials for mutually beneficial cooperation between ASEAN and Japan are great. We should therefore use our best endeavours to realise these potentials. ASEAN is a viable organisation and is one of the most successful regional groupings. As such, we in ASEAN feel that the ASEAN grouping can and should play an active role in fostering economic prosperity and political stability in the region. Similarly, Japan as the most economically developed country in the world and a major trading partner of ASEAN countries has a role to play in contributing towards the continued development and stability of the region. ASEAN and Japan can make a lasting contribution to regional and indeed world peace and stability by working together on the basis of equal partnership and mutual respect.

In conclusion, I would like to touch very briefly on Malaysia's policy of "Looking East". Since its pronouncement, this "Look East" policy has been the focus of interest both in this country and Japan, among public and Government circles alike. It has also attracted attention from other quarters. Basically, and at the expense of repeating myself, this policy calls on Malaysians to look towards Japan and other rapidly developing Eastern nations for inspiration, methods and skills in the attempt to develop Malaysia. We want particularly to emulate and learn from the Japanese the work ethics and attitudes and the management system which we think is the main factor in their rapid growth and industrialisation. Looking East does not mean total Japanization, or a complete break with the West. But it certainly means the almost total dependence on the West will be replaced by a more balanced attitude towards both East and West. Look East also does not mean that we will do business only with the particular countries in the East. We will continue with our traditional trading partners as long as it pays to do so. It should be clear that Looking East will not result in the kind of lop-sided policy that we had when we used to "Look West". In fact it will mean a much more equitable policy, in which the best of the East and West will guide the development of Malaysia.

It is our hope that in time to come, our people will be inculcated with the same sense of dedication, responsibility and loyalty towards work that we find in the Japanese people. However, our "Look East" policy should not just be a one way traffic. For this, we seek the close cooperation, understanding and assistance not only from the Japanese Government but also from the Japanese public in general in order to make this policy of ours a success.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE PRESENTATION AND CLOSING CEREMONY
OF THE 27TH. ASIAN FILM FESTIVAL
KUALA LUMPUR
14TH. SEPTEMBER, 1982**

Terlebih dahulu saya mengucapkan selamat datang, terutamanya kepada dif-dif dari luar negeri, yang turut sama menyerikan Pesta Filem Asia Ke -27 ini.

On behalf of my wife and myself, I wish to express our thanks and appreciation to the Organising Committee for inviting us to this star-studded glittering occasion of the closing and award presentation ceremony of this annual film festival.

This is the 27th. festival to be held in the Asia-Pacific region, under the aegis of the Federation of Motion Picture Producers Association of Asia, of which Malaysia is a member. This is also the second time that it is held in our capital city, after a lapse of 23 years.

As one who is interested in the growth of the film industry in Asia, I must, in all sincerity, congratulate the film-makers for their progress and the organisers for their efforts in presenting to us tonight such a beautiful array of stars and other screen personalities. This show is worthy of this still glamorous industry.

As for Malaysia, it is indeed an honour for us to play host to our distinguished guests from the Asia-Pacific region coinciding as it does with the celebration of the 25th. anniversary of our Independence.

Amidst the flurry of festival activities, members of the Board of Directors of the Association still found time to hold their annual meeting to appraise their past achievements and to chart their future course. Whatever they have resolved at this meeting should certainly go a long way towards developing the film industry of the region. In conjunction with this Festival, a symposium with "Towards A Common Film Market" as a theme was also held, which I believe will enhance the efforts for our film-makers to develop greater interaction and rapport that is much needed to augment the growth of the film industry. I believe the fruits of their deliberation will pave the way for greater and stronger co-operation, not only for those in the film industry, but also the nations of the Asia-Pacific region.

Film makers, whether they are producers, directors, script writers, actors and actresses, are endowed with such special qualities that they can contribute in one way

or the other towards the happiness of their audience. At the same time, of course, they are able to assist in the process of moulding public opinion and achieving better understanding of the world at large. In utilising the vast wealth of knowledge at their disposal for presentation to the audience, film makers have an important role to play. In a real sense they are the personification of the mass media. Collectively they form the most effective media machinery able to reach out to society at large. They can make the audience happy or, they can make them cry. They can make them knowledgeable or they can confuse them absolutely. Above all they can inculcate positive values so essential to nation- building and the development processes.

In the context of developing Malaysia, I see their vast potential in putting across our commitments and reassuring Malaysians of the targets of the nation's strategy in sustaining the growth of a happy and vibrant country as envisaged in our New Economic Policy. Most of you present tonight are leaders in your own right, and you have contributed very significantly towards the growth of the film industry to the economic advantage of your respective countries. The potential for advancement in your sphere of responsibility cannot be overstated. With the changing times, and all the opportunities ahead of you, I feel certain that as the cream of the screen world, you will accept the challenge of forging a happy and prosperous future.

We in Malaysia have established a corporation which is known as FINAS, that is the National Film Development Corporation, whose function is to assist in the healthy growth of the local film industry. At the same time we expect the Corporation to safeguard those gracious and high moral values that we have inherited. Its terms of reference include, among other things, the promotion and regulation of local productions of high quality and also to ensure that adequate facilities exist for screening the films. It is our belief that with the expertise available at FINAS it can be of use in the improvement of the quality of local production. However, to be truly profitable local films must be good enough to be shown outside of this country.

I understand, that the Shaw and Cathay circuits have been cooperating with FINAS and the local producers in meeting their needs. Still I believe the two theatre giants could do more in assisting our local producers to realise their cherished dreams. The lament of our local producers does not end there. Like movie-makers elsewhere, they are also seeking to expand their present outlets and to exploit the market centres beyond our shores. In this respect I believe FINAS has initiated the move to market their films to Indonesia under the free exchange programme that was formalised recently. Given the time and improved technology and expertise it would be possible to eventually secure exhibition facilities beyond our present circuit.

Let me conclude by congratulating the winners of the awards. For those who were not quite fortunate at this festival, I must ask them not to despair. There is always another time. As for the winners, however, I must ask them not to rest on their laurels. Let your success inspire you to greater achievements.

ADDRESS BY THE HONOURABLE
PRIME MINISTER OF MALAYSIA
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE ASIA SOCIETY AND THE COUNCIL OF
FOREIGN RELATIONS IN NEW YORK
28TH. SEPTEMBER, 1982

I would like to thank the Council of Foreign Relations and the Asia Society for co-sponsoring this gathering. This is indeed a great honour for me and I take this opportunity to share with you some of my thoughts on the subject of "Regional Approach Towards Stability".

When the United Nations was formed in 1945, the world felt that an agency had been found for the resolution of conflicts between nations. The failure of the League of Nations was forgotten in the euphoria that greeted the emergence of the United Nations Organisation. In the colonised territories like the States of the Malay Peninsula, hope was kindled that freedom and dignity were once again attainable. Such were the expectations in Malaysia that the most popular political party among the Malays, which today governs Malaysia as part of a coalition, was named after the United Nations Organisation. The United Malays National Organisation, of which I am the current President, drew a lot of inspiration and saw a lot of similarities between the Malay States and the United Nations as a concept.

In a sense those expectations were justified. We believe that the Empires of the first half of the 20th. Century would not have been broken-up nor new countries created but for the United Nations. Unfortunately the break-up of the Empires was not to result in real freedom for the emergent nations. The metropolitan powers were too powerful and too far advanced for the new nations to establish relations on equal footing. Indirectly they continue to dominate their former colonies. As if this is not enough the old countries of Europe formed an alliance which uses economic power to continue political domination. The United States too was drawn into this grouping, thus adding strength to the domination of European countries over their former colonies.

The European Economic Community (EEC) is, of course, not a new idea. Alliances between neighbours have been known throughout the history of mankind. But the EEC is perhaps the first alliance to focus on economic cooperation. This is perhaps because the North Atlantic Treaty Organisation already provides for military cooperation.

We see many weaknesses in the EEC. Indeed some say it is a failure. But a Europe competing with itself would probably be worse off than the EEC. The EEC as a

regional grouping can therefore be said to be successful. In any case regional groupings of countries caught on. Thus a spate of regional groupings was formed in the Caribbean, in Africa, the Arab countries, Eastern Europe and in South East Asia. Now, of course, South Asia is interested.

I cannot claim to be an authority on regional groupings, but I do know the South East Asian Group - the ASEAN - quite well. I would like, therefore, to take ASEAN as a case study and discuss it in the context of stability through regional grouping. I do not think I will be able to say much that is not already known, but I cannot possibly know how much you already know. So if what I say is old hat to you, I must crave your indulgence.

We like to think that when we do something, we know all the objectives and the consequences. But this is far from the truth. Usually, our foresight is quite limited and within a short while after we are off on a supposedly planned course, we will find so many difficulties and so many unforeseen things that we wonder why we never foresaw these contingencies. Indeed, sometimes we are reduced to cursing our own stupidity in embarking on a plan or a course of action.

This is true of ASEAN - particularly in the eyes of others. While the actual planners had fairly limited objectives, others infer all kinds of Machiavellian strategies in the concept of ASEAN that they tended to believe that the regional grouping has fallen far short of its target. Thus we find outsiders cynically commenting on the failure of ASEAN as an economic community, when in fact, economic cooperation was not a prime objective of the early ASEAN leaders.

I would like to say this. ASEAN is not a Machiavellian concept. ASEAN was conceived as a simple forum to overcome the communications problem between neighbours who then knew little about each other. The five countries of ASEAN are ethnically similar, but historically and politically diverse. Malaysia and Singapore were once ruled by the British, and that association affected the values, the system of Government and the general outlook. Indonesia was ruled by the Dutch and again the Dutch mould affected the Indonesians and physically separated them from their cousins across the Straits of Malacca. The Philippines was both Spanish and American, and they felt so divorced from the other countries of South East Asia that in the eye of some people, they could hardly be considered South East Asian. It is the only Christian (Catholic) country in a region peopled by Muslims and Buddhists. Then, of course, there is Thailand, the only South East Asian country which was not colonised; is a kingdom that modernised and had direct relations with Europe - when its neighbours were being colonised. The Thai's knowledge of the newly independent neighbours was minimal.

It can thus be seen that suddenly five historically separated countries found themselves having to conduct relations not as familiar neighbours but as suspicious strangers. It would be a miracle if they do not mess up their relations. And indeed this was what happened initially. Within a very short space of time, they were in

confrontation. Territorial claims were made and threats uttered. At one stage, the Sukarno regime actually dropped paratroopers on Malaysian territory.

To cut a long story short, the leaders of these countries decided to meet each other to thrash out their neighbourhood problems. Despite the differences, it did not take long for the idea of a neighbourhood association to be proposed as a forum for solving the usual problems between neighbours. Thus, we first had ASA or the Association of South East Asia. The proponents involved then were only Malaysia, Thailand and the Philippines. Singapore was then a part of Malaysia while Thailand was not a party to the confrontation by President Sukarno. Despite some agreement on the need for this grouping, ASA never really took off. But nevertheless, the get-together was found to be useful as a forum for amicable settlement of the differences between neighbours. Though ASA failed to achieve the settlement, the concept remained in the minds of South East Asian leaders. And, finally when the Indonesian confrontation ended, the idea of a regional grouping came to the forefront again.

It can be seen that it was not economic cooperation that was the motive behind the formation of ASEAN. Certainly, it was not a strategic concept designed to make the five ASEAN nations an economic and political entity which will overawe its neighbours and present a mutual front in the international fora. ASEAN is simply a fairly ad hoc solution to a communications problem between neighbours who were strangers to each other. But once it was formed, much more was expected of it than was ever in the minds of the founders. It is this expectation that makes ASEAN seem to fall short of its objective. On the other hand, looked at from the limited aims of the founders, it is a success.

Now let us examine the achievements of ASEAN. When I was asked to deliver the key-note speech at a forum on the Pacific Basin in Bali, I emphasised the need to know each other better before real cooperation can take place. With the formation of ASEAN, the strangers who peopled the neighbouring countries of South East Asia began to know each other well. Certainly the leaders became very friendly with one another. In fact one of the characteristics of ASEAN meetings is that most of the work and the process of reaching consensus are achieved during informal get-togethers of ministers in the absence of their official advisers.

When people are that close to each other, they cannot but learn from each other. It is an acknowledged fact that the ASEAN five have achieved remarkable progress in a world where economic growth has become very limited. This achievement in terms of economic growth is not an accident. It is made possible by the policies followed by the ASEAN nations, policies which were devised through learning from each other the formula for success. At one time prior to ASEAN, there were countries of South East Asia which were tempted to be ultra-nationalistic economically. Foreign holdings were forcibly nationalised. But learning from the other ASEAN countries that such was not the route to prosperity, nationalisation was dropped. All the ASEAN countries are now believers in free trade and free enterprise. Foreign capital is welcome by all.

Incentives for investments are common. Joint-ventures are popular. On the other hand, Indonesia taught the new South East Asia oil-producing countries how to bargain with foreign oil companies.

Clearly the first and greatest achievement of ASEAN is the exchange of mutual experience and administrative know-how which have led to economic growth and stability. Indeed, although the political processes are different, the approaches and handling of problems tend to be similar thus adding political stability to the overall picture. Today the ASEAN five are prosperous and stable – relative to the rest of the world and certainly relative to the newly independent countries elsewhere.

But all these are not noticed or at least are not regarded as ASEAN achievements. In the eyes of foreigners in particular, ASEAN has failed because it has not been able to set up a common market. But as I have explained earlier, a common market was not what ASEAN leaders had in mind when they decided to form the grouping. It was only after the group was formed that people began to talk of an ASEAN common market. The reason is that people immediately think of the EEC when they see such a grouping. For a lot of people, next to security, economic power is the only reason for a grouping of neighbours. Foreign businessmen see in a grouping of countries a solution to the problem of dealing with many countries, each with its own laws and peculiarities. How much more simple it will be for them if they can gain entry into a five-nation market through one country that they are familiar with. And so they watch hopefully for evidence that the customs barriers between the ASEAN countries would be brought down but although thousands of items have now been accorded preferential tariffs, a real breakdown of customs barriers has not taken place. ASEAN is therefore a failure in the eyes of these people.

But local business people entertain different ideas. The ASEAN member with a small domestic market like Singapore would like to remove tariff barriers. But the Indonesian businessmen and the Government would like to retain the potential of a 150 million population for themselves. So would Thailand and the Philippines, each with a population of about 45 million. Malaysia is neither here nor there. With a population of only 14 million, it still manages to have the biggest passenger car market among the ASEAN five. It is comparatively a more affluent market.

For the local business people and the Governments of ASEAN countries, there is no great hurry to lift tariff barriers. The economic strength of each country must be built up first before they open the flood-gates. It is hoped that at such a time, the flow will not be in one direction only. The benefits must be mutual.

In many ways, therefore, it can be said that ASEAN as a regional grouping is a success. Certainly it has brought prosperity and stability. There remains the threat to stability from non-member neighbours. But ASEAN has shown that although it is not a military grouping, it can coordinate its policies so as to deter the kind of adventures that countries standing alone and economically troubled attract.

Among the kind of cooperation that is designed by ASEAN to ward off threats is the concept of a Zone of Peace, Freedom and Neutrality or ZOPFAN. This concept requires the cooperation of the big powers. That cooperation is not really forthcoming, but each of the big powers is not willing to say that they disapprove of peace or of freedom or of neutrality in South East Asia. In a sort of negative way, ZOPFAN is working.

For the purpose of security, the ASEAN countries depend on bilateral agreements. There has been close cooperation between the parties to each of these agreements - sometimes to the extent of operating together in the border areas. The capacity of ASEAN countries to do this no doubt contributes to the dampening of external pressures and threats.

In the case of ASEAN, it can be said that regional grouping has had positive results in terms of economic prosperity and regional stability. It is possible that other regional groupings will do the same - but the success or otherwise does not depend on the concept of neighbourly cooperation itself. It depends more upon the willingness to know and understand each other and, accepting the shortcomings, to work within the constraints. No grand design should be tried purely because it sounds good or it had worked elsewhere.

ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE 37TH. SESSION OF THE UNITED NATIONS
GENERAL ASSEMBLY IN NEW YORK
29TH. SEPTEMBER, 1982

May I, at the outset, extend to you my sincere felicitations on your unanimous election as President of this General Assembly. Your election bears testimony to the recognition and respect that you enjoy as a diplomat of outstanding ability. Under your wise presidency, I am confident that this Assembly will be able to complete its work successfully and with distinction. Your election is also an added honour to your country with which Malaysia enjoys friendly relations. In welcoming your election, I wish also to pay sincere tribute to Ambassador Ismat Kittani, the outgoing President, for the outstanding manner in which he had conducted the 36th. United Nations General Assembly.

Since the General Assembly last met, the international situation has not improved. On the contrary, it has deteriorated even further. The world continues to remain in the grip of crises of various kinds stemming from unresolved political and military conflicts, economic stagnation and recession, widespread poverty and privations, and various inequities, all of which seem to defy solution. Through all these there is continued escalation in armaments, consuming enormous funds and resources and threatening mankind with destruction and possibly extinction. The United Nations General Assembly meeting against this backdrop, must get the full backing of the members so as to reassert its authority and play its role truly effectively.

As we look around us, we have to admit that this time international law and order has truly broken down. Might is now the only thing that is right. Weak countries like Afghanistan, Kampuchea and Lebanon are trodden over by the boots of invading armies as the rest of the world stood by. The economies of the poor nations are wrecked by recession resulting from man-made policies in the powerful commercial and financial centres of the world. The pleas of the poor are but secondary subjects for discussions by the rich as they meet to plan their own world in the Cancuns and Versailles of their world. And in Lebanon thousands of Palestinians are murdered in the name of security for the Israelis and their cohorts.

There was a time when the United Nations sent a multi-nation force to stop an invasion and did in fact succeed. But now it is helpless. Resolution after resolution are passed by the various United Nations committees but the invasion, the atrocities, and

the economic bullying go on. The credibility of the United Nations is indeed at its lowest ebb. And we who are weak and small live in real fear - fear for our independence, our well-being and even our lives.

The need to restore faith in the United Nations is very pressing. The United Nations must regain its credibility. I would like to say that countries like Malaysia must help restore the trust and confidence of the international community in this Organisation's ability to play a constructive role in resolving problems and crises and in maintaining world peace and stability. But that would be pure rhetoric. What is needed is the full backing of the powerful nations. They must revitalise the Organisation which they created. They must breath life into it by abiding by its decisions and lending it their weight.

In South East Asia the Kampuchean problem continues to pose a threat to peace and security. Three times the United Nations General Assembly has called for the total withdrawal of foreign forces and the exercise of self-determination by the Kampuchean people. The International Conference on Kampuchea (ICK) had laid down the principles for a political settlement of the problem. But again those who are in a position to help achieve political settlement have shown little concern for the accepted norms of international practice.

The foreign military invasion and continued occupation of Kampuchea is a crime against the Kampuchean people and a threat to regional peace and security. It has brought in its wake big power rivalry into a region where five peace-loving nations have agreed to a concept of a Zone of Peace, Freedom and Neutrality. Members of ASEAN find in the Kampuchean problem an insurmountable obstacle to their cherished dream of a conflict-free neutral area.

The world must give serious attention to the situation in Kampuchea before big-power rivalry escalates into open confrontation - for when this happens the United Nations will once again be powerless to do anything. While there is still time for members of the United Nations to act, they must do so. They must give their stamp of approval to the valiant coalition that has been formed.

In consonance with the efforts for a peaceful settlement, Malaysia and ASEAN are extremely gratified with the agreement reached among the three resistance groups of Kampuchea to join hands in the coalition in which His Highness Prince Sihanouk has assumed the Presidency of the Government of Democratic Kampuchea. The determination, wisdom and above all the abiding sense of patriotism of the three leaders to stand together to restore freedom and honour to their country deserve our profound admiration. Malaysia welcomes this development as it is a positive and an important step towards the attainment of a political solution. Malaysia feels honoured for being able to play host during the historic signing of the declaration establishing the coalition by His Highness Prince Sihanouk, His Excellency Son Sann and His Excellency Khieu Samphan on 22nd. June, 1982. I am indeed happy with the presence and participation of His Highness Prince Norodom Sihanouk, President of Democratic

Kampuchea and the beloved leader of the Kampuchean people, at this session. I hope that this August Assembly would respond appropriately and positively to his noble cause. We await with keen anticipation his triumphant return to Kampuchea to restore the freedom and independence of that country and the honour and dignity of the Kampuchean people.

West Asia

In West Asia, the situation has also taken a turn for the worse since the General Assembly last met. For the umpteenth time since the Palestinians were evicted from their homeland, they have been forced to move from one refuge to another. Their rights as a people are still being denied. They are not even treated as humans as the brutal massacres in the Lebanon amply demonstrate.

We remember vividly the horrors of Belsen, Dachau and other Nazi concentration camps of the Second World War. We know of the sufferings of the Jewish people then and the pogroms of centuries past. We were appalled at the atrocities. Nevertheless, nobody, not even a people who had suffered as much as the Jews had, have the right to inflict upon others the horrors of Sabra and Shatila. The Palestinians and the Lebanese were not responsible for Belsen or Dachau. Has the international community lost its conscience that it can stand aloof while such horrors were perpetrated against the helpless and the innocents? In order to assuage the conscience of the anti-Semites the land of the Palestinians have already been taken away from them to create a Jewish homeland. Must the Palestinians now be butchered and driven from refuge to refuge? Must they also be exterminated?

We understand the conscience which bothers the people who had once been cruel to the Jews. We understand their need to make amends for their past misdeeds. But are we going to condone massacres because we, or rather the powerful nations of the world, are unwilling to hurt the feelings of the Jews. Some may think that the massacres in the Sabra and Shatila camps will satiate the Israelis and that they will go back to their Israel. This can only be a wrong assumption. Recent history has shown, and the Israeli Prime Minister has admitted that Israel never really fought in self-defence. It attacks at the slightest provocation, even imagined provocation. The neighbours of Israel are going to be under constant threat and off and on they will be invaded and atrocities committed against them. In the interest of Israeli security there will be no security for its neighbours. Can we accept that only the security of Israel is important, that its Arab neighbours have no right to security?

Israel is a bully. If it is any bigger or stronger the world will not be safe. I would, therefore, like to call upon the United States, as the main supplier of weapons to Israel, to reconsider its position. Those weapons are for nothing less than murder.

Apart from its systematic and premeditated use of lethal and sadistic weapons on occupied Palestine and Arab territories, Israel continues to propagate the myth of the non-existence of the Palestinians people and thereby frustrate all peaceful efforts to

find a just and enduring settlement of the West Asian conflict. Indeed, the lesson we have learned from the Israeli invasion of neighbouring Lebanon and the destruction of Beirut is that if Israel is not stopped the West Asia problem will not only continue but it will escalate until we are all swallowed up in the conflagration.

At this point, Mr. President, I wish to pay homage to the valiant Palestinian freedom fighters for their outstanding qualities of fortitude, patriotism and courage in the face of overwhelming odds in their just struggle for their inalienable rights. I also take this opportunity to salute Chairman Yasser Arafat for his statesmanship, foresightedness and courage in leaving Beirut in order to spare the civilian population of that city from continued Israeli savagery. Unfortunately, the sacrifice made by the PLO has been in vain.

Malaysia would also like to welcome the initiative taken at Fez (Morocco) recently by Arab leaders, one that reflects the reasonableness of their stand as much as their courage, statesmanship and above all their reaffirmation of their commitments to the Charter of the United Nations and to regional and international peace and security. This initiative presents to the international community a formula which will enable the Palestinians to return to their homes and freely exercise their God-given inalienable rights in their own homeland, Palestine. The Israelis have of course rejected the proposal outright. The world and the supporters of Israel must prevail upon that habitually intransigent country to return to sanity and the ways of civilisation.

Afghanistan

Mr. President, in Afghanistan too, we continue to witness another example of the blatant use of force. There too, we continue to find the misery and travails of a people locked in an unequal struggle to preserve their faith, national identity and character, sovereignty, dignity and freedom.

Indeed, the situation within Afghanistan and the three and half million refugees forced into exile in neighbouring countries have given cause for unprecedented anxiety particularly for weak and small nations of the world. To these nations the continuance of the Afghan nationalist struggle is crucial. It is incumbent on the international community to see that this struggle succeed.

We, in Malaysia, are fully committed to the restoration of the lawful rights of the Afghan people, including their right to determine for themselves their future, free from coercion and for the Afghan refugees to return to their homes in safety and honour. We support the efforts of the United Nations Secretary General in initiating indirect talks with the parties concerned to find a political solution consistent with the United Nations and Islamic Conference Resolutions on the Afghan problem.

Iran-Iraq War

Mr. President, it is disconcerting that the war between Iran and Iraq continues to rage. The conflict has gone for far too long. It has taken a heavy toll in lives lost, and

properties destroyed, in wounds inflicted and in human misery. We must all, therefore, apply ourselves earnestly to the task of reconciling the two countries in the interest of the peoples of these countries themselves and the world at large. The fact is that there would be no victor, nor vanquished, in this conflict.

Malaysia enjoys close and cordial relations with both Iran and Iraq, and we therefore implore them to cease fighting, accept mediation and reconciliation so that an honourable and an enduring solution could be found.

Apartheid

My Government abhors South Africa's inhuman policy of apartheid. This is a travesty of justice and is an affront to human dignity. Apartheid, coupled with the Pretoria regime's deliberate and provocative armed incursions into neighbouring states, constitute a major cause of tension and instability, not only in Africa, but also the world at large. Malaysia will continue to fully support the cause of the oppressed people of South Africa in their struggle for equality, justice and dignity against apartheid. Those who champion human rights, or claim to do so, could do better by condemning the Pretoria regime and treating them like the freaks that they are.

Drug Problem

Another area of great concern to us is the problem of drug abuse. The world community has for a long time treated the drug problem as a social problem akin to poverty, slavery, abuse of children and other social ills. In fact drug addiction is all these social ills rolled into one. The youths afflicted with this problem are mental slaves with deviant tendencies who are permanently impoverished. The problem must be tackled at source and this can only be done if the United Nations will act positively. Failure to arrest this spreading scourge will destroy whole generations to come.

Economic Issues

The age of empires and imperial powers is practically over. But the world has not as yet become a better place for the previously colonised. There are many reasons for this and among them is the banding together of the rich nations in order to maintain economic dominance, which some say is actually a form of imperialism.

We, in Malaysia, are very much affected by this. As a nation we have tried to live within the rules, formal and informal, which govern the economic relations between nations. We have even refrained from nationalising industries set up during colonial days, which were engaged in literally extracting wealth from our country for foreigners who frequently do not even know where Malaysia is, much less care for the well-being of its people.

But our patience and sense of fair-play is being taxed to the limit with the market manipulations abroad which in effect reduce our people to underpaid labourers. As a

producer of primary commodities like tin, rubber and palm oil we are as much entitled to a fair return on our outlay as any producer of manufactured goods in the developed countries. Producing these primary products is no longer merely a question of having enough land or minerals and cheap labour. In these days expensive capital outlay is needed to explore, extract and develop, and also to do the required research and development. The indications are that these costs and the technology required will be increasing steadily in the years to come. Thus money is needed not only as profits but for future development for our own income and for the needs of the world.

While the manufactured goods that we buy are priced according to the cost of production and marketing and of course a hefty profit, the prices of primary products seem to bear no relation to any of these costs. They are priced according to the whims and fancies of a host of people who have nothing to do with their production. The various exchanges located in the developed countries literally manipulate prices in order to make a profit for the brokers, the dealers, the speculators and others. These people make money when the prices go up. They also make money when the prices go down. As such it suits them to cause a yo-yo effect on commodity prices.

In addition, these exchanges are exclusive clubs where the producers are unable to get membership. The same brokers and others who trade on the exchanges are also the people who make the rules, apply the rules and arbitrate. Is it any wonder that whenever their profits are threatened they change the rules so that they will not only be saved but make a handsome profit as well?

This is the situation in the tin and rubber markets today. It has played havoc with my country's economy. We have tried to reduce price fluctuations by having Producer-Consumer Agreements. But this is an arrangement that taxes the producers when prices are down but benefits the consumers when price trends are upwards. It is a case of heads you win tails I lose.

As if all these are not enough, the United States maintains a stockpile ostensibly for strategic (meaning security) reasons. We fully support the needs of the United States for strategic reserves but the administration of this reserve is clearly not influenced by problems of strategy. The stockpile is merely a rich nation's monopolistic weapon used to depress prices of commodities for the benefit of the consumers.

Such is the fate of the producers of primary commodities that they now have to sell three to five times more of their produce in order to buy the same amount of manufactured goods from the developed countries as they did 20 years ago. In other words the gap between rich and poor has widened by 300 to 500 percent in the last 20 years or so.

Malaysia is trying to break the vicious circle of the old commodity market system. We are trying to set up a more equitable system which will maintain reasonable prices while ensuring adequate supply of tin and rubber to the world. Towards this end we have tried to form a viable and effective producers association. There is no

intention to create a monopolistic situation. We know fully well that unreasonableness on our part will result in reduced consumption and a switch to substitutes. We hope that producer countries everywhere will appreciate the need for this strategy and participate in it.

Commodity prices today are at their lowest. We can blame the recession for this. But what we regret is that this recession is man-made. There is no shortage of supply, nor is there a shortage of demand. Energy is plentiful and the level of technology is unprecedented. Yet suddenly no one wants to buy what only yesterday they could not have enough. And those who want to buy are without the necessary foreign exchange. Indeed many poor countries have literally to sell their soul in order merely to survive.

As I have said this world-wide depression is man-made. It is made in the powerful countries by short-sighted people. Foremost among the decisions that led to the diminution of world-trade is the increase of interest rates. The high cost of money has reduced investments, shrunk inventories and stifled new business initiatives. Thus a lot of commodities are floating around unsold and unbought, further depressing prices.

True some people have waxed rich in this depression but the price is high in terms of unemployment, bankruptcies and misery for the poor. The world's economy cannot go on like this for long. There will be violence, riots and revolutions. Governments will fall and anarchy will prevail. The longer the depression lasts the longer will it take to recover.

As this depression is man-made, it must be unmade by man as well. The first need is to lower interest rates even if it causes slightly higher inflation. Secondly, the protectionism of the rich nations must be reduced, if not done away with. If this cannot be done, at least the protectionist policy should be made more discriminating. The developing nations should not be subjected to any protectionist measures. This should at least soften the impact of the recession on them. The rich countries too would benefit as the improved income of the poor will enable them to buy more manufactured goods.

The world has suffered enough from this depression. We need action now. We need the reversal of policies that are so obviously wrong. We would like to appeal to those people who wield so much power to heed the needs of the world. Reverse the policies you have made and the world will remember you as saviours.

United Nations Conference on the Law of the Sea (UNCLOS) and Antarctica.

The participating members of the United Nations must congratulate themselves on the successful conclusion of the United Nations Conference on the Law of the Sea. The days when the rich nations of the world can take for themselves whatever territory and resources that they have access to are over. Henceforth all the unclaimed

wealth of this earth must be regarded as the common heritage of all the nations of this planet.

The seas and the sea-beds are undoubtedly going to be the source of wealth for the future. There is no reason why the minerals and other resources presently found on the exposed surfaces of the planet will not be found in the sea-beds. The problem is, of course, one of exploration and extraction. The high cost and the sophisticated technology required will be well beyond the capacity of the poor nations. Unless they can have a share as of right whenever this wealth is extracted the gap between them and the rich nations is going to widen even more. When finally they do have the capacity much of the readily accessible wealth would have been exhausted. It is hoped that with the agreement on the Law of the Sea the poor nations will get their fair share.

But there remains certain areas in the world which are not covered by any international agreement. According to present norms, territories colonised by the old colonial powers must be decolonised i.e. returned to the natives or the original inhabitants. The United Nations concern with this issue is reflected in the Permanent Committee on Decolonisation. However, there are still land areas which have neither natives nor settlers. There is, therefore, no one to inherit the land and to set up viable Governments should the claims of the metropolitan powers be given up. Because of this, little attention has been paid to these areas.

It is now time that the United Nations focus its attention on these areas, the largest of which is the continent of Antarctica. A number of countries have in the past sent expeditions which have not limited themselves to mere scientific exploration but have gone on to claim huge wedges of Antarctica for their countries. These countries are not depriving any natives of their lands. They are therefore not required to decolonise. But the fact still remains that these uninhabited lands do not legally belong to the discoverers as much as the colonial territories do not belong to the colonial powers.

Like the seas and the sea-beds these uninhabited lands belong to the international community. The countries presently claiming them must give them up so that either the United Nations administer these lands or the present occupants act as trustees for the nations of the world.

Presently exploitation of the resources in the Antarctica is too costly and the technology is not yet available. But no doubt the day will come when Antarctica can provide the world with food and other resources for its development. It is only right that such exploitation should benefit the poor nations as much as the rich.

Now that we have reached agreement on the Law of the Sea, the United Nations must convene a meeting in order to define the problem of uninhabited lands, whether claimed or unclaimed, and to determine the rights of all nations to these lands. We are aware of the Treaty of Antarctica concluded by a few nations which provides for their cooperation for scientific research and prohibits non-peaceful activities. While there is

some merit in this treaty, it is nevertheless an agreement between a select group of countries and does not reflect the true feelings of members of the United Nations or their just claims. A new international agreement is required so that historical episodes are not made into facts to substantiate claims.

Conclusion

As I have said at the beginning, the world today is beset by crises of various kinds. To believe otherwise would be to ignore the realities before us. It is imperative that we take cognizance of this fact and mobilise all our efforts to overcome these crises. We can do this if we choose to, or we can let the opportunity slip by. Never before has human ingenuity in science and technology reached such a level of development as today. But we must use it wisely, not in pursuit of sophisticated weaponry for purposes of war but instead to harness it towards peaceful and beneficial uses for the common good.

It is an imperilled world in which we are living and we must put it right at all cost. This could come about if nations would be willing to effectively implement past and future resolutions of this Organisation and its related agencies. For this would not only help restore the international community's confidence in the United Nations but also contribute to the resolution of the current conflicts and crises. I urge all members of this Organisation to give their fullest cooperation and every support towards this end so that international peace, stability and security would be achieved.

**STATEMENT BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
TO LEAD THE DISCUSSION ON THE ITEM "REGIONAL ECONOMIC
AND FUNCTIONAL CO-OPERATION" AT CHOGRM III
SUVA, FIJI
14TH. — 18TH. OCTOBER, 1982**

It is indeed a pleasure and an honour for me to be present here today in this gathering of Heads of Government of Commonwealth countries of the Asia-Pacific region. I am all the more honoured to be given the privilege of initiating our discussion on the item "Regional Economic and Functional Co-operation".

Perhaps I may be stating the obvious, Mr. Chairman, when I express the conviction that it is regional economic and functional co-operation that stands out as the main thrust of CHOGRM. Undoubtedly, our deliberations here would also focus on international economic as well as political issues. But these are global issues that are discussed in the wider context of the Commonwealth at the full Heads of Government meetings. They were discussed at Melbourne last year and I am sure they will be taken up in New Delhi next year. However, the issues related to regional economic and functional co-operation cannot be adequately considered but within a set-up such as CHOGRM. It would have been a missed opportunity if we did not devote to this item the very serious consideration that it merits.

The Commonwealth countries of this region, Mr. Chairman, represent in fact a microcosm of the world at large. As an observation, one would note more diversities than similarities among these countries. From an economic plane alone, the Commonwealth countries of this region, are at different levels of economic development. At one end, we have the industrialised countries such as Australia and New Zealand; while at the other end, we have the newly independent small countries of the South Pacific. In between these two extremes, there is a wide range of more advanced but still developing countries. I would like to put forth the view that the situation provides us a real challenge and potential for regional economic and functional co-operation among the Commonwealth countries in our region. In this situation, the opportunity and the need exist for the more developed members to assist those which are less developed. As most of the countries in the region are developing countries, there exists a challenge for cooperation among the developing countries themselves to assist each other on a regional basis.

I would not deny the fact that most developing member countries, including Malaysia, have derived certain benefits from their continued membership of the Commonwealth. In this regard, the various programmes of assistance under the

Commonwealth Fund for Technical Co-operation (CFTC) have been particularly productive. However, we would be indulging in self-comfort if we do not at the same time admit that in recent years the clout of the Commonwealth has somewhat diminished. It is indeed unfortunate that this situation has come about ironically as a result of the actions or inactions of the prime movers of the Commonwealth themselves.

The potential of regional economic and functional cooperation was recognised in CHOGRM I in Sydney in 1978 and reaffirmed at CHOGRM II in New Delhi in 1980. In pursuance of this objective, CHOGRM has established a number of Consultative and Working Groups on economic matters such as the Consultative Groups on Trade and Energy, the Working Group on Industry and the Expert Study Group on Agricultural Research and Development. The reports of all these Groups as well as proposals for further expansion of regional co-operation in other areas such as human resource development, as well as the Secretariat's proposal for the establishment of a CHOGRM Project Fund are all before us for consideration. I do not wish to dwell at length on the activities of these Groups or the proposals mentioned above since I am sure these are matters that we will take up in the course of our discussion. However, I wish to underscore the fact that the work undertaken by the above mentioned Groups clearly manifest that there are various functional areas in a number of fields of economic activity where Commonwealth co-operative endeavours are possible. I believe that it is on these economic areas that CHOGRM should continue to focus its attention.

Mr. Chairman, I hope that I may be permitted to make some brief remarks on another regional grouping, ASEAN, which groups together five developing countries of the region - Indonesia, Malaysia, Philippines, Singapore and Thailand. Since its inception, ASEAN's orientation has been on economic collaboration. I must say that ASEAN has made great strides in its economic integration programmes. It has approved four ASEAN industrial projects, signed a Basic Agreement on ASEAN Industrial Complementation as well as has proposed the setting up of ASEAN Industrial Joint Ventures. In the field of trade liberalisation, the ASEAN Preferential Trade Arrangements are expected to further promote intra-ASEAN trade. ASEAN is in fact promoting economic co-operation among its members in virtually every area of economic activity including, among others, in energy, transport and communication, banking and finance and agriculture. With its major focus on economic co-operation, ASEAN has now developed as a significant regional grouping which has attained positive results not only in economic areas, but has also contributed much to regional stability. I have dwelt on ASEAN, Mr. Chairman, because I feel that CHOGRM could benefit from the ASEAN experience. I would not venture so far as to say that what may be applicable to ASEAN may necessarily be applicable to the CHOGRM countries. However, I am convinced that CHOGRM could identify those areas of common concern on which functional co-operation is possible.

Mr. Chairman, CHOGRM has always recognised the particular problems and needs of the small island member states especially in the South Pacific. On our part, we in Malaysia too see the need for the injection of greater assistance to the South

Pacific island countries so as to enable them to build up their national resilience and independence. Although Malaysia herself is dependent on technical assistance to accelerate her pace of economic development, in a spirit of co-operation Malaysia has launched a technical assistance programme to assist developing countries which are less fortunate than she is. In the context of the Malaysian Technical Assistance Programme (MTAP), we have provided technical assistance to a number of South Pacific island countries including Fiji, Western Samoa and the Solomon Islands, as well as to Papua New Guinea. In view of our own financial constraints, our technical assistance has to be on a modest scale and is generally confined to those areas where Malaysia has, over the years, gained some experience and expertise. I wish to state that we will continue to render technical assistance to a number of developing countries in the CHOGRM area and it is our intention to concentrate this assistance on those areas that would be particularly beneficial to these countries.

We are fully conscious of the fact that the piece-meal efforts undertaken by a number of countries, including Malaysia, to assist the less fortunate among us, such as the South Pacific island countries, will not generate as rapid an improvement as these countries need. However, if concerted and continued efforts are made in this direction, I am positive that we would have gone a long way to help these countries. I therefore would like to appeal to others in the CHOGRM region to join us in these endeavours.

Personally, I believe that we can all do even a little better than what we have done so far. This meeting is most timely from the point of view of learning what projects the island countries of the South-Pacific have for their own development. We can then consider what concerted action or assistance will be needed to ensure that the projects towards their self-sustained development will have a fair start. As I have said earlier, regional economic and functional co-operation in the Asia-Pacific region is one way to revitalise the Commonwealth. As a matter of fact, the Commonwealth is now on test. If the Commonwealth countries in our region cannot actualise economic and functional cooperation, the prestige of the Commonwealth itself will go down and the effectiveness and value of the Commonwealth will be questioned.

While we are meeting here, I feel we cannot avoid commenting on the world economic chaos. I feel there still exists a lingering mentality within the free enterprise system that because of the emphasis on the word "free", some industrially developed nations really feel free to scour and devour the developing nations by their exploitative methods and practices. They seem incapable of realizing that such libertine activities would only lead to the destruction of the free enterprise system itself.

CHOGRM, which now consists of countries born as a consequence of "Dumberton Oaks" and the United Nation decolonization programme, should bring home the point to the developed countries that their exploitative activities under the umbrella of the free enterprise system are self-destructive. Our advise to these countries should be that they talk less of their generosity to provide assistance to the poor nations and instead undertake a thorough soul-searching examination with a view to

increasing their own productivity without their exploitative activities. Only then could they begin to sincerely appreciate the problems of the poor nations and the need to resolve them urgently. Until lately, the productivity of the developed countries could be sustained even with labour problems and strikes simply because they had their colonies to lean on. But now, without their colonies and their areas of influence it is no longer possible for these countries to maintain their once-enviable economic growth, especially when workers are not prepared to work for so many hours a day and for so many days a week. It is not uncommon now to find some of these countries registering zero or even minus zero growth rate.

We, therefore, hope that this CHOGRM will be able to send this very important message to the developed countries, firstly within the Commonwealth and secondly outside it.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT A STATE DINNER HOSTED BY THE PRIME MINISTER
OF PAPUA NEW GUINEA THE RT. HON. MICHAEL SOMARE
PORT MORESBY
19TH. OCTOBER, 1982**

Thank you very much, Mr. Prime Minister, for your kind and generous words of welcome. My wife and I, and members of my delegation are particularly delighted to have this opportunity to visit Papua New Guinea. Earlier this year, we had only briefly touched down at Jackson Airport.

My visit here today is to reaffirm the friendship between our two countries and to bring to the Government and people of Papua New Guinea the warmest greetings from the Government and people of Malaysia.

Papua New Guinea is Malaysia's close neighbour immediately after the ASEAN circle. You are also a special link to the wider South-Pacific region for us, helping to develop a meaningful communication between members of the South-Pacific Forum and ASEAN. Undoubtedly great potential exists for us to cooperate together in a variety of ways for our mutual benefit. The establishment of a resident Malaysian diplomatic mission in Port Moresby earlier this year bears testimony to the importance which we attach to our relations with Papua New Guinea and the desire to intensify our bilateral interaction. Naturally during this visit, I hope to get to know you better at first hand and to be more aware of your interests.

Recently our two countries happily celebrated our respective independence anniversary. Yours was held last month while ours in August. Looking back, both Papua New Guinea and Malaysia have been fortunate to achieve independence in an orderly and peaceful way. Indeed we share many similar ideals and aspirations in meeting the challenges of national development and in looking after our own affairs.

Over the years, Malaysia has gradually acquired experience and expertise in certain developmental fields. These include agricultural research to increase productivity, and land development and management both for smallholdings as well as large plantations. Some of these experiences might be relevant to Papua New Guinea's requirements. In our talks this afternoon, Mr. Prime Minister, we have already identified several areas of possible cooperation. I am confident there is considerable scope for us to explore further areas that can bring mutual benefit to our two countries.

The Government of Malaysia fully subscribes to the concept of economic and technical cooperation among developing countries. Malaysians are ready to participate in practical economic and technical programmes with Papua New Guinea. We are your 'wantoks' and we look forward to sharing our modest skills and know-how with you. The spinoffs of better understanding and goodwill from increased contact and cooperation between our peoples will surely strengthen our friendship.

Like Papua New Guinea, Malaysia is a producer of primary commodities. Commodity prices are depressingly low. Naturally we in Malaysia are feeling the pinch. The slump in prices is attributed to the current world economic recession and everyone is impatient for its recovery. At the same time, Malaysia is extremely unhappy at the manipulation of commodity prices by the various exchanges located in the developed countries. Scant regard is paid to the producers. To ensure reasonable prices, such an unhealthy system has to be dismantled. This conviction has led Malaysia to participate in the formation of tin and rubber producers associations to ensure fair and stable prices.

You and I have just left Suva where, for the last several days, we had met with our other Commonwealth colleagues from the Asia-Pacific region. We had talked on a range of international and regional issues and listened to each other. As you are aware, for Malaysia, the unresolved Kampuchean question continues to be of serious concern. It is a threat to regional peace and security and it only encourages big power rivalry to brew in our midst. Furthermore, the Kampuchean question impedes efforts by the ASEAN members to realise their goal of a Zone of Peace, Freedom and Neutrality in South East Asia.

Together with our ASEAN partners, Malaysia has actively pursued, particularly at the United Nations, efforts for a comprehensive political solution to the question of Kampuchea. In this regard, we are deeply appreciative of the support and understanding rendered by Papua New Guinea. The recent successful formation of the Coalition Government of Democratic Kampuchea under the leadership of Prince Sihanouk is heartening. Malaysia earnestly hopes that peace, freedom and dignity would soon be restored to the Kampuchean people.

I am honoured and overwhelmed by the warmth and gracious hospitality extended to my wife and I, and members of my delegation, in the short time that we have been in Port Moresby. May I express our most sincere appreciation to the Government and people of Papua New Guinea. I look forward to having the opportunity to reciprocate your generosity in the near future.

SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING CEREMONY OF THE ASEAN LAW ASSOCIATION
GENERAL ASSEMBLY
KUALA LUMPUR
26TH. OCTOBER, 1982

When I was invited to address this Assembly my initial reaction was what have I, as a doctor and a politician, got to say to a distinguished group of lawyers considering that our professions are poles apart. Nevertheless I deem it an honour and a privilege to officiate at this gathering and to share some of my thoughts with you.

You are gathered here today to exchange ideas, to debate and suggest how to overcome common legal problems that face the peoples of ASEAN, problems that may be solved with the help of your experience and expertise.

Let me first of all welcome you most sincerely to Malaysia especially to Kuala Lumpur. I hope that while here you can find time not only to talk to fellow lawyers from each other's country but also to talk to Malaysians from other walks of life and to travel a bit to see our country, to see what we have achieved since independence 25 years ago and to see what we are trying to achieve for ourselves and for our future generations.

Touching on your profession, I rather envy the ideas which lawyers have as to how the country should be run and the facility and gay abandon with which they express themselves whenever Government did something they disagreed with.

As an example of how quick they are on the uptake I would like to relate to you a story about a doctor who had a lawyer as a patient. The doctor after examining the lawyer said, "I am afraid there is nothing I can do for you. Your disease is hereditary." "Well, in that case," said the lawyer, "send the bill to my father."

I also envy the precision with which lawyers use language. For example, in another case, a doctor was treating a lawyer suffering from diabetes and high blood pressure. The doctor advised slimming. He said, "You are overweight. You weigh nearly 250 pounds. Tell me, what was the least you ever weighed." The lawyer patient answered, "8 1/2 pounds".

As this is a first conference of lawyers that I have ever addressed it is proper for me to say something about my attitude towards the law.

First, I believe in the supremacy of the Constitution. The Malaysian Government will faithfully do its duty as prescribed by the Constitution – rights guaranteed to the different component parts of the federation, rights guaranteed to minorities, rights guaranteed to the citizen and in some cases to the non-citizen also. The Constitution is not infallible, having been drafted by mere men. Hence, the Constitution also provides for its amendment, no doubt to make it compatible with changing times. But the conditions for amendments are such that the Constitution cannot be trifled with at will.

A written constitution is essential in a federation, especially one with a multi-racial and multi-lingual, multi-religious and multi-cultural population. Every one concerned, not only those in Government, must respect and uphold it.

Second, I affirm my support for the rule of law. I am no lawyer and have experience of appearing in court only as a medical witness when I was a Government doctor; yet I am aware of the importance that the law plays in protecting the life and limb, liberty and property of the citizen. No man is above the law, not even those in power. Those in power are in fact trustees and their duty is to promote the public good, not self-enrichment.

Third, I will always respect the independence of the Judiciary. We do not expect the courts to be pro or anti-Government, only pro the Constitution and pro the law. The Government always considers the Constitution and the law carefully before we do anything – so we expect the Judiciary to be free to judge our alleged trespasses without fear or favour, but in accordance with the Constitution, in accordance with the law, in accordance with the law of evidence and procedure and justly and fairly. We shall always respect their judgments. But the right to make laws must necessarily be that of the legislature.

Fourth, in accordance with our insistence on efficiency, I will see to it that the Judiciary will be given what it really needs by way of manpower and physical facilities (though not what it imagines it needs) to enable it to administer justice expeditiously and efficiently.

Fifth, though doctors and lawyers do not always see eye to eye with one another probably because lawyers frequently engage in "contentious business" while we doctors have been trained to comfort, soothe and to cure - I will always respect the Bar and their independence. I promise that no member of the legal profession would ever be penalised in the course of discharging their duties.

Malaysia is a young nation. One of our main concern is development: how to improve the well-being of our people. In our efforts to achieve this we find that there are so many things to do and so little time in which to do them. In this task we need order; for order begets stability and stable conditions give the Government the time, effort and money to focus on development. There is no perfect Government. It is a mistake to think that changing a Government will solve problems. We have only to

look at the countries that have changed their Government, either by fair means or foul, to appreciate this.

In this effort of ours to secure order, the law plays a very important part. In this connection I recall a statement made by our second Prime Minister, the late Tun Abdul Razak, when opening a Conference of the Commonwealth Magistrates Association in this city in 1975. He said that in his view:

"..... the law is not something immutable written on tablets of stone, but that the law is to serve man, not that man should serve the law, though of course he could obey it ... the law is a living thing that should be kept under constant review, that should be brought up to date from time to time so that it will always remain suitable for contemporary needs, so that it can be used as an instrument for satisfying the hopes and aspirations of the people. In a developing country like Malaysia the legal profession has a great responsibility towards society ... (They) being the most articulate members of society should be the first to spot antiquated laws and to suggest amendments that will increase the citizen's opportunities for economic, social and political advancement, and create and increase his opportunities for prosperity and happiness."

In this respect I share Tun Razak's sentiments. That is why I am very pleased that so many judges, lawyers and law teachers from the five Asean countries are gathered here today. Our five countries have had different histories and legal experiences. Malaysia and Singapore have inherited the English Common Law System; the Indonesian, the Dutch, i.e. Continental system; the Philippines, the Spanish with our overlay of the American legal system; and the Thais, the only Asean people without colonial experience, have a different legal system.

Each of these systems is designed to regulate in a fair manner the relations of man, the relations between man and the state; and prescribes a just way of resolving disaster among them. But each system follows different paths. Your deliberations should over a period of time produce a synthesis of laws for the benefit of the whole of Asean.

I would like to touch on the subject of law as it affects trade relations. Even before independence our five countries had trade relations with one another. After the formation of Asean, these trade relations have increased and become stronger.

History has seen the shifting of the centre of civilization. At one time China claimed to be the centre of the universe. Events gradually moved it to the Mediterranean. For several centuries now it has been in Europe and latterly it is supposed to be more in the North American Continent. After the Second World War, it can be seen that the Pacific Basin has become more and more important. Asean with a total population of about 250 million people is an important market. Considering also that we are major producers of rubber, tin, oil palm and other important raw materials, the future is indeed bright for us in Asean. We can become great nations, no longer

subject to manipulations by far-away countries, if only we could take full advantage of our resources, including our diligent manpower and apply them productively. In all this, lawyers and the law have an important role to play.

I am fully aware of the importance of uniformity in the law governing international trade. For this reason I am happy that at the Manila General Assembly you discussed the laws relating to foreign corporations and transnational corporations; off-shore financing ; reciprocal enforcement of judgements and reciprocal service of process; settlement of commercial disputes; and tax system and laws of member countries, and that here you will be discussing the proper law for Asean corporations and the protection of intellectual property. Intra-Asean trade is very important for our well-being and the different laws in our five countries should as far as possible be harmonized to promote it.

Multiplicity of Governments is a challenge to us. Asean has five Governments. Malaysia, being a federation, has a Central Government and 13 States Governments. Our agreed aim is to harmonize the different laws that exist on some subjects even within our own country. Progress has been slow because of the need to consult and persuade. For example, it took us seven years to finalize and enact the National Land Code to replace the seven separate land enactments on the peninsula. Even today Sabah and Sarawak each has its own Land Ordinance. I believe that the process in harmonizing the commercial laws of Asean countries too will be slow - but the Asean Law Association has taken the first step of opening discussions, without which no hope of uniformity will ever be achieved.

It is too much to expect that your deliberations will produce instant result, but let us hope that in the years to come international trade, not only among Asean countries but also worldwide, can be governed by uniform laws to facilitate business and, more important, to expedite the settlement of disputes among international businessmen.

Talking about the settlement of disputes, I see that one of the subjects you will be discussing this week is "Alternative Forum for the Settlement of Disputes for the Common Man" meaning, I am told, that you will be exploring ways and means of settling minor disputes at the village level without too many technicalities in the way.

Our Lord President once remarked that the ordinary courts are slow because they have to comply with a written Constitution, with the law, especially the law of evidence and procedure. He also remarked that not every litigant wants early disposal of his case, for many prefer to delay facing the music. This and many other reasons were brought out in your discussions at the General Assembly in Manila. Be that as it may, I hope that the Bench and the Bar can somehow find ways and means of administering the law in a more efficient way.

During your deliberations it is only proper that as professionals you focus on legal justice. But I would like to point out that apart from legal justice, there are other kinds of justice which are also desirable that we should achieve, and that is economic

and social justice. The former President of the United States, Mr. Carter in a speech to American lawyers said that in the United States there are many judges and many lawyers but not enough justice. He was referring to legal justice. As head of the Government I am acutely aware of the need to provide the broader kind of justice that I mentioned. I hope that members of the legal profession too remember that they have a wider duty to society, and that during your deliberations and afterwards when you have gone home you will remember the great duty of securing more than legal justice that all of us owe to our fellow citizens.

I think I have said enough to this Assembly. I would now like to end in a lighter vein. A long-winded lawyer was arguing a technical case in a court. He had rambled on in such a desultory and soporific way that it became difficult to follow his line of thought, and the judge had just yawned very suggestively. With just a trace of sarcasm, the lawyer ventured to observe; "I sincerely trust that I am not unduly trespassing on the time of this court". "My friend", replied the Judge, "there is a world of difference between trespassing on time and encroaching upon eternity".

I now have much pleasure in declaring open this General Assembly of the Asean Law Association and may God grant you wisdom and guide you in your deliberations and in your search for truth and justice.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER IN HONOUR OF HIS EXCELLENCY
THE PRIME MINISTER OF FRANCE, MR. PIERRE MAUROY
KUALA LUMPUR
13TH. DECEMBER, 1982**

It is with great pleasure that I, on behalf of the Government and people of Malaysia, welcome Your Excellency, Madame Mauroy, and the distinguished members of your delegation to Malaysia. Your visit to Malaysia, Excellency, is the first ever by a Prime Minister of France. I am confident that your visit will contribute to the strengthening of the existing close ties of friendship and cooperation between our two countries, and foster greater goodwill and understanding between our two peoples.

For a long time, Malaysia and France have shared cordial links. While France may not be among Malaysia's major trading partners, she has participated in and contributed to our economic development in the past and continues to do so presently. I believe there still exists wide scope for France to involve herself more actively in our economic development, particularly in the fields of trade and joint-participation in projects through investment.

I am happy to note and to welcome the growing interest that France is showing towards Malaysia as manifested by this visit of Your Excellency to our country. Indeed, in May this year, we had the occasion to welcome Mr. Michel Jobert, the Deputy Prime Minister and Minister of External Trade, who had wide-ranging discussions with our side on specific fields of cooperation. My colleague, Datuk Musa Hitam, the Deputy Prime Minister, also had the pleasure of meeting and having discussions with Your Excellency in Paris. These contacts and consultations could only augur well for our bilateral cooperation both now and for the future.

In this connection, let me assure you that in adopting a "Look East" policy in order to balance foreign influences on our national development, we are not turning our backs on the West completely. The West remains an important partner in our development efforts and French expertise, technology and investment are always welcome.

We understand that the European Economic Community (EEC) is currently reviewing its development policy vis-a-vis the developing countries with a view to expanding the Community's economic cooperation with them. This is in recognition of the fact that such assistance is vital to the economic recovery of the western world itself. Likewise, we understand that the EEC perceives that developing countries like Malaysia require assistance in the field of industrial, technological and trade cooperation,

particularly access to markets. We view this policy review by the EEC as a positive and timely development in the wake of the existing serious international economic situation made worse by unprecedented protectionism and ill-advised monetary and financial policies.

It is for this reason that we also learn with regret that France, which is an important and influential member of the EEC, has of late introduced a ruling requiring that all customs import-documents be prepared in French. This is certainly an impediment to a freer flow of trade and constitutes another form of non-tariff barrier. This new ruling by France does not appear to be in accord with the policy review being undertaken by the EEC to develop its economic cooperation with the developing countries. It comes as a surprise to us that France, which is deeply committed to the free enterprise system and a free and unhindered international trade, has introduced this form of indirect protectionism. Imagine the consternation among French exporters if Malaysia were to insist that they must use Bahasa Malaysia in all their documentation.

We hope that France would reconsider her decision and in doing so would use her strong position and influence within the EEC to urge the other members of the community to do away with their protectionist policies. The abandonment of these protectionist measures would go a long way towards softening the negative impact of the recession on the developing countries in particular. Until these and other man-made restrictive economic measures such as market and price manipulations by commodity exchanges located in developed countries, high interest rates, release of stock-piles of so-called strategic commodities etc., are removed through the application of the right decisions by Governments concerned, the current recession cannot but be prolonged to no one's benefit. This can only exacerbate the international economic situation to the detriment of worldwide economic development and prosperity.

In a world which has learnt to expect no growth or little growth, the ASEAN region can rightly be proud of its continued economic growth. True the growth is not as high as in the 70's, but it is still significant compared to the rest of the world. Consequently we find a great deal of interest focussed on this region. ASEAN and certainly Malaysia welcomes this interest. We hope, however, that the interest is not confined to the market potential of a relatively healthy economy.

Malaysia would like to take advantage of its good fortune in order to get a fair return for the market potential we offer. Trade missions coming to sell goods here should bring along investors as well. We need investment in new projects to support our industrialisation programme. We would also like to gain access for our manufactured products in the markets presently closed to us. And, of course, we would like to expand our commodity exports.

Lines of credits and soft loans are greatly appreciated. But their long-term effects are not as good as the acquisition of technology and access to markets. What we would like to see is an offset programme whereby purchases and contracts are linked with economic reciprocity of one kind or another.

We will not legislate in order to achieve our objective. Nor will we proclaim a distinct policy. But we do expect our trading partners, particularly our friends to appreciate our yearning to become a developed country.

As you are aware, the Government of Malaysia gives high priority to socio-economic development so as to meet the aspirations and expectations of our people of greater prosperity and higher living standards. A steady economic growth and a stable socio-political environment require peace and stability not only within the country but in the region as well. To achieve this objective of regional peace and stability, Malaysia, together with her partners in ASEAN, declared their resolve to make South East Asia a Zone of Peace, Freedom and Neutrality (ZOPFAN). Our relations with countries of the region and beyond are based on the principles of respect for one another's independence, sovereignty and territorial integrity, non-interference in each other's internal affairs and non-use of force or threat of use of force.

We are, therefore, gravely concerned and perturbed at the unresolved issue of Kampuchea which has been brought about in the first instance by military intervention and occupation of that country by foreign forces. The protraction of the situation in Kampuchea continues to pose a serious threat to regional peace and stability besides encouraging outside involvement and interference in the region. The international community has time and again called for and supported a speedy negotiated political settlement of the issue based on the principles of the ICK Declaration and other relevant United Nations' Resolutions. The formation of the Coalition Government of Democratic Kampuchea under the Presidency of His Highness Prince Norodom Sihanouk is a welcome development towards achieving such a negotiated political settlement of the Kampuchean issue. Towards this end, we would urge that France, a country which has historical links with countries in this region, to contribute positively to the political solution of the Kampuchean issue.

Malaysia and France share similar views and common perceptions on many global issues. This had enabled us to cooperate effectively in the United Nations and other international fora and has provided and will continue to provide a strong foundation for our bilateral relations. Your visit will further help in strengthening this foundation for our mutual benefit.

I would like once again to express our pleasure on this occasion to welcome you to Malaysia and I hope that your stay in this country, short though it may be, will both be enjoyable and memorable.

Honourable Ministers, Excellencies, Ladies and Gentlemen, may I invite you to rise and join me in a toast to the good health of His Excellency the Prime Minister of the Republic of France and Madame Mauroy and the good relations between our two countries.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER IN HONOUR OF THE
RT. HON. PIERRE ELLIOTT TRUDEAU
PRIME MINISTER OF CANADA
KUALA LUMPUR
10TH. JANUARY, 1983**

It is indeed with great pleasure that I welcome you, Mr. Prime Minister, and your distinguished delegation to Malaysia. In fact, I should say welcome back, Mr. Prime Minister, as you are no stranger to this country, this being your second official visit. During your first visit in May, 1970, you met Malaysia's first Prime Minister YTM Tunku Abdul Rahman Putra Al-Haj. In October, 1971, you played host to Malaysia's second Prime Minister, the late YAB Tun Abdul Razak, during his official visit to Canada. You have probably also met my immediate predecessor, YAB Tun Hussein Onn, during one of the Commonwealth Summits. You, therefore, are not only familiar with this country, but with all its Prime Ministers as well. We honour your presence here tonight as a further expression of our high regard for Canada and of the close and friendly ties that have for many years now linked our two countries.

I was given to understand that while discussing the programme of your visit to Malaysia, you had sounded out the possibility of finding some time to visit the Campbell eating stalls, which you recalled from your previous visit. I am afraid that the Campbell stalls of the 70's are no longer there, having given way to the process of change. However, let me quickly assure you that while those stalls no longer operate along Campbell Road, renamed Jalan Dang Wangi, such stalls are still plentiful and easily found in Kuala Lumpur.

The transition of the Campbell stalls can be said to exemplify the process of change and development. Change and development are integral to any society and nation. The problem that confronts societies and nations, however, is that not all developments are for the better. Nothing illustrates this point more than the recent changes that have taken place in Malaysia's external environment, both in the political and economic spheres.

I am gratified, Mr. Prime Minister, that amidst these developments, our bilateral relations have continued to remain sound, steady and meaningful. We recall with pleasure that Canada was one of the first to establish a resident diplomatic representation in Malaysia following independence in 1957. We are appreciative of your economic and technical assistance and hold in esteem your willingness in providing educational opportunities for Malaysian students. Neither have we forgotten the important and helpful role Canada played in the resettlement of Vietnamese illegal immigrants.

Given this secure foundation, we can therefore be confident about the future development of our bilateral relations. This applies particularly to economic, trade and educational fields. Malaysia, within this context, welcomes Canadian participation in our current national development endeavours, as outlined in the Fourth Malaysia Plan. The Fourth Malaysia Plan, in essence, seeks to improve further the standard of living of all Malaysians. It is my sincere hope that Canada will contribute to the success of the Fourth Malaysia Plan through greater investment and joint ventures, especially in the sectors where Canada has the capital, expertise and experience.

Our political relations, I must say, have always been characterised by a high degree of concurrence on all important aspects of global and regional affairs. We have always agreed that close political cooperation is needed in order to be able to overcome the increasingly difficult economic problems of the present and the future. Your current visit bears testimony to this continuing process of consultation and cooperation.

Canada's interest in this region, particularly in the five ASEAN countries, is not new. This longstanding interest has over recent years taken tangible forms, particularly with the setting up of the ASEAN-Canada Forest Tree Seed Centre as well as the Fisheries Post-Harvest Technology Centre. I am convinced that, given the necessary political will, Canada-ASEAN relations can become the model of cooperation between a developed country and a group of developing countries, based on partnership on equal terms and common interest.

The international scene, encompassing both political and economic dimensions, appears dismal, a view which I had expressed during my recent address at the United Nations General Assembly. International law and order has truly broken down, giving rise to a situation where might and right is almost synonymous. The international community watches helplessly while weak countries like Kampuchea, Afghanistan and Lebanon are invaded with impunity and without mercy by those bent on expansionism. The United Nations, where the small and weak countries turn to, especially when confronted with external military aggression, is being deliberately deprived of its powers to prevent and control such aggression. The need to restore faith in the United Nations is very pressing. The United Nations must regain its credibility. I would like to say that countries like Malaysia must help restore the trust and confidence of the international community in this Organisation's role in resolving problems and crises and in maintaining world peace and stability. But this would be mere rhetoric. What is needed is the full backing of the powerful nations. They must revitalise the organisation which they had created. If the Charter of the United Nations is to have any meaning then the founding nations must be prepared to back the United Nations even though they have lost their ability to manipulate it.

On the economic front, the developing nations are reeling from the effects of recession which are the consequences of man-made policies in the powerful commercial and financial centres of the world. The plight of the poor developing countries has only drawn pontifical remarks from the developed countries. Free trade, the hallmark

of nations espousing innovation, industry and individuality, is being wrecked by the rising tide of protectionism, as exemplified at the recent GATT meeting, which your colleague and Deputy, Mr. Allan MacEachan, chaired in Geneva recently. At the same time, high interest rates and other unhealthy manipulations of the free enterprise economic system go on unabated by those who claim themselves to be the custodians of this very system.

Lately Western economists have been talking gleefully of putting the last nail into the OPEC coffin. The assumption is that with the collapse of OPEC the economy of the world will improve. This may be so but we are quite sure that the prices of all manufactured products that developing countries have to buy will continue to rise even when fuel prices go down. The excuse will then be that fuel does not figure much in the cost of production. Yet when fuel prices go up, prices of all manufactured goods are inflated.

As a producer of several primary commodities Malaysia is familiar with this phenomena. The fact that rubber and tin sells at rock-bottom prices now has not helped to reduce prices of products made from these material. For Malaysia and other developing countries it is a case of "heads I lose, tails you win" all the time. It is about time that Western economists acknowledge that the present recession is caused primarily by non-productive wage increases in their countries. This has priced their goods out of the market. Faced with foreign competition in their own and foreign markets they have reacted by raising tariff barriers, thus effectively stifling world trade. Until this is recognised, there will be no real recovery. Killing OPEC is likely to result in more Mexicos, rather than economic recovery.

In our discussion on current political developments in South East Asia, we dealt at length on the problems resulting from foreign military intervention in Kampuchea. We all agreed that these unhealthy developments pose a grave and direct threat to the peace and stability of this region. The Kampuchea issue, if not resolved peacefully and promptly, will also become a threat to world peace and security as continued foreign occupation of Kampuchea has brought in its wake big power rivalry and involvement. This is a very sad development in a region which has witnessed some of the worst human sufferings and deprivations in recent times. So long as foreign forces remain in Kampuchea preventing the free expression of self-determination by the Kampuchean people and violating the territorial integrity and sovereignty of that nation, Malaysia and its partners in ASEAN will remain steadfast in opposing the situation. A peaceful resolution of the issue must be obtained in accordance with the Declaration of the International Conference on Kampuchea, and all other relevant UN resolutions, which have been endorsed and supported by the international community. Malaysia welcomes the setting up of the Coalition Government of Democratic Kampuchea under the Presidency of His Highness Prince Sihanouk as a positive step towards the peaceful resolution of the Kampuchea issue. Malaysia is grateful to Canada for its support over the Kampuchea question.

Malaysia and Canada are motivated by the same desire for peace and stability in the world so that all energies can be channelled towards alleviating poverty, hunger

and other deprivations and towards establishing a just and equitable new international economic order. Within this context, we look forward to a world characterised by sincere and constructive partnership and cooperation between the developed and more fortunate countries and the developing and less fortunate ones for their mutual benefit.

It is our pleasure to have you here again, and I hope your stay here will be both enjoyable and memorable.

Honourable Ministers, Excellencies, Ladies and Gentlemen, may I now request you to rise and join me in a toast to the good health of His Excellency the Prime Minister of Canada and to the continuing close and friendly relations between our two countries.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
TO THE JAPANESE ECONOMIC ORGANISATIONS
TOKYO, JAPAN
24TH. JANUARY, 1983**

I am very pleased to be here today to address such a distinguished gathering of the leaders of the business community of the world's second largest industrial power. Those of us who are from the developing countries cannot help but admire the fact that you and your predecessors, through sheer hardwork and determination, helped to guide the first Asian nation from an island-based agrarian society to become what is perhaps the most technologically efficient economy in the world today. Japan accounts for 10 per cent of world economic activity, although occupying only 0.3 per cent of the world's land area and supporting about 3 per cent of the world's population. The achievements of the Japanese economy have become a model of inspiration for many newly industrialising economies. Indeed, your record now is the envy of the industrial West. The developing economies, no doubt, have much to learn from an economy that was able to achieve growth rates of over 10 per cent for over two decades to the early 1970's, and rates of up to 50 per cent annually in the recent past, with moderate inflation and practically no significant unemployment. Through the unique ability of your researchers and businessmen to work in close co-operation with your Government to take the long view, the Japanese economy has been successful in taking the first bold steps towards advanced automation and high technology to raise productivity that has astonished the world. I gather that the Japanese car industry today produces 4 times as many cars as it did a decade ago, with about the same work force of less than 670,000, or about the size of employment at General Motors. Also, Japanese industry today accounts for about 70 per cent of the industrial robots being used in the world. This drive towards the widespread use of high technology and the growing reliance on the knowledge-based industry will, I am sure, secure for the Japanese a comfortable competitive advantage in the global market for consumer durables and industrial equipment for some time to come. But, as you are all keenly aware, the process of adjustment of the world economy, to a more energy efficient and an economically more productive stage, is a slow and painful one. For many, the growth pangs have proven too painful. The older industrial nations, attempting to re-tool their aging machines and struggle to change the work attitudes of their people, have been forced to face both social and political upheavals.

However, in an interdependent world, even the most efficient of economies cannot escape the vagaries of the international recession. Despite the easing of monetary policies in the West, world production and trade continue to remain sluggish, with unprecedented high levels of unemployment. The economy of the United States is

still in recession, struggling to give credence to the frequent forecast of "seeing the light at the end of the tunnel" without realising that this particular tunnel could well turn out to be the longest, and a winding one at that. Even the Japanese economy, the most buoyant of the industrial nations, has had to slow down its growth performance to about 3 per cent last year, while the OECD countries has since lowered the forecast of growth in 1983 for its 24-member club from 2.5 per cent previously to 1.5 per cent currently.

This backdrop of international recession has been used by some of the largest industrial powers to bow to the mounting pressures for protectionism, which I consider to be one of the most serious threats to global well-being, and a real set-back for the early realisation of a new world economic order. These are, of course, the countries which are most seriously affected by the rising competitive edge of Japanese industry. It is a pity really that of late, there has emerged a new school of what I call "free-traders of convenience", who fanatically proclaim themselves to be the standard bearers of free trade, except when it affects themselves adversely. As rational men, the global benefits from free trade are not hard to see. To achieve high living standards, the world needs to move progressively towards greater liberalisation of trade. As a politician, I know only too well how it feels not to make the politically popular moves. But, politics is also moved by principles and ideas based on long-term well-being. In the game of free trade, it is my view that those most well placed to make accommodations must make the first move to eliminate as many of the remaining barriers to trade as is realistic to remove quotas and reduce tariffs and duties on as many imports, as well as non-tariff barriers to trade, including the simplification of import procedures, which have proved so difficult for many exporters. With each action, there will be a reaction and response. Given goodwill, I see no reason why we cannot make further progress towards free trade, even in recession.

In this context, I note that the Japanese industry has already taken the right steps towards internationalising its activities by switching progressively towards production based in strategic consumer countries, instead of concentrating heavily on the direct export of finished goods from Japan. The increasing number of joint-ventures between more and more Japanese and selective "host-based" companies involving transfers of technology and skills are also encouraging signs that Japanese industry is indeed taking a more responsible role, befitting its status as the foremost technological economy. It is with this in mind that I wish to discuss with you today the course of Malaysian-Japanese relations, within the broader perspective of ASEAN.

As some of you may be aware, Malaysia shares a number of similarities with the Japanese economy of the not too distant past. We are a small economy dependent on international trade, with a young but rapidly growing work-force. We both share high levels of national investment and savings, and have enjoyed relatively low rates of inflation. More important, we share a common belief in monetary stability and financial discipline as essential pre-conditions to growth. We also share a common objective - which we deeply believe - in raising living standards within the shortest time possible. There, the similarity ends. For Malaysia is basically still agricultural-based, relying on

production centred on our vast natural resource base. Increasingly, as we develop our fledgling industrial base, we will require more and more of the capital, know-how and experience that Japan has to offer. As Japan moves further up the technological ladder, you will be reducing the share of primary raw materials in your import content. Increasingly, non-oil forms of energy and perhaps, finished products presumably will take up a larger share of your purchases. At the same time, you have been shifting your emphasis on to the faster growing and highly export-oriented advance technology manufacturing industries with very high value added, while restructuring your older and lower technology industries in the world market place. As I see it, this progressive upgrading of your economic structure complements, rather than contradicts, the process of upgrading that is being implemented in Malaysia and the other countries in ASEAN.

We have been major suppliers of energy and primary commodities for your industries. At the same time, we are significant consumers of your finished and semi-finished products. This symbiotic relationship, which is based on the classical developed-developing economic dichotomy, is now very much obsolete. Politically, such an arrangement can no longer be accepted. Japan is ASEAN's most important trading partner and is Malaysia's fastest growing major trading partner. ASEAN accounts for about 15 per cent of Japan's total imports and about 10 per cent of its exports. ASEAN is the leading supplier of rubber, tin, palm oil, lumber, copper and bauxite to your country, and although less than 20 per cent of your crude oil comes from our region, virtually all your oil passes through ASEAN waters.

Although it is fair to say that Japan's economic relationship with ASEAN in general, and Malaysia in particular is excellent, this conventional relationship in which you remain the dominant economic partner cannot be carried further in view of the dynamics of your own changes in economic structure and the radically transforming structure and priorities of the ASEAN region. We, in the South, are now experiencing the rapid rates of growth which you enjoyed a decade or so ago. As one of the fastest growing regions in the world, ASEAN hopes to significantly narrow the economic gap with the developed world in a matter of a decade or two. Quite naturally, we would expect that our relationship will evolve into a more equal and mutually reinforcing partnership. It is regrettable that the high hopes, raised by the proposed implementation of the Fukuda Doctrine in 1977, as a basis for a new relationship with ASEAN, whereby practical economic co-operation would be intensified, have not been realised. I believe that the many practical difficulties which ASEAN face in gaining real access to the US\$1 billion fund established to assist ASEAN industrial projects will need to be resolved quickly, in order that the framework of our relationship can be translated into concrete examples of ASEAN-Japan co-operation, instead of them remaining as pending paper proposals. What is vital is not merely a need for heart-to-heart diplomacy, but mind-to-mind technology transfer and hand-in-hand co-operation to build up the existing relationship into one that is mutually beneficial and long lasting in terms of down-to-earth benefits for our peoples.

Let me illustrate further by referring specifically to the Malaysia-Japan economic relationship. Japan is our leading trading partner, accounting for about one quarter of

our international trade. In recent years, the traditional trade surplus which we have enjoyed with you has been reversed into a deficit, reflecting mainly our growing affluence and rapidly expanding domestic investment programme, implemented largely with Japanese capital equipment. In recent months, the continuing deterioration in commodity prices has led to a significant decline in our exports to Japan, having fallen by about 11 per cent in the 20 months since January 1981. In contrast, imports from Japan increased by about 35 per cent over the same period. As a result, our trade deficit with Japan has nearly doubled to US\$350 million in the first eight months of 1982 alone. Including the trade in invisibles, the overall trade deficit with Japan is estimated to be in the region of no less than US\$600 million.

What is remarkable about our trade with Japan is that 60 per cent of our imports from Japan represented plant and machinery, while over 90 per cent of our exports are in the form of primary commodities, involving very little processing or value added on our part. For example, Malaysia's exports of sawn timber to Japan accounted for less than 20 per cent of our saw-log exports to you, which amounted to US\$630 million in 1981 alone. In the first eight months of 1982, the value of our major exports of rubber, tin and crude oil to Japan in fact declined in absolute terms by 46, 34 and 20 per cent respectively.

This general lack of opportunity for Malaysia to sell, let alone process its raw materials for export to Japan, will clearly retard our aspirations to industrialize and diversify our economy. I do see that in your efforts to restructure your older industries, such as steel, petro-chemical, pulp and paper, timber and rubber processing, cement and textiles, there will be opportunities to relocate some of them in Malaysia as a complement to your own industrial strategy. We, on our part, are vigorously seeking to upgrade our technology and skills, including access to part of the markets which you can provide. This complementarity in industrial development will not entail a large effort on your part, but will certainly establish a solid basis for the development of our fledgling industries for mutual benefit.

Lastly, I should conclude with a few remarks on a matter which I am sure is of direct interest to you, namely, the question of Japanese investment in Malaysia. Investment from Japan is already the second largest source of foreign investment in Malaysia's manufacturing sector. We are, of course, pleased that many of the most famous Japanese companies are directly involved in our industrialization programme. At the last count, over 600 Japanese companies have invested in Malaysia a total of approximately US\$650 million, of which nearly two-thirds were in the manufacturing sector. A recent survey of these companies revealed that nearly three-quarters of Japanese investment in Malaysia were in the labour-intensive industries, namely textiles, electronics, and the assembly of simple machinery and equipment. The study also showed that Japanese investments have been profitable, which I must say did not surprise me at all. What was particularly revealing is that while over 80 per cent of the companies surveyed referred to their contribution to Malaysia in terms of the creation of new employment opportunities, only one-half of them indicated that Malaysia had really benefitted significantly in terms of technology transfer. Another 40 per cent of

the companies surveyed stated that their investments had contributed only some degree of technology transfer, while the remainder provided very little or no transfer of technology at all.

Looking ahead, we believe that foreign investments certainly bring a good measure of monetary benefits to the investors. Otherwise, they will seek their profits elsewhere. For the host country, the employment generated by foreign investment is no longer a good enough justification. Foreign investment must be accompanied by a decent dose of technology transfer, without which the broad policy objective of foreign investments will not be meaningful. We need skills and know-how. We do not intend to be the robots for foreign industry. In exchange, investors reap attractive returns on their investment and secure for themselves at the same time, a reliable source of supply or an assured market share for their exports, depending on the nature of the investment. It is important to understand and appreciate the terms under which foreign investments are welcome in Malaysia.

To pave the way, we in Malaysia have set in motion a national campaign to prepare our work force to meet the challenges ahead. We are stressing efficiency, self-discipline and dedication to work. These attitudes are familiar to you. Our "Look East" policy, in essence, is a call to return to the self-help philosophy of our earlier era: it emphasises the need to pull ourselves up by our own hardwork, determination and initiative. I believe that the work force must first be committed to a new lifestyle that places a premium on dedication to work and work for the good of the community, before we can effectively propel our society into the era of modern technology. We have set for ourselves a target based on the very same goals that you so successfully aspired to attain in the 1960s - namely, to achieve "kodo seicho" (high speed growth) through "seisanryoku kakujū" (increase in productive capacity), "shokusan kogyo" (greater industrial production) and "yushutsu shinko" (promotion of exports). In this, we share with you the same determination to regain a greater control of our economic destiny. No doubt, we will need to invest heavily in our human and natural resources, and to mobilise vast sums of money to bring the dream into reality. The Government is committed to this bold venture. Its main function will be to provide the leadership and play the catalyst role, and to set in place efficient infrastructural facilities, foster a stable monetary climate and instill a political environment that promotes private initiative, encourages innovation and judicious business risks. The picture is complete only with the implementation of an aggressive policy to promote the inflow of foreign capital and know-how, including the upgrading of skills based on modern technology. We are looking for a lasting relationship - a partnership that serves the interests of both the investor and the host nation; a partnership that involves Malaysia in a transfer of technology to enrich the lives of those whom it touches; and a partnership that strengthens the moral fibre of the work force and its work ethics. In the final analysis, what we are after is not dissimilar from the "uchiwa" (all in the family) economic system of the Japanese. For those of you, who share our aspirations and wish to be involved in a unique development experience, Malaysia offers you a rare opportunity to share in our advantage to build a modern nation.

KEYNOTE ADDRESS
BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL OPENING OF THE
ASEAN — EEC INDUSTRIAL SECTORAL CONFERENCE
KUALA LUMPUR
28TH. FEBRUARY, 1983

It gives me great pleasure to be here today in conjunction with this first ASEAN-EEC Industrial Sectoral Conference to be held in this region to promote the increased flow of direct investments into sectors of industry that are vital to the development of the region. I would also like to take this opportunity to welcome the Honourable Ministers and members of the private sector from the ASEAN countries and also the officials of the European Commission and business leaders from Europe.

It is appropriate that this Conference is held during this period when both developed and developing countries are slowly staggering to their feet, trying to overcome the on slaught of the global recession that has affected all our economies. Needless to say different countries have fought the effects of the recession with varying degrees of success. Some have had to contend with zero or negative growth rates while others have had to be satisfied with very marginal growth. However, if one looks at the performance on a global basis during this dismal period in the economic history of the world, one cannot but notice that there is one region that has maintained growth at a significant level, and that is the ASEAN region.

It was said by a leading European personality some time ago that the centre of gravity of economic growth is shifting slowly from the West to the East and especially to the ASEAN region. I feel that there is no better proof of the veracity of this statement than the fact that all the ASEAN countries have generated, are generating and will apparently continue to generate positive growth rates during these difficult times.

The European Economic Community represents a regional grouping of nations that has for long exerted considerable economic influence on world trade and investments. Some members of the EEC have in the past had a role as the colonial masters of some of the ASEAN countries. The EEC has unfortunately also used its collective strength to deprive ASEAN and other developing nations from a share of the rich markets in Europe, even for manufactured products that are based on the natural resources of these developing nations. I make this statement to you because we need to face this truth if we are to make meetings such as this worthwhile.

In the past, members of the EEC, and indeed other developed nations, have been happy to keep the nations of ASEAN and other developing countries merely as suppliers

of their requirements of raw commodities, both agricultural and mineral. Some of the ASEAN countries have found to their dismay, as other developing countries have found, that political independence which threw away the shackles of colonialism brought forth another evil in the form of economic dependence - a new form of colonialism. It was this feeling of disenchantment and helplessness that has forced developing countries around the world to become intractable; seemingly engrossed with rhetoric and impossible demands without being able to demonstrate the practicality or logic of their stance. Even the regional groupings that they form seem at times devoid of credibility. Indeed, some of these groupings have perished. ASEAN is one of the very few to survive and to possess a viable economic and political programme.

With this background and an awareness of the near-collapse of the world economic system, we in the ASEAN region are very happy that the European Commission has taken the initiative to organise this sectoral conference as a follow-up to the general investment promotion seminars held earlier in Jakarta and in Brussels. I am sure I echo the views of the leaders of other ASEAN nations when I say that the future well-being of both our regions, ASEAN and EEC - one representing an economic force of today and the other an emerging economic force of tomorrow - can only be engendered if there is genuine desire of the members of the EEC to assist in the fulfillment of the legitimate aspirations of the peoples and nations of ASEAN.

We most certainly do not want to continue to be the plantations and mines for Europe or the rest of the world. We most certainly do not cherish the dubious honour that ASEAN holds as a world leader in the production of various raw commodities whose prices are often dictated by the tender mercies of market manipulators and close-shop trading systems in Europe and other parts of the world. We most certainly do not want to see our peoples breaking their backs to till the soil and mine the land for depleting commodities, only to find that those who work the hardest are those who obtain the least economic benefits for their endeavours. Finally, we most certainly do not want to perpetuate our manufacturing sectors at the lower ranges of the scale of world technology.

We are most happy that the European Commission has recognised this and has organised this seminar that will examine the prospects for the manufacture of agricultural machinery, machine tools and processing machines in the ASEAN region. Malaysia would most certainly like to see some of these projects established in this country. However, as a member of ASEAN, we would like to see these projects materialise in any of the ASEAN countries, for wherever the location of the projects within ASEAN all the ASEAN nations will surely benefit. The beneficial multiplier effects of increased industrialisation and development within any country in the ASEAN region will be felt more closely in future by neighbouring ASEAN countries, than if such projects were established outside this region.

I will not allow myself, or my friends from the other ASEAN countries, to be deluded into believing that the manufacturers of these products from the EEC, having profitable operations there, will relocate their projects in the ASEAN region for the

sake of friendship, etc. We have stopped believing in altruism long ago. What we in the ASEAN region offer to all industrialists from developed countries, including the EEC, is a region of stability and dynamic growth where you can invest with confidence and make reasonable profits from your investments while complying with the policies and needs of the host countries.

The ASEAN region lies between two great economic forces – Japan and the EEC. We are also aware, as I am sure all our friends from the EEC are aware, that many of the economic battles that Japan is winning in the markets of Europe and in other international markets are being fought not merely from the shores of Japan, but from developing countries such as those in the ASEAN region. Today, for example, Malaysia is the world's third largest exporter of room air-conditioners because of Japanese manufacturing activities in this country; and this is only one example of the fertile grounds for profits that ASEAN has provided for those who are prepared to identify and commit themselves to the long-term economic interests of this region.

The need to be competitive in the international market for a whole range of lower, medium and high technology products dictates that companies in the developed countries, be it EEC, USA or Japan, must appreciate fully the laws of comparative advantage, long neglected because of unequal economic strengths and unfair practices engendered through tariff barriers. With the reality of increasing costs of raw materials, transportation, wages, etc. and the equally glaring reality of the need to bring down the prices of manufactured products if companies wish to remain competitive and to meet the demands of consumers, there is a need for manufacturers in the EEC to look towards countries such as those in the ASEAN region as partners for their future growth and profitability.

We in the ASEAN region recognise that industrialists from the EEC can make a valuable contribution to the progress of this region and to the welfare of the world in general. We are aware that your contribution in terms of technological know-how, management skills and export market outlets can help members of the ASEAN countries release the stranglehold of the cycle of low income, lack of capital and know-how and continuing low income that entrap most developing nations. Undoubtedly different members in the ASEAN region are in different stages of development in this respect, but collectively it is our aspiration to move into higher levels of technology that we know can be offered by the West.

However, we are equally aware that we offer the Western manufacturers a fertile ground for new investments, growth and profit in one of the fastest growing regions of the world. The market that we form, and potentially it is a rich market, is not there simply for you to exploit. But you may share that market if you are willing to share what you have in abundance i.e. technological know-how, capital, management and marketing skills. And of course a portion of your own huge market must be open to the products that together we will manufacture.

All these remarks I address to the EEC collectively and to each and every industrialist in Europe who no doubt wish to expand and increase their activity and profits.

But let me also leave these thoughts with the members of the European Commission and to all those in the private sector who have influence in the policy making levels in the Governments of the EEC.

In the world today there has been a considerable amount of rhetoric on the dangers of protectionism. This subject has become the favourite theme of virtually all recent international gatherings, be it of politicians, economists or businessmen. And frequently those who most blatantly practice protectionism are the most vociferous in the condemnation of this policy.

Protectionism is, needless to say, contrary to free trade. When the Bretton Woods agreement was made the participants were the few countries which dominated the world at that time. They advocated free trade because to them it meant they could freely enter the markets of those countries not in a position to export products which can compete with their own. Today the picture has changed. The countries which in the immediate post-war period were mere markets are now the manufacturers and exporters of competitive goods. And these countries, having been persuaded that free trade is the ideal system, want to sell their goods freely in the industrially developed countries. Suddenly free trade takes on a different complexion for the formulators of the Bretton Woods agreement. And so free trade becomes a dirty word to be replaced by a newly salvaged protectionism.

It is clear that the practice of protectionism by the co-signatories of the Bretton Woods agreement is morally wrong. But more than that it is harmful. Free trade is still the ideal policy for our interdependent world. We cannot hope to grow economically by internal generation alone - even if we are several hundred million strong and affluent as well. Sooner or later, in one area or another, we are going to need supplies or expertise or capital from outside. And when we are in that situation our protectionist attitude is not going to help. We are going to meet with reciprocal protectionism. That is why we are hearing a lot now about bartering or counter-trade - a system that everyone agrees is primitive. But what is there to do if you find that you are unable to sell for cash what you produce?

A lot of people will say it is not going to work. And I am inclined to think that it will not work as well as free trade. But the choice is not between free trade and counter trade. The choice is between counter trade and no trade. In that situation counter trade will not only look good but it will give some results. And sufficient counter trade will succeed to damage the protectionists to some degree. The socialist countries with their preference for Government to Government deals will obviously find counter trade a good means of unloading the goods that they find so difficult to market. And once a practice becomes established it will be most difficult to dislodge it. The old contacts and symbiosis that existed between the interdependent free enterprise free trade world may disappear for good.

However before interdependence disappears it is going to do its share of the damage. The recent fall in oil prices may be a cause for much rejoicing in the industrialised countries. No longer will they be held to ransom by OPEC. No longer will

OPEC lord it over the world. But the banks which lent money to some third world countries and oil producers are going to suffer from the collapse of these countries. Already we see Mexico in dire straits dragging down with it not just the lending banks but damaging the economies of the developed countries as well. Low oil prices will kill a number of high cost oil producers - and again the banks will suffer. The fall-out will affect many and the extent will only be known in the coming years.

Clearly then interdependence means interdependence. It does not mean dependence of the weak on the strong. It obviously does not mean dependence of the strong on the weak. It means that the weak and the strong must support each other in good times as in bad. It means that they must depend on each other. If the strong is rich, the weak will have a share of this wealth. Conversely, if the strong becomes poor the weak will suffer. The effect of recession in the developed countries on the export revenues of countries like Malaysia is ample proof of this. On the other hand if the weak are helped to become rich, then the strong will become richer from the markets that will open up.

I think it is worthwhile for the participants of this conference, particularly those from the EEC to reflect on these two points - free trade and interdependence. I am sure that you are all men of influence. You know that the world is facing a recession. You also know that some of the developed countries are resorting to the wrong strategy to counter that recession. I hope that knowing this you will use your influence to force a halt to the protectionist inward-looking policies that are aggravating an already dangerous situation. Let us all return to sanity and the ways that in the 60's and 70's brought prosperity to the world.

During the next two days I am sure you will be exposed to all the latest developments taking place in the ASEAN region and the benefits that each of these ASEAN countries can offer you. I would like to add only that whatever has developed to date in respect of ASEAN is merely the tip of the iceberg. Whatever you see as potential for today is only a small fraction of the future potential that this region will offer to manufacturers who have the vision and the faith to see the progress of ASEAN and to take advantage of what we have to offer now.

Many have said that the economic concepts within ASEAN are progressing very slowly. We say that we are progressing with "deliberate speed". We want to build a structure, brick by brick, so that the final edifice will stand the test of time. We do not want to act in haste just to satisfy our ego that we have got a great economic grouping, only to regret at leisure when we find the structure falling apart at the slightest stress. I must admit that we have learned a lot from the EEC itself in terms of mistakes to avoid, and paths to pursue or not to pursue, and thus we will continue to "make haste" cautiously. However, I would like to caution all potential investors not to be lulled into a sense of complacency because of the speed the various regional economic activities within ASEAN are progressing. The leaders of the ASEAN nations have committed themselves to policies and measures of economic co-operation designed to mutually

lift the entire level of economic development within ASEAN. All those who come in now, will surely benefit from the fruits of our endeavours now and in the future.

May I wish all of you a most profitable session in Kuala Lumpur. With these words it gives me great pleasure to declare this ASEAN - EEC Industrial Sectoral Conference open.

**STATEMENT BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE 7TH. CONFERENCE OF HEADS OF STATE
AND GOVERNMENT OF NON-ALIGNED COUNTRIES
NEW DELHI, INDIA
8TH. MARCH, 1983**

May I, on behalf of my delegation and my own behalf, congratulate you on your unanimous election as Chairman of this important Conference. My delegation is confident that under your distinguished chairmanship, this Summit Conference would be able to achieve results. My delegation pledges full cooperation with you and hopes to contribute constructively to the deliberations to ensure that the 7th. Conference of Heads of State and Government of the Non-Aligned Countries will be another milestone in the development of our Non-Aligned Movement. In extending my congratulations to you, Madame Chairman, I would also like to offer my delegation's, as well as my own felicitations, to the Deputy Chairman and other officials of the Conference Bureau on their well-deserved elections.

My delegation notes with profound satisfaction the presence of 101 countries and organisations at this gathering today as against only 25 countries at the First Summit Conference held in Belgrade in 1961. This expanding membership is indeed a testimony to the hope and faith that peoples and nations of diverse governmental systems place in the Movement as a force for peace and stability in a world threatened by conflicts between two confronting camps. This hope and faith in the Movement, must not remain mere ideals, but must be translated into effective action to free the world from domination by the strong over the weak in all fields.

The Non-Aligned Movement is all the more necessary now when the big powers are involved in the game of a balance of terror. Already some countries have been made theatres of war for the practical testing of increasingly lethal weapon systems. Without the Non-Aligned Movement more of us will be fighting each other as pawns or proxies of the committed powers. It is, therefore, incumbent upon us to sustain this Movement, and to uphold its ideals and principles, in particular the principles of non-intervention and non-interference in the internal affairs of states, respect for the sovereignty, territorial integrity and independence of nations, peaceful co-existence and non-use of force in resolving inter-state disputes. The observation and respect for these cardinal principles of international relations are indispensable for the preservation of world peace and stability, for the promotion of greater cooperation, cohesion and trust among member countries, and for the overall credibility of the Movement.

The occupation and rape of several nations that we are witnessing today stem, in the main, from the flagrant disregard, indeed total disrespect, for these vital principles

which everyone claims to cherish. The territorial integrity, sovereignty and independence of Kampuchea, or of Afghanistan and Lebanon, have been blatantly violated and trampled upon, in utter contempt for the values and principles, which constitute the very existence of our Movement. We, who are committed to these ideals and principles, cannot accept, much less endorse, these high-handed actions. We cannot shrug our shoulders merely because the perpetrators of these dastardly acts want us to accept them as fait accompli. Whether we are friendly or otherwise with these unprincipled countries, we must condemn them for their misdeeds, and we must do all within our means to undo the damage. While violence is not a part of our creed, there are other weapons that will serve us just as well.

The situation in Kampuchea, arising from the Vietnamese military invasion and continued occupation of that country, directly threatens regional peace and stability, encourages big power involvement in South East Asia, impedes efforts towards the realisation of a Zone of Peace, Freedom and Neutrality in South East Asia and inhibits the development of beneficial cooperation between the countries of ASEAN and Indochina. In this regard, the past four sessions of the UN General Assembly, and also the International Conference on Kampuchea in July 1981, had unequivocally called for a comprehensive political solution on the basis of the withdrawal of all foreign forces from Kampuchea, and the exercise of the right of self-determination by the Kampuchean people, free from foreign interference and coercion. The Non-Aligned Movement too had, on several occasions, expressed its concern over this blatant interference, and warned of the danger of the Kampuchean conflict escalating over a wider area. Unfortunately, all these calls have been ignored by the perpetrators and their powerful mentors, and also by some others who are members of this Movement, for reasons which cannot withstand examination.

The problem that besets Kampuchea is simple - it is being occupied by some 200,000 foreign troops. Explanations as to the reason why is irrelevant. The fact is that the Vietnamese forces in irresistible strength marched into Kampuchea and installed a puppet regime. And having done so the Vietnamese army stayed on to prop up that regime. Obviously, the people of Kampuchea do not support that regime, or why else is it necessary to have an occupation force. That a lot of Kampucheans have left their own country is further testimony that they do not support that regime or the occupation forces. That the Kampuchean refugees are willing to join up with the Coalition Government led by Prince Norodom Sihanouk proves beyond any reasonable doubt that they do not want the Heng Samrin regime or his Vietnamese backers. Yet Vietnam, and some countries, have preferred to ignore that Kampuchean independence is being violated, that all the principles that have been espoused by the Non-Aligned Movement have been ignored. Such is the fate of Kampuchea, and its leader, Prince Norodom Sihanouk, one of the founders of the Movement who sat with the late President Nasser and the late Pandit Nehru in Bandung.

At this juncture, my delegation would like to express our profound regret over the enforced absence of Democratic Kampuchea from this Conference. We are all aware of the controversial decision by a few members of this Movement to deprive

Democratic Kampuchea of its rightful seat, in blatant disregard for the views of the majority. Already one very prominent member - Burma - had left the Movement in disenchantment in Havana. We cannot allow this trend to continue, merely because some members and their powerful friends are bent on having their way, regardless of the consequences. The legitimacy of Democratic Kampuchea to represent Kampuchea here, and elsewhere, should not be disputed since the UN General Assembly has repeatedly, and with increasing majority, affirmed and recognised the legitimacy of Democratic Kampuchea. The continued denial of Democratic Kampuchea's participation in our Conference is indeed unjust, and needs to be remedied to ensure that we stand steadfastly in favour of non-alignment. In this connection, my delegation welcomes the necessary steps to be taken towards into account the suggestion that there should be criteria and procedures to suspend or expel a member. This is a matter of vital importance which my delegation would urge this conference to act upon.

The region of South East Asia has been a cockpit of big-power rivalries since the early days of colonialism. The effects of such rivalries have created a psychological division of the region into pockets of varying political orientations from which we have never completely recovered. Such division and orientations continue to characterise the politics of the region today, bolstered by serious ideological differences which make it difficult for nations in the region to pursue the path of peaceful co-existence and cooperation. The events taking place in Kampuchea, which is a manifestation of the various psychological and political orientations, represent a stumbling block to the establishment of a Zone of Peace, Freedom and Neutrality in South East Asia, a concept that is completely in accord with the hallowed principles of the Non-Aligned Movement. It is my hope, and a hope that is shared by all the ASEAN members, that the conflict in Kampuchea be politically resolved so that peace and stability can be restored in South East Asia.

Kampuchea is not the only country that has become the victim of foreign aggression. In 1979, the Soviet Union unleashed its military might on its puny neighbour, Afghanistan. Once again we see a repetition of the disregard for principles that has been so blatantly demonstrated in Kampuchea. The Soviet Union claims to champion the cause of the weak and the oppressed, but it had no hesitation about marching into Afghanistan to prop up an unpopular regime. There is only a transparent attempt to hide behind a proxy - but, the fact is that, Afghanistan is occupied by Soviet troops.

The pattern is clear for all to see. If a neighbour is strong, then the possibility of being occupied is very real. Might, is right. If this Movement fails to condemn the Soviet Union, then fear will stalk the little nations situated next to predatory neighbours. Since the end of World War II many of us have gained independence. Many of us have, of course, been independent a long time. But for how long will we remain independent, if we condone the piecemeal snuffing out of little states by big neighbours?

It may be that the Soviet Union has bitten off more than it can chew. It may be that they are in a dilemma. But the Soviet Union is big enough to be magnanimous. Afghanistan, under whatever regime, is no threat to the Soviet Union. If the Soviet

Union can live with the People's Republic of China as a sworn enemy, surely it can live with all its Central Asian neighbours without resorting to military occupation.

The people of Afghanistan have suffered enough. In the history of Asia they stand out as the only country that successfully resisted the colonising Europeans. They are an inspiration to all of us. But now they have lost their independence. Now, they have to seek refuge outside their borders. Equipped only with obsolete arms, now they have to fight a super-power. Surely these great people deserve better than the fate that has befallen them.

I would appeal to the Soviet Union to cease, and desist, from this dishonourable act. They must be magnanimous. Their friends, and indeed the world, would honour and respect them if they withdraw their forces from Afghanistan, and allow the Afghans to determine their own fate. The United Nations, and the Islamic Conference, have called for a political solution. We endorse this call wholeheartedly. This Movement can do no less, than to call a halt to Soviet occupation, and to let the Afghans have their independence once again.

West Asia is another area of serious concern to us. The situation in West Asia remains explosive because, of the continued Israeli occupation of Arab territories, and her premeditated violation of the fundamental principles of the UN Charter. The Israeli invasion and occupation of Southern Lebanon and Beirut, and the forced evacuation of the Palestinian freedom fighters from there, is but another manifestation of Israeli intransigence. The massacres at Sabra and Shatila, committed by the Phalangists, with the knowledge and blessing of the Israeli military leaders, shall be remembered in history alongside the horrors of Auschwitz, Dachau, Belsen, and other Nazi concentration camps during the Second World War. It proves that there is no basic difference between the Nazis and the Israelis. If the Israelis had ruled Germany and the Nazis were a minority, the camps of Dachau, Belsen and others would have been filled with different people. As it is, the Palestinians who had nothing to do with the Nazis, or Belsen, have to pay the price again and again, each time, more bloody than before.

The framework for a comprehensive political settlement has been clearly stipulated in the various UN resolutions pertaining to Palestine. It is obvious that the key to the solution lies with Israel. Until they withdraw completely, and unconditionally from occupied Arab territories, including Jerusalem, and until the inalienable rights of the Palestinian people to return to their homeland, and exercise self determination are restored, there will always be instability and wars in West Asia. The initiative taken by the Arab leaders in Fez last year, embodies all these key elements, and could have provided the necessary impetus for finding a political solution to the problem. Unfortunately, the Israelis chose to reject the proposals outright, reflecting once again, their intransigence and total disregard for justice and human rights.

There is no doubt that the mentors of Israel have an obligation to ensure that Israel does not persist with her negative and irresponsible attitudes. These countries

have a moral duty to compel Israel to cease, and desist, from further acts of aggression and violence, and prevail upon her to return to sanity, and the ways of civilisation. We in the Non-Aligned Movement, must continue our perseverance, and tenacity, until the just cause of the Palestinians is finally attained.

A free and sovereign Palestinian state must be created. To this end the PLO cannot be expected to compromise on basic rights and dignity of the people it rightly represents, nor be excluded from any peace process.

My delegation welcomes the final communique of the recently held 16th. Session of the Palestine National Council in Algiers in its entirety. May I also take this occasion to offer the sincerest congratulations of the Government, and people of Malaysia to Chairman Yasser Arafat on his re-election to the office of the Executive Committee of the Palestine Liberation Organisation. To (you) Abu Ammar, let me renew the pledge of full support of the Government and people of Malaysia for the just struggle of the people of Palestine.

It is also disconcerting to Malaysia that the war between Iran and Iraq, two members of this Movement, with whom we enjoy close and cordial relations, continues unabated. The conflict has brought untold misery to millions of people, and incalculable damage to properties on both sides of the border. Efforts by this Movement to seek a mutually acceptable solution have so far been without success. To avert further loss of lives, Malaysia would like to urge that the mediation efforts be reactivated by this Movement so that a peaceful solution to the conflict could be found.

In the Southern tip of the continent of Africa, the inhuman policy of apartheid is still being followed by the whites of South Africa. There is no country that flouts all human values with such arrogance as South Africa. The continued existence of the white regime is an insult to the whole human race. Malaysia abhors the policy of apartheid, and is fully committed to the just cause of the oppressed people in South Africa, in their struggle for equality, justice, and dignity. Today, we witness an intensification of armed struggle in that part of the world as the freedom fighters of South Africa seek to free themselves from the shackles of apartheid and oppression. In this regard, my delegation wishes to pay homage to the valiant fighters for their outstanding qualities of fortitude, patriotism, and courage in their just struggle to restore their inalienable rights.

In Namibia, efforts to seek a peaceful settlement in accordance with the UN Security Council resolution 435 of 1978 have been frustrated by the Pretoria regime. The present impasse is undeniably caused by South Africa's intransigence and its total lack of commitment to a negotiated settlement, to ensure that the people of Namibia have their full rights to self-determination and independence. My Government has followed the developments taking place in Namibia with great interest, and in this connection, we have publicly stated our willingness to participate in a UN peace-keeping force in Namibia, should the need arise. In the meantime, it is the duty of us all to support, with renewed vigour, the struggle of the Namibian people under the leadership of SWAPO against the Pretoria regime's continued illegal annexation of a trust territory.

Apart from the oppressive actions that I have mentioned, the situation of the world is being further aggravated by the arms race between the super powers. Words cannot describe the dangers that the world faces with the accumulation of colossal nuclear arms by both sides. It needs but one madman, or one mistake, or one bout of nervousness by one man, to literally blow up this planet. Yet, the race to build up even more destructive weapons, continues. Sanity has completely forsaken the leaders of the contending camps. To date, all efforts by the international community to stop this madness have been futile. Even the current disarmament talks between the super-powers have not come to any meaningful conclusion. Malaysia cannot accept the notion that peace and security can be sustained only by a precarious balance of terror. Such a notion, denies the premise that man, is a thinking animal. We, in the Non-Aligned Movement, must not take sides, but must urge the rivals in this horrendous game, to return to the negotiation table, and cease the build up of nuclear arms.

Like the oceans and the sea-bed beyond the national jurisdiction of countries, Antarctica, the last undeveloped continent on earth, should be regarded as a common heritage of mankind, and not just the exclusive preserve of a few nations that have access to it. It is specifically with this interest in mind that I have urged the United Nations during the 37th. General Assembly Session to focus its attention on Antarctica. To us, that distant continent, yet unsettled by man, can, and must pave the way for genuine international cooperation for the exploitation of its resources, to ensure that the benefits would be equitably shared among all nations of the world. Such an international cooperation would also ensure that Antarctica continues to be used for peaceful purposes and not degenerate into a new hot-bed of tension and discord.

My delegation is aware of existing arrangements on Antarctica, which called for the continued demilitarisation of Antarctica, and a moratorium on all claims. This arrangement, however, is limited in its scope, and participation, as to be exclusive. In view of this, we need to re-examine the whole question of Antarctica, with a view to ensure that we could have an equitable arrangement, which will include all the essential elements that I have just mentioned, so that, we may have a truly universal cooperation on Antarctica under the umbrella of the United Nations, similar to the Convention on the Law of the Sea. The UN must, therefore, address itself to the issue, and re-examine the potentials for a more universal framework of international cooperation on Antarctica, an area that is bigger than China, the US, and Mexico put together. In this regard, the support and backing of Non-Aligned Countries is vital if we wish to translate this concept into reality.

Lately, the world economy has been going through a most difficult phase. It has slipped into a state of deep recession, causing absolute despair to developing countries. Among other things, we are confronted today with high interest rates, growing inflation, rising unemployment, mounting protectionism, tumbling commodity prices and a tight squeeze in financial flows. In an age of instant communication, unlimited wealth and inspired application of man and material, we seem incapable of solving even the most simple of economic problems. Indeed we seem to be completely mesmerised, quite unable to extricate ourselves from the quagmire of our own making.

For that is what this recession is. It is a man-made recession, cooked up in the capitals of some powerful industrialised countries.

High interest rates, protectionism, the deliberate manipulation of commodity prices through outdated marketing systems, and the release of stock-piles, disregard for GATT, refusal to implement the shipping code, the grouping of already powerful nations into exclusive economic blocs, the unilateral changes in the rules, are anything, but acts of God. They are mere decisions made by men, principally the powerful men in powerful countries. There is no doubt that these decisions are wrong, that they have led to the economic crisis that we face today. The exact extend and effect of all these have been catalogued in detail in the report by the chairman of the sixth non-aligned conference, President Fidel Castro of Cuba, and further amplified in his speech yesterday. I congratulate him on the report and his speech.

The industrialised countries should by now have discerned the folly of their policies. I would urge them to reverse these, and bring back some order and stability to the limping world economy. I need not stress the desperate need to prevent a total collapse of the world economy. I remain convinced that what man has created, he can surely undo. History will honour those men who are big enough to admit their mistakes and to make amends for them.

The North-South Dialogue is no longer the hope of the developing countries. We know now that we cannot squeeze blood from stone. The North is not about to abdicate their role as the aristocrats of the world economies. For as long as the poor economies are incapable of striking back, we are not going to have one bit of concession from them. Therefore, let us stop deluding ourselves.

The only real solution to this problem of economic inequality and oppression is to build up our own resilience. If we are poor, let us be frugal - let us conserve every little strength and resource that we have so that our needs do not exceed our means. If we are weak, let us unite ourselves into regional and international groups, aiding and trading with each other to the extent that we are capable. If we lack the skills, let us acquire them from whatever source available. The process is going to be slow, and painful. But it is better that we fall back on our own resources than to place our hopes on understanding and help from the unfeeling North.

Malaysia intends to do this. We have tightened our belts. We intend to live within our means. We cooperate with our neighbours. And we are going further afield, to the South Pacific, and to Africa, in order to seek meaningful South-South cooperation. Whatever little we have, or we know, if we can afford them, we will extend to those who need them. It is our hope, that others too, will adopt this attitude, so that we will not only survive, but God willing, we will one day be free from the economic and technological oppression of an insensitive North.

To conclude, may I once again emphasise the need for us, the Non-Aligned Countries, to be more vigilant and introspective, bearing in mind the various external

pressures which are brought to bear on our Movement. To strengthen the Movement to restore our credibility, unity and solidarity – we have no choice, but to reinforce, and adhere faithfully to the ideals and principles, to which all of us have given our commitment, particularly the principles of non-interference and non-intervention in the internal affairs of states, respect for the sovereignty, territorial integrity and independence of states, peaceful co-existence and the rejection of the use of force in resolving inter-state disputes. The choice before us is clear. Either we maintain a posture of genuine independence, and work for the strengthening of our Movement, or, we can deviate from this, and pursue the role prescribed for us by the super-powers, which would then tear us apart, and make a mockery of the ideals and principles that our Movement stands for. This is a problem that concerns all of us, and we have to be clear now, and agree as to the direction we wish our Movement to follow, and the credibility and strength we desire the Movement to enjoy. I am convinced that this concern is shared by many in this distinguished gathering, and it is solely with the view to strengthen the Movement that I have ventured to make comments, and put forward proposals and ideas which I thought would, as a whole, benefit the Movement.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE BANQUET GIVEN IN HIS HONOUR BY
H.E. LT.GEN.H.M. ERSHAD OF BANGLADESH
18TH. APRIL, 1983**

On behalf of my wife and members of my delegation, I would like to thank you, the Government and People of Bangladesh for the warm and friendly welcome that has been extended to us since our arrival here.

Our two countries have always enjoyed close and cordial relations since we established diplomatic relations in April 1972. The close relations that exist between Bangladesh and Malaysia are reflected in the cooperation between our two countries in the social, cultural, economic, educational and technical fields. Exchanges of visit at various levels from time to time have served to strengthen relations further.

The ties between our two countries are founded on age-old cultural contacts, common experience and geographical proximity. These ties have been further augmented by our shared commitments to the ideals and aspirations of the United Nations, the Organisation of Islamic Conference, the Non-Aligned Movement and the Commonwealth in all of which both our countries are members. The similarity of views that we hold on many regional and international issues have inevitably drawn us closer together. It is the Malaysian Government's intention not only to maintain the close ties existing between us but also to continue to work towards strengthening our relations further.

Malaysia has always followed a consistent policy of establishing friendly relations and mutual cooperation with all countries irrespective of ideology or political systems, based on the principles of territorial integrity and non-interference in internal affairs. We believe that adherence to those principles, as well as the principle of peaceful co-existence is vital, if we, particularly the weaker nations, are to enjoy peace, security and stability, which are so essential for the economic development, prosperity and well-being of our peoples.

We have followed closely developments in Bangladesh and are greatly impressed by the serious efforts made by your Government to bring progress and prosperity to your people and to achieve sustained economic growth. Like you, we too are committed to improve the quality of life of our people and lay a firm foundation for continued stability and socio-economic security for the future.

We note with admiration the bold initiative taken by your country to promote a regional framework for cooperation in South Asia. We understand that substantial progress has been achieved towards this end and we wish you and the friendly nations of South Asia every success in this worthy endeavour.

Like Bangladesh, Malaysia is deeply committed to regional cooperation manifested by ASEAN. But ASEAN and the countries in the region can fully concentrate on their social and economic development efforts only if there is an early return of peaceful and stable conditions to South East Asia. It is for this reason that Malaysia, in concert with its partners in ASEAN have been striving to establish in South East Asia a Zone of Peace, Freedom and Neutrality, free from any form or manner of foreign interference. The Kampuchean problem is a serious threat to peace and stability in the region and the continued Vietnamese illegal occupation of the country is a serious obstacle to the realisation of the Zone of Peace, Freedom and Neutrality in South East Asia. We cannot and will not accept foreign military intervention in Kampuchea or elsewhere as a means of settling disputes. The Kampuchean issue must be resolved quickly and in accordance with the Declaration of the International Conference on Kampuchea and other relevant UN resolutions that have been endorsed and supported by the International Community. Malaysia believes that the Government of Democratic Kampuchea under the Presidency of Prince Norodom Sihanouk deserves full international support in its gallant efforts to secure an independent and neutral Kampuchea. Bangladesh's staunch support in this regard and for the concept of a Zone of Peace, Freedom and Neutrality in South East Asia is sincerely felt and deeply appreciated.

Malaysia deplores strongly the on-going Vietnamese attacks against forces of the Democratic Republic of Kampuchea and the helpless Khmer civilian population. We strongly condemn Vietnamese transgression of Thai territory and casualties inflicted on Thai forces and civilians. This has occurred in the past and we fear that this will continue to happen as long as the Vietnamese continue their illegal occupation of Kampuchea. As we have repeatedly emphasised in the past, Vietnamese military actions along the Thai-Kampuchean border threaten a spill-over of fighting into neighbouring Thailand and raise a spectre of war in the region and invite big power involvement. We, therefore, call on the international community to demand that the Vietnamese immediately cease their hostilities along the border and withdraw their forces from Kampuchea.

Like Kampuchea, Afghanistan too is the victim of foreign intervention and occupation. We deplore this situation and fully support the resolutions of the OIC, the Non-Aligned Movement and the United Nations for the restoration of the independence and sovereignty of Afghanistan and of its Islamic and non-aligned character.

As Muslim countries we cannot but share the anguish of our brethren in West Asia. The repeated and blatant acts of aggression committed by Israel against the Arab people and their lands threaten regional security and world peace. We believe that a just and durable peace in the region can only be established on the basis of the restitution of

the rights of the people of Palestine, including their right to set up an independent state of their own in their homeland under the leadership of their sole and legitimate representative, the PLO; the total Israeli withdrawal from all occupied Arab territories; and the unconditional return of Holy Jerusalem to Arab and Islamic sovereignty. We welcome the Eight-Point Declaration on the Middle-East peace settlement adopted at the Arab Summit in Fez in September, 1982.

Several months after the Israeli rape of Lebanon, they remain in occupation of parts of that country against the wishes of the people and government of Lebanon and the international community. It is about time that the United States Government, the supplier of arms to Israel and on whose economic support Israel depends, apply the necessary pressure to effect immediate Israeli withdrawal from Lebanon.

Our anguish is deepened by the continuing war between Iran and Iraq. The conflict between two brotherly countries not only endangers peace and stability but also undermines the solidarity of the Islamic countries, particularly in respect of the just struggle of the Palestinian people, the liberation of Holy Jerusalem and the valiant struggle of our Afghan Muslim brothers to preserve their faith, dignity and independence against Soviet intervention and occupation. We pledge our support to the peace efforts of the OIC for an early, just and durable solution of the conflict in the higher interest of Islam and for the stability and progress of the Islamic Ummah.

As members of the Non-Aligned Movement, we share a common responsibility in ensuring that it will always maintain its independence, "non-bloc" character and that it remains dedicated to its original principles. These characteristics are essential if the Movement is to continue to make meaningful contributions towards promoting international peace and security. We are heartened that the Non-Aligned Summit in New Delhi has seen renewed awareness of this reality.

Today all developing countries alike are confronted with an economic predicament that can only be described as desperate, some more desperate than others. Rising trade deficits, high cost of borrowing and decline in development assistance are only some of our problems. All this cannot be redressed in isolation, nor can it await a global consensus, on the creation of the New International Economic Order. We in the developing world must explore with the utmost urgency new patterns of cooperation among ourselves in the spirit of South-South dialogue and strengthen our bargaining position vis-a-vis the developed countries through the promotion of producers' associations, such as the recently established Tin Producers' Association.

Malaysia is undergoing a fairly rapid rate of development and modernisation. While we need the cooperation of the advanced countries to boost our economic growth, we also place considerable emphasis on self-reliance. We in Malaysia have done our utmost to get away from subsistence agriculture and the production of raw materials for the developed world and to move towards a diversified industry-based economy. While we are as yet slightly developed than some other developing countries, we have nevertheless, through the passage of time, accumulated a wealth of

experience which we are willing to share with other countries which are desirous of similar development. Only by helping each other in the spirit of South-South cooperation, and growing economically strong can we expect to gain the respect and have equitable relations with the developed world. I would like to reiterate here our willingness to work with Bangladesh in all fields and to nurture the spirit of friendship and cooperation that has always been the cornerstone of our relationship. The Malaysian Technical Cooperation Programme established in 1980 is now fully developed and I hope that Bangladesh will be one of the countries which will avail itself of the facilities that are now open. At the same time, we on our part would always welcome any assistance that you could offer us. In this regard, I would like to express our gratitude to you for extending to us the services of your doctors and other professionals, and offering us your academic and training facilities.

Excellencies, Ladies and Gentlemen, may I now ask you to join me in a toast to the good health and happiness of His Excellency Lt. Gen. H. M. Ershad and Begum Ershad, to the Government and people of Bangladesh, and to the close and enduring friendship between the People's Republic of Bangladesh and Malaysia.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE CIVIC RECEPTION ACCORDED IN HIS HONOUR
BY HIS LORDSHIP MR. B. SIRISENA COORAY
MAYOR OF COLOMBO AT THE TOWN HALL
22ND. APRIL, 1983**

I am deeply honoured by this civic reception which you have so kindly accorded us this afternoon. On behalf of my wife and members of my delegation, I would like to thank you and members of the Colombo Municipal Council for this kind gesture. I am particularly honoured to have been given the key to the city of Colombo. It was several years ago that the first Malaysian Prime Minister, the Honourable Tunku Abdul Rahman Putra Al-Haj, was accorded this similar honour. I consider this as a happy manifestation of the close ties of friendship between our two countries and peoples.

Your Lordship is no stranger to Malaysia. It was not so long ago that we had the pleasure of having you with us in Kuala Lumpur as Sri Lanka's High Commissioner to Malaysia. We are pleased to see you now holding the esteemed position as the Mayor of Colombo.

Colombo has a rich historical background behind its growth and development. The student of history could not but be intrigued by the diverse cultures and external influence that had washed your shores since the 9th. century. In the modern context, the city's rapid development has added to the importance of Colombo as a centre for regional and international activities. The role that your city has played in this regard in world affairs is well known, having been the venue for a number of important conferences and seminars covering a wide spectrum of activities and subjects. It is a proud moment for your country that one such event recorded in the annals of your history was the Meeting of the Commonwealth Foreign Ministers in January 1950 when the Colombo Plan was conceived. Membership of this organisation has since grown to 26 countries and the fact that the Colombo Plan Council and the Bureau are located in Colombo is symbolic of the valuable contribution that your country and in particular His Excellency President J.R. Jayewardene has made to this organisation. I recall also your great city was the venue for the 5th. Non-Aligned Summit of Heads of State or Government in 1976 and more recently you hosted the ESCAP Population Conference and the Commonwealth Conference of Law Ministers. Indeed, the association of your city to international affairs is impressive.

I am also aware of the important role played by the Colombo Municipal Council since it was established in 1865, almost 118 years ago. It has been said that next to the central Government itself, the Municipal Council of Colombo is the largest administrative machinery in the island. This council has apparently been the launching pad for many a leading Sri Lankan politician. Many of your great leaders started from this

unique institution and thereafter several of them had entered the Legislature. I am aware that Your President, His Excellency J.R. Jayewardene started his political career from here when he won a seat in the Council in December 1940.

The task of city administration is not easy. We, in Malaysia, have a variety of problems confronting us such as providing housing and buildings for the growing population and the business community, social development, efficient transport system, traffic management, recreational facilities, sufficient water supply and other infrastructure amenities. The quality of the environment has also to be protected to ensure a balance between ecological development and national heritage. Your city, Colombo, from its small trading settlement and its strategic position in shipping and commerce grew up rapidly, while Kuala Lumpur from its modest tin mining community rose up to be the Federal Capital of Malaysia and has since then become a Federal Territory. Still there are many problems involved with city development and for this reason we have recently drawn up the Kuala Lumpur Master Plan to make Kuala Lumpur a people oriented city and not a primate city with diverse problems.

In tackling these problems, it is useful to bear in mind that exchange of expertise, knowledge and personnel in the field of city development is vital. In this respect cooperation between us in this area will be to our mutual benefit. I wish to assure Your Lordship that we on our part are always prepared to cooperate with you in your endeavour at city building and development. I have no doubt that we can learn from each other the techniques and approaches that are essential for materializing our mutual visions of creating great cities of our capitals.

May I once again thank you and the Honourable Members of the Colombo Municipal Council for the honour you have bestowed upon me. I look forward to close cooperation between us on all matters of mutual interest and wish you and your distinguished colleagues every success in your endeavours.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE BANQUET GIVEN
IN HIS HONOUR BY H.E. MR. MAUMOOD ABDUL GAYOOM
PRESIDENT OF THE REPUBLIC OF MALDIVES
24TH. APRIL, 1983**

May I say, at the outset, how happy and honoured my wife and I are to be in the Republic of Maldives at Your Excellency's kind invitation. This is our first visit to your beautiful country and yet in the short time that we have been here, we have been made to feel so much at home by the warm and friendly welcome extended to us. On behalf of my wife and members of my delegation, I would like to thank Your Excellency, the Government and people of Maldives for the generous hospitality and the excellent facilities accorded to us. I thank you also for the kind remarks which you have just made.

It is a great pleasure to meet you again, this time in your home country. I recall the number of occasions we had met at various international conferences. We had the honour and pleasure of welcoming Your Excellency for an official visit to Malaysia in 1981 and since then we had met at the Commonwealth Heads of Government Regional Meeting in Suva, Fiji last September, and more recently at the Non-Aligned Summit Conference in New Delhi. These exchanges and contacts have been very useful, and indeed the personal rapport that we have established has helped to bring our countries closer together, after years of warm and cordial relationship. Malaysia and Maldives share many common aspirations and this is not only because of our strong Islamic links and our firm commitment to the principles of non-alignment but also because we share a common desire to work together.

I am happy that my visit here will provide the opportunity not only to strengthen these close ties of friendship between us but also to see how we can further enlarge the areas of cooperation in all fields for the long-term benefit of our two countries. Our meeting this afternoon in this regard has been most fruitful. In the bilateral context, we are agreeable to look into the possibility of increasing trade and investment between our two countries.

We share also a common desire to increase our cooperation in the technical and economic fields and to encourage more exchanges between our peoples. In so far as technical cooperation is concerned, my Government believes that there are certain areas where we may be of assistance to your development efforts. I am happy to announce that the Malaysian Technical Cooperation Programme is now fully developed and Maldives is most welcome to avail itself of the training and other

facilities that the programme offers. We want to share our experience and know-how with you and we do so in the belief that it is only through meaningful cooperation within the context of the South-South dialogue among developing countries that we can lessen our dependence on the developed countries and at the same time build up our national resilience. I am happy that your Government has responded positively to our offer.

Both Maldives and Malaysia share the same commitment to accelerate the economic development of our countries and to bring greater social and economic benefits to our peoples. But we are greatly hampered in our efforts by the deteriorating world economic situation. Indeed, the prospect of a world economic recovery hinges very much on resolute action by the developed countries to change their shortsighted policies and practices and bring order back to the world economy. The recession has affected almost all countries badly, more so the developing countries and many, particularly those without resources, are tottering under the impact of protectionism, deliberate obstruction to free trade, wild exchange rates, manipulated commodity prices and high interests on loans. Yet they have to shoulder the burden of vast development expenditure that is beyond their means in order to sustain credible growth rates and improve the quality of life of their peoples. It is not possible to go on indefinitely like this. We hope that the industrialised countries would reverse their trade policies and join in a bold and concerted effort to formulate a new regime for international trade and finance to replace the anarchy that now prevails. The rich developed countries must realise that they have as much to lose from an impoverished world as the developing countries. In the meantime, Malaysia believes that developing countries should cooperate with one another and encourage the formation of producers' associations and regional groupings so that we could get a fairer and better deal for our products. It is with this in mind that Malaysia has spearheaded the formation of the Tin Producers Association, dedicated not to cartelization in the tin trade but to fair prices for consumers as much as for producers.

In foreign policy, Maldives and Malaysia stand on common ground. We are both members of the Organisation of Islamic Conference, the Non-Aligned Movement and you have become a special member of the Commonwealth. Our two countries follow a policy of strict non-alignment. In this age of increasing big-power rivalry and wasteful and dangerous arms build-up, it is particularly important for non-alignment nations to uphold the principles and objectives of non-alignment and ensure its viability so that smaller nations of the world could live in the comfort of their sovereignty, territorial integrity and independence and would not be transgressed and their dignity subverted. Many of the problems and conflicts that we see today arise from the blatant violation of these principles.

In South East Asia, Vietnamese forces continue to occupy Kampuchea in complete disregard of the fundamental principles of the United Nations Charter and of non-alignment. Yet there are many who would choose to ignore this blatant crime. What is worse is that Vietnamese military operations along the border, apart from inflicting casualties and hardship to helpless Khmer civilians, have often involved

incursions into Thai territory and hence threatening to escalate the conflict and invite big-power involvement. We have condemned the on-going Vietnamese military actions and we would like to call on the international community to urge the Vietnamese to immediately cease their hostilities, withdraw their forces from Kampuchea and allow the Kampuchean people to determine their own destiny in accordance with the declaration of the ICK and relevant UN resolutions. It is only through a political solution that peace and stability could be restored in Southeast Asia. Malaysia and its ASEAN partners believe that the formation of the UN recognised Government of Democratic Kampuchea, headed by Prince Norodom Sihanouk, a founder member of the Non-Aligned Movement, is a positive step towards the peaceful solution to the Kampuchean problem.

Just as the question of peace and security is important to us in South East Asia, it is also equally vital to your dispersed island country which is strategically located in the Indian Ocean. We, therefore, share your concern that urgent steps should be taken to convene the United Nations Conference on the Declaration of the Indian Ocean as a Zone of Peace so that the region would be free of big power rivalry and that countries in and around the Indian Ocean can live in peace.

Like you, we too hope to establish a Zone of Peace, Freedom and Neutrality in South East Asia, but ZOPFAN, as we call it, could only be realised if we first have a political settlement to the Kampuchean problem. We see the Zone of Peace in the Indian Ocean and ZOPFAN as being complementary to each other and I would like to express the appreciation of my Government for the support that your Government has given for our efforts to bring about the realisation of this conflict-free Zone in South East Asia.

As in the case of Kampuchea, Afghanistan too is the victim of foreign intervention and occupation. We strongly condemn the Soviet occupation of Afghanistan and fully support the resolutions of the OIC, the Non-Aligned Movement and the United Nations, calling for the restoration of the independence and sovereignty of Afghanistan and of its Islamic and non-aligned character.

As fellow members of the Organisation of Islamic Conference, we cannot but share the anguish of our brethren in West Asia. With the support of a super-power, Israel continues to act like a bully and the stronger it gets militarily, the greater will be the threat it poses to neighbouring Arab countries and world peace. The Israeli involvement in the atrocities at Sabra and Shatila and their refusal to withdraw their occupying forces from Lebanon against the wishes of the international community and its own mentor, have made it more urgent for a solution to be found to the West Asian problem. Malaysia believes that a just and durable peace in the region can only be realised on the basis of the restitution of the riches of the Palestinian people, including their right to establish an independent state of their own in their homeland under the leadership of their sole and legitimate representative, the PLO; the total Israeli withdrawal from all occupied Arab territories; and the unconditional return of Holy Jerusalem to Arab and Islamic sovereignty. We welcome the Fez Declaration of

September 1982 as a significant step-forward in the search for a peaceful settlement of the West Asian problem.

We are sad at the continuing war between Iran and Iraq. The conflict between two brotherly countries not only endangers peace and stability but also undermines the solidarity of the Islamic countries, particularly in respect of the struggle of the Palestinian people and liberation of Holy Jerusalem. To aggravate matters we now have the massive oil spill that has already destroyed marine life, interfered with the supply of desalinated water for millions of people and polluted the shores of the Gulf. That oil spill, if it is not stopped, will pass through the Straits of Hormuz, to damage the livelihood of more countries. Given sufficient time and quantity even the Maldives will not be spared. Indeed, patches of oil floating across oceans are likely to wash ashore in many lands quite remote from the Gulf.

The settlement of cessation of the conflict between our Muslim brothers in Iran and Iraq has now become very urgent indeed. Malaysia would like to appeal to the combatants as well as the OIC to renew efforts towards a settlement. May Allah guide us in our endeavour. This war is seeping our strength and undermining Muslim unity.

May I once again thank you for your kind invitation and for this splendid dinner. I look forward indeed to a fruitful and enjoyable stay in your beautiful country.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF THE ASIAN
CONFERENCE ON THE QUESTION OF PALESTINE
KUALA LUMPUR
3RD. MAY, 1983**

I wish to welcome all of you who have come a long way to make a genuine and meaningful contribution to finding a solution to the Palestinian problem - a problem which has been with us for more than three decades since the displacement of the Palestinian people from their homeland following the establishment of the so-called state of Israel. Your presence here is proof of the support of the countries and peoples of the Asia-Pacific region for the just struggle of the Palestinian people for their right to their homeland in Palestine.

This show of solidarity by your presence here will no doubt reassure the Palestinian people that their struggle has not been in vain, that they are not alone and that the international community is still conscious of its responsibility for peace and justice.

I wish to take this opportunity to convey, on behalf of the Government and people of Malaysia, our deep appreciation to Mrs. Lucille Mair, the Secretary-General of the International Conference on the Question of Palestine, and to Ambassador Masamba Sarre, the Chairman of the Committee on the Exercise of the Inalienable Rights of the Palestinian People for their commendable efforts, not only in projecting the just cause of the Palestinians, but also in pursuing, on behalf of the Palestinian people, greater international commitment to justice. The Palestinian struggle is nothing more than a struggle for justice, to which they, as much as everyone else, have a right.

It is unfortunate, however, that certain quarters have tried to undermine our efforts in the cause of justice for the Palestinian struggle. If they are indeed committed to justice and peace in West Asia, they should appreciate that we are only trying to achieve the same objective. There is no cause for them to persuade countries not to participate in this Conference. That they have done so vindicates those who question their sincerity and sense of justice. Israel will now be more intransigent than ever.

The fundamental issues involved in the question of Palestine are well-known to all of us. We have a case here where an entire people have been driven out of their homeland, humiliated and endlessly harassed. In this regard, for over three decades the international community has been ineffective. The injustice and indignities perpetrated on the Palestinian people have been repeatedly voiced in the United Nations,

and countries resolutions have been passed. But, the cruelty towards, and the persecution of the Palestinian people continue unabated.

The Palestinian people have suffered enough. If we have any conscience, we must endeavour to find a solution to end this injustice inflicted on them not because they did wrong but because others wish to assuage their conscience. The supporters of Israel, who claim to be the champion of human rights, must now forsake hypocrisy and double standards, and effectively apply pressure on the Israeli regime in order that it will cease its intransigence and belligerency. There has never been any parallel in history where a political entity has been created to supplant an existing rightful state and the new entity supplied with the most lethal weapons to perpetuate aggression against the people they had displaced. If the world continues to be blind and deaf to Israeli expansionism and aggression, others will be encouraged to commit similar crimes elsewhere. The world community must stand firm in upholding the basic principle that aggression is not any more the solution to racial or national conflicts. We must put a stop to aggression. We must make it clear to Israel by our action that they cannot continue with their belligerency. Similarly, we must make clear to others who have violated this principle that they should cease and desist from such act.

The Palestinians are a people. They are a distinct entity. They deserve the right to their homeland and to exist as a member of an international community with sovereignty and dignity. Unless this is recognised there can be no lasting peace in that region. It is in the interest of Israel too that the Palestinian problem be resolved. Even Israel's mentor must appreciate this. The Palestinian problem is both a problem of justice as well as of world-wide security, and it is in the interest of humanity that it should be resolved.

It is almost unbelievable that in an age when colonised territories have gained, or are gaining independence and sovereignty, the Palestinians are not only denied independence but they are actually hounded from their homeland. The world community, if it is committed to the principle of freedom and self-Government must see to it that the Palestinians regain their rights to an independent State of their own. It is immoral for a handful of nations at the United Nations to ask the Palestinian people or its exclusive representative, the Palestine Liberation Organisation (PLO), to acquiesce to pre-conditions that amounts to surrender. It is even more wrong to refuse to recognise the PLO because of some acts of terror by people who claim to be its members, more so when the chief of the Israel terrorist movement is now recognised as the Prime Minister of Israel. It is this double standard that has led to the massacres at Sabra and Shatilla.

The question before us today, and in the next few days, is whether this regional conference is to be a platform for empty rhetoric and resolutions, or as a forum which will come up with concrete proposals. We are not gathered here to pass resolutions for the sake of passing resolutions. There are already over 300 resolutions on the question of Palestine. The rights of Palestinian self determination, including the establishment of an independent State of their own in Palestine, is today accepted

unequivocally by the overwhelming majority at the United Nations. Decades have passed and the Palestinians are yet to enjoy these rights. Obviously, we have not acted vigorously and sincerely enough. I hope that this Conference would come up with definite ideas as to how the peace plans and initiatives that are already afoot, could enable the Palestinians to re enter and regain possession of their rights and property in their historic homeland, Palestine.

Even if there are difficulties in whatever talks that are apace or have been suspended, this should not prevent us here at this regional conference from looking beyond, that is to come out with a mechanism as to how these plans and initiatives could be made to work. The lack of progress in on-going efforts must not deter us here from proceeding from where UN resolution, particularly the recommendations of the UN Committee on Palestine, have left.

This conference should provide concrete inputs for the ultimate international conference to be held in Paris later this year. However, it must be borne in mind that any negotiation should include the PLO. This is crucial if the current approaches based on the Fez plan, or other initiatives, are to succeed. We have to accept that the PLO represents all the Palestinians and that it must be included in all negotiations on the West Asian settlement as the sole voice of Palestinian aspirations. Another important element which should be accepted is that any talk must have as its objective the reinstitution of an independent State of Palestine. Finally the big powers, in particular the United States, should prove to the Palestinian people, and the world at large, that it would be willing, and able to use its tremendous influence on Israel to bring about a workable and durable peace settlement in West Asia, at the core of which is the question of Palestinian self-determination and right to their own homeland in Palestine.

The Palestinian problem has been with us for far too long. We must, therefore, approach the problem with a greater sense of urgency and commitment. Let us hope that the series of conferences on the Palestinian problem would bring us closer to a workable solution. We are here not because we are allied to the Palestinian people because of race or religion, but because we believe in justice for all humanity, and the Palestinian people are as much a part of that world community as are we all. We owe it to the Palestinian people to restore to them their rights and dignity. No one, but no one, deserves to be hounded from their homes, permanent or temporary, time and time again as are the Palestinians. Surely the world which has such a guilty conscience over the past ill-treatment of Jews by the Nazis, must have some conscience over the injustice and oppression that is being suffered by the Palestinians right now in our times.

May God give you the wisdom and courage to seek justice in this period of human civilisation.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER IN HONOUR OF HIS EXCELLENCY MR. YASUHIRO
NAKASONE, PRIME MINISTER OF JAPAN
KUALA LUMPUR
8TH. MAY, 1983**

On behalf of the Government and people of Malaysia I would like to extend to Your Excellency, Madame Nakasone and the distinguished members of your delegation, a very warm fraternal welcome to Malaysia. I am most delighted at the opportunity of playing host on this occasion and I hope your stay with us will be a pleasant and memorable one. My only regret is that your visit is so short that it will not be possible for me to fully reciprocate the hospitality extended to me and members of my delegation when I visited Japan last year.

During my last visit to your country, we had a very fruitful exchange of views covering a wide range of issues that are of mutual interest and concern to our two countries. I am looking forward to continuing that exchange of views with you tomorrow morning. I am confident that through these exchanges there will emerge greater understanding and cooperation between our two countries.

In our talks in Tokyo, I was deeply impressed, by the frankness and sincerity with which Your Excellency expressed your views, and I was very happy that there was a great deal of concurrence in our preceptions of the political and economic situations of the world, particularly the situation in South East Asia. In this respect, we are highly appreciative of the understanding and support given by Your Excellency's Government towards the efforts of ASEAN in promoting peace, stability and prosperity in the region and in strengthening our national as well as regional resilience through economic cooperation and development.

I cannot over-emphasise the importance that we attach to socio-economic development to ensure the prosperity and well-being of our people. However, to achieve our objective, Malaysia, as a developing country, has to seek the assistance and cooperation of the industrially advanced nations. We believe that the benefits of such cooperation and assistance will be mutual.

We have not forgotten that Japan has extended meaningful cooperation and has participated very actively in our economic development efforts to-date. During my recent visit to your country, the Japanese Government had agreed to extend to Malaysia a special Yen credit amounting to Yen 50 billion, in addition to the annual Yen credit, for the development of Malaysia's infrastructural facilities. We are very

grateful to you, and to the Japanese Government for your confidence in us, and for your continued co-operation.

I had also the opportunity to acquaint Your Excellency with Malaysia's Look East Policy during my recent visit. It is most unfortunate that at the time when we launched our Look East Policy, the developed countries which are trading partners of Japan had become bitterly hostile to Japan. Consequently the Look East Policy has attracted resentment among Western nations. They think that the policy will benefit Japan. They also think of the remote danger of Malaysia actually succeeding in being more competitive through the adoption of some of the methods and discipline of Japan.

There is now an obviously concerted attempt to discredit the Look East Policy. Not only is the antagonism of foreigners being aroused, but Malaysians themselves are being urged to reject the Policy. Words are put into the mouth of Malaysians, or are twisted, so as to give a picture of their distaste of the Policy and by extension, of Japan. Definite racial overtones have been injected into this campaign. There are even attempts to play members of the Malaysian Government against each other. Lately the attacks have turned personal with all kinds of innuendos and insinuations.

I regret this spill-over of anti-Japanese feelings into Malaysia and the irresponsibility of the culprits. But we are more convinced than ever that the Look East Policy is the right policy for us and we will continue to be close and cooperative with Japan.

When we launched the Look East Policy, we were only thinking of Eastern nations, particularly Japan and the Japanese as models. We did not expect extra aid from Japan as a result of the Policy. But Your Excellency had pledged Japan's readiness to extend its utmost cooperation in this matter. We are very thankful for this gesture. Since then, the first batch of 135 industrial trainees have already completed their six-month training, and the second batch of 226 trainees have now arrived in Japan to begin theirs. At the same time, 24 trainees from the first batch are staying back in Japan to continue their studies in Japan's Technical Colleges. I would like to take this opportunity to express our deep appreciation for all the cooperation and assistance extended by the Japanese Government to the Government of Malaysia in making this programme a success. Malaysia is seeking further assistance from Japan to implement projects under the Fourth Malaysia Plan and I hope it is possible for the Japanese Government to continue extending assistance to us on terms and conditions no less favourable than in the past. Development assistance for improving the livelihood of our people and the peoples of ASEAN will not only contribute to our well-being, but also to our security. Since a large portion of your supplies either come from or passes through South East Asia, peace and security in this region is no doubt of vital interest to your country.

It is clear that through cooperation and development, Malaysia and the other ASEAN countries individually, or as a group, are contributing not only to the stability, peace and security of this region, but also to that of neighbouring countries, including Japan. Poverty and disparity in development opens the door to all kinds of agitation and subversion. On the other hand prosperity not only lessens the opportunity for

subversion but creates greater prosperity. This prosperity in turn benefits the people of the region concerned as well as the trading partners for whom there will be a rich market. In fact the whole world will benefit if developing countries like Malaysia and her ASEAN partners succeed in their programme to industrialise. There is no call therefore for disparaging and undermining the so-called NICs or Newly Industrialising countries.

The conflict in Kampuchea arising from the continued foreign military occupation of that country is, to say the least, destabilising. The conflict has generated big-power involvement in the region and posed a serious threat to regional peace and security as well as an obstacle to the creation of a Zone of Peace, Freedom and Neutrality (ZOPFAN) in South East Asia. Vietnam's intransigent attitude on this problem is unacceptable, and its recent attacks on Kampuchean civilians and on Thai territory are nothing less than acts of unprovoked aggression. We demand that Vietnam should cease all such hostilities and withdraw its forces from Kampuchea. On this matter there can be no compromise and we are grateful to the Government of Japan for giving its full support to ASEAN in our continuing efforts to bring about a comprehensive political settlement to the problem based on the total withdrawal of all foreign troops from Kampuchea, respect for the independence, sovereignty and territorial integrity of Kampuchea and the right of the Kampuchean people to determine their future in a freely-held election in accordance with the ICK Declaration and other relevant United Nations resolutions which have been endorsed and supported by the international community. In this connection, Malaysia welcomed and supported the establishment of the Coalition Government of Democratic Kampuchea under the relevant UN resolutions. I am confident that Japan will continue to assist the Coalition Government of Prince Sihanouk and to extend the same strong support to ASEAN in our quest for a speedy settlement of the Kampuchean problem.

Malaysia and Japan have enjoyed very warm and close relations for many years. Fruitful cooperation between our two countries in various fields of activities is progressing steadily both at the governmental and private sector levels. There have been increasing exchanges of visits between our peoples. Recently, both Governments successfully concluded an arrangement concerning the reciprocal waiving of visas between Malaysia and Japan in order to promote further exchanges between our peoples. I am heartened to learn that Your Excellency is also proposing to promote further exchanges between our peoples. I am heartened to learn that Your Excellency is also proposing to promote greater exchanges of intellectuals, scholars and teachers for cooperation in science and technology so that we do not fall behind in these fields. I would like to welcome these developments which, in consonance with Malaysia's Look East Policy will, I am confident, result in greater mutual understanding and friendship between the peoples of Malaysia and Japan.

May I now ask you all to join me in a toast to the health and happiness of His Excellency Prime Minister Yasuhiro Nakasone and Madame Nakasone, to the Government and people of Japan, and to the close friendship between our Governments and peoples.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
IN RESPONSE TO THE JAPANESE PRIME MINISTER, MR. YASUHIRO
NAKASONE'S POLICY SPEECH ON JAPAN'S RELATIONS WITH ASEAN
KUALA LUMPUR
9TH. MAY, 1983**

I am very delighted that this morning we had the opportunity to meet and to exchange views again on matters of mutual interest to us, just three and a half months after our first meeting in Tokyo. Our meeting this morning was indeed useful as was our previous meeting in January. Apart from acquainting each other of our Governments' policies and matters that have bearing and effects on our two countries, we were able to promote deeper understanding between us and between our two Governments. I certainly would welcome further opportunities like what we had in Tokyo recently, and again this morning, from time to time in the future.

Before continuing, I would like to express my deep appreciation and thanks for the very kind words which you have expressed about me and the Malaysian people.

We just heard from you, your Government's policy towards ASEAN. Malaysia is honoured to be the country you choose to announce your policy, and I am even more honoured to be given the opportunity to respond to you. However, I must make clear that I can only respond for Malaysia, as I cannot speak for the other ASEAN Governments.

We in Malaysia receive with satisfaction and a sense of assurance the positive policy that you have just spelt out towards ASEAN. We certainly welcome and would like to reciprocate your good intention, not only to strengthen Japan's relations with us, but also to put our relationship in a new dimension. I fully agree with your view that we cannot afford to rest easy by merely pursuing existing policies. Quite naturally, I would hope that this new emphasis in your policy would result in a further intensification of cooperation and evolve into a more equal and mutually reinforcing partnership between Japan and us. It would be a matter of regret if the high hopes which have just been raised were to remain merely a cliché. In Tokyo last January, I said, inter-alia, that what is vital is not merely a need for heart-to-heart diplomacy, but for positive results to follow upon these exchanges in terms of technology transfer, investments, economic, cultural and social cooperation. I am pleased to hear that among the measures to be undertaken by the Japanese Government in its new policy perspective towards ASEAN will be the transfer of technology and cooperation in the field of science and technology. For Malaysia, at least, we need your technology transfer as well as your cooperation in science and technology to continue our pace of economic development.

I would like to mention here that we in ASEAN have made a proposal to promote ASEAN-Japan scientific and technological cooperation. I am glad that there is a concurrence of views on both sides. We have also proposed an ASEAN Science Trust Fund which, it is hoped, will be favourably considered by Japan. In making the proposal for cooperation in this field, we in ASEAN hope to reduce the technological gap so that ASEAN-Japan relations would be more stable. Your Excellency's proposal for a ministerial conference to discuss cooperation in science and technology is very much in line with our own thinking and is therefore welcomed.

I am also gratified to learn that the Japanese Government has taken into account our need for greater access to Japanese markets. As a grouping, ASEAN is Japan's second largest trading partner, and it is only logical that Japan should give serious consideration to further opening its markets to our export items. The resulting prosperity of the ASEAN countries would benefit Japan in terms of ASEAN being an even better customer and trading partner for Japan. Perhaps, if Japan would take the lead in this regard, the other developed industrialised countries of the West may be compelled to follow suit.

It is a pity, however, that during the time of economic recession, some of the largest industrial powers have bowed to the mounting domestic pressures for protectionism. This I consider as one of the most serious threats to the global economy and trade and constitutes a real setback for the early realisation of the new international economic order. It is regrettable that those countries which proclaim to be the standard bearers of free trade have themselves become what I call "free traders of convenience".

We, in Malaysia, have on many occasions spoken against the rising tide of protectionism and we will continue to do so for the maintenance of the free enterprise system in which we place our faith. I would like, therefore, to welcome Your Excellency's determination to make efforts for the prevention of protectionism.

For unhindered progress and development to continue in Malaysia and the other ASEAN countries there must be peace, stability and security in the region. But these vital ingredients are now being threatened by the continued occupation of Kampuchea by the Vietnamese forces. All efforts to bring about a peaceful and comprehensive political solution to the issue have not been successful because of Vietnam's defiance and obduracy. The situation in the region could only return to normal after the total withdrawal of foreign forces from Kampuchea and the restoration of the right of self determination for the Kampuchean people. Malaysia is appreciative and thankful to Japan for its continued support of ASEAN's efforts in our common endeavours to find a speedy and peaceful solution to the Kampuchean issue in accordance with the ICK declaration and other relevant UN resolutions.

On the question of defence, Malaysia believes that every country must have the capability and right to defend itself. Malaysia, therefore, is not opposed to Japan upgrading its defence capability as long as it is intended purely for its own self

defence. As far as the defence of the searanes is concerned, we feel assured and satisfied that it is to be confined to Japanese's waters and would not be expanded to include zones in South East Asia, particularly the Straits of Malacca, the defence of which should be left to the littoral states themselves. Malaysia believes that Japan can best contribute to the security of the region by helping the member countries to develop economically so that they could strengthen their national resilience and hence ensure regional stability.

Malaysia also welcomes the proposal to expand Japan-ASEAN relations, which presently is mainly cooperation in the economic field, to also include personal exchanges in order to strengthen mutual understanding among our peoples. We too believe, as you do, that this factor will positively contribute to stable and trusting friendship between countries. With deeper mutual understanding and appreciation of each other, particularly among the youths, we can be assured of enduring goodwill and ties of friendship. This policy that you have just spelt out, I am confident, will be welcomed by the other ASEAN countries.

Finally, Mr. Prime Minister, I would like to thank you once again for the positive attitude and policies that you have adopted towards ASEAN, and we in Malaysia, look forward with confidence to a more cooperative and long-lasting relationship between ASEAN and Japan in the future.

**REPLY SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER GIVEN IN HIS HONOUR
BY HER EXCELLENCY THE PRIME MINISTER
OF THE SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA
MADAME MILKA PLANINC, BELGRADE
11TH. MAY, 1983**

On behalf of my wife and members of my delegation, I would like first of all to thank Your Excellency, the Government and people of Yugoslavia for the warm and friendly welcome and generous hospitality extended to us since our arrival yesterday. I would like to thank you also for the kind remarks which you have just made. Allow me to say how very happy we are to be here and how much I have looked forward to this visit to your beautiful country. I hope that my visit will contribute to the strengthening of the existing close ties of friendship and cooperation between our two countries.

Since the establishment of diplomatic relations between Malaysia and Yugoslavia in 1967, we have had meaningful cooperation particularly in the context of the non-aligned countries. Our common interest and shared commitments to the ideals and aspirations of the Non-Aligned Movement and the United Nations of which both our countries are members have consolidated our ties. Malaysia, like Yugoslavia, has always followed a consistent policy of establishing friendly relations with all countries, irrespective of their Governmental systems, based on the principles of respect for the independence, sovereignty and territorial integrity of nations, non-interference in the internal affairs of others and peaceful settlement of disputes.

As one of the founder members and champions of the Non-Aligned Movement, Yugoslavia and its distinguished leaders have always been greatly admired for constantly striving for world peace and security. The growth in size and influence of the Non-Aligned Movement to what it is today is a tribute to the untiring efforts and contributions by your late leader, President Tito. Malaysia, as an active member of the movement is happy, and feels reassured that Yugoslavia's leaders are continuing the efforts of President Tito to consolidate and strengthen the movement and ensure that it remains uncommitted to the East or West.

We are glad that the 7th. Non-Aligned Summit Conference in New Delhi has reaffirmed the non-aligned character of the movement. The admission of new members clearly indicate that the movement is gaining respect and influence. It is our hope that the movement will continue to grow and play its role in the interest of world peace and the freedom of the small nations of the world.

While the Non-Aligned Movement is a good forum for getting to know each other and putting our views across in a general way, bilateral contacts are still essential in order to concretise some of the ideas expensed by the movement. It is because of this, that visit and bilateral talks have to be held.

We have already had the opportunity this morning to share some of our thoughts on a number of subjects pertaining to our bilateral relations and future cooperation. I am happy to note that we both share a common desire to further strengthen our relations. There still exists considerable opportunities for expanding our cooperation, particularly with regard to trade.

Malaysia is fully committed to regional cooperation as manifested in the Association of South East Asian Nations, or ASEAN. With its ASEAN partners, Malaysia has been striving to establish a Zone of Peace, Freedom and Neutrality (ZOPFAN) in South East Asia, free from any form or manner of foreign interference. However, the on-going conflict in Kampuchea and the presence of foreign military forces is preventing the achievement of ZOPFAN in South East Asia. The Kampuchean issue must be resolved peacefully and speedily in accordance with the declaration of the International Conference on Kampuchea and other relevant United Nations resolutions that have been endorsed and supported by the international community.

In this connection, Malaysia welcome and supported the establishment of the coalition Government of Democratic Kampuchea under the Presidency of His Highness Prince Norodom Sihanouk as a positive step towards the peaceful resolution of the Kampuchean question. We are appreciative of the Yugoslavia Government's support for Prince Sihanouk, as well as its position in favour of the Government of Democratic Kampuchea at the non-aligned conferences and in the United Nations.

Malaysia has just hosted the United Nations Asian Conference on the Question of Palestine. This is an expression of our strong support for the restitution of the inalienable rights of the Palestinian people, including the right to an independent state of their own under the sole and legitimate leadership of the Palestine Liberation Organisation (PLO), total Israeli withdrawal from all occupied Arab territories, and the unconditional return of Jerusalem to Palestinian rule. Malaysia remains convinced that there can be no solution to the problem in West Asia for as long as the core of the crisis, which is the Palestinian question, remains unresolved.

The situation in Afghanistan too remains unchanged and, as a result, Afghanistan, which is a member of the Non-Aligned Movement, continues to be a victim of foreign military intervention and occupation. We strongly condemn the occupation of Afghanistan and fully support the resolutions of the Non-Aligned Movement, the Organisation of Islamic Conference and the United Nations calling for the complete withdrawal of foreign troops from Afghanistan, the restoration of the sovereignty and independence of Afghanistan and of its non-aligned character.

The continuing war between Iran and Iraq, two members of the Non-Aligned Movement, is causing deep anguish to all members of the movement. The conflict between these two countries, with whom Malaysia and Yugoslavia enjoy very close relations, must come to an end quickly, not only for the sake of the peoples of both countries, but also for the sake of peace in the region and the world. Efforts by the Non-Aligned Movement, as well as by friendly countries concerned with the continuing conflict to seek a mutually acceptable solution have to-date been unsuccessful. Malaysia would like to urge that mediation efforts by the Non-Aligned Movement, be reactivated and a strong push made for peace.

The international community is also confronted with yet another problem of grave magnitude arising from the oil slick in the gulf that threatens the world's environment. Damaged Iranian oil wells continue to spill thousands of barrels of oil a day into the sea. If allowed to go on, the adverse effects of the spillage would soon extend beyond the Gulf area to neighbouring seas bringing in its wake disasters and damage to marine environment and ecology. Such devastating effects would take generations to eliminate. The issue of the oil slick has therefore transcended the Iraq-Iran war and should become the concern and responsibility of the entire international community. In this regard, Malaysia feels morally obliged to draw attention to this issue and urge the international community to cooperate and assist in averting this grave threat.

Malaysia supports Yugoslavia's concern over the question of increased armaments in Europe and the efforts by the group of non-aligned and neutral countries of Europe towards bringing the meeting of the Conference on Security and Cooperation in Europe (CSCE) to a successful conclusion. This would contribute substantially towards the lessening of tensions not only in Europe but the world at large, and would also facilitate the launching of substantive negotiations on general and complete disarmament in the United Nations.

Just as the question of peace and security is important to us in South East Asia, we appreciate it is equally important to Yugoslavia that the Mediterranean region be transformed into a zone of peace and cooperation. We, therefore, share your conviction that the establishment of zones of peace in all parts of the world will contribute to lessening of international tensions and threats of war.

Of late, there has been growing international interest in the continent of Antarctica, the last unsettled frontier of mankind. Malaysia firmly believes that Antarctica should not become the exclusive preserve of only a few nations that have access to it, but rather it should be the heritage of mankind as a whole. The day will come when modern technology will be able to exploit the abundant natural resources that Antarctica has to offer, and Malaysia would like to see that these resources are equitably shared and benefit both rich as well as poor nations.

I am very much heartened by the full backing for the issue given by the Non-Aligned Movement, including Yugoslavia, which at its recent Summit urged that the matter be considered by the 38th. Session of the United Nations General Assembly. In

this, I hope that Malaysia can count on the continued support of Yugoslavia in its endeavours to make Antarctica a common heritage of mankind.

Yugoslavia will shortly be hosting the 6th. Session of the United Nations Conference on Trade and Development (UNCTAD). The Conference will be held at a time when the international community continues to suffer from economic recession. For the developing countries the situation is made worse by a series of protectionist measures adopted by the developed countries which continues to seriously disrupt world economic relations. The recent Non-Aligned Summit Conference in New Delhi had called on the developed countries to eliminate protectionist, restrictive and discriminatory measures against the export products of the developing countries. The Summit also recommended the adoption of measures to bring about a more equitable and adequate system of international trade for the developing countries. We hope that UNCTAD SIX in Belgrade will note and support the stands of the Non-Aligned Summit. We also hope that the plight of the commodity exporters will receive the attention of UNCTAD and support be given for the move to establish producers association in order to obtain fair prices for export commodities. The old practice of trading through exclusive consumer controlled commodity exchanges should be replaced by new marketing mechanisms which are more fair to producers while protecting the consumers.

May I now ask you all to join me in a toast to the health and happiness of His Excellency President of the Presidency Petar Stambolic, Her Excellency Prime Minister Milka Planinc, to the Government and people of the Socialist Federal Republic of Yugoslavia, and to the continuing close friendship between Malaysia and the Socialist Federal Republic of Yugoslavia.

REPLY SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER GIVEN IN HIS HONOUR BY HIS EXCELLENCY
THE PRIME MINISTER OF THE REPUBLIC OF TURKEY
MR. BULLEND ULUSU, ANKARA
12TH. MAY, 1983

On behalf of my wife and members of my delegation, I would like to thank you, Mr. Prime Minister, for the warm and friendly welcome extended to us since our arrival here. We have looked forward to this visit to your beautiful country — a country rich in culture and history. I have no doubt that, in the course of our visit here, we will have the opportunity to see aspects of your culture and the contribution of your people to history, in particular Islamic history.

The Republic of Turkey was among the first countries to establish diplomatic relations with Malaysia. Since the establishment of relations in 1985, the close ties of friendship are reflected in the mutually beneficial cooperation between our two countries in the social, economic, technical and culture fields. Malaysian leaders and officials are no strangers to Turkey, and their visits to Turkey, and likewise the visits of Turkish leaders and officials to Malaysia, have served to strengthen relations between us.

The warm and friendly relations between our two countries have been further augmented by our commitments to the ideals and aspirations of the United Nations and the Organisation of the Islamic Conference, of which both our countries are members. We share similar views on many regional and international issues, in particular those which face the Islamic countries and peoples.

As you know, relations between our two countries have increased in recent times. Tan Sri Mohd. Ghazali Shafie, the Minister of Foreign Affairs of Malaysia visited your country at the end of January this year. During his visit he had the opportunity to call on Your Excellency and also His Excellency President Kenan Evren. Following this visit, the inaugural meeting of the Joint Committee for Economic and Technical Cooperation between our two countries was convened in Ankara. That meeting was an important event in helping to promote further economic cooperation between our two countries, specifically in the spheres of trade, investment and joint ventures, shipping, aviation, health and science, and culture.

I am happy to note that both our countries share a common desire to strengthen our relations through increased cooperation. I am confident that such cooperation can only be to the mutual benefit of our two countries and people.

Malaysia and Turkey share a common bond in Islam and its culture. I believe that the strengthening of relations between us will positively contribute to greater unity and solidarity among Muslim countries and its "Ummah." In doing so, our two countries will also help to strengthen the role of the Organisation of Islamic Conference in attaining its objectives.

The question of Palestine is the most urgent and pressing problem facing the Muslim world today. As Muslim countries, we cannot but share the anguish of our brothers in West Asia. The repeated and blatant acts of aggression committed by Israel against the Palestinian and Arab peoples and their lands threaten regional security and world peace. We believe that a just and durable peace in the region can only be established on the basis of the restitution of the rights of the people of Palestine, including the right to establish their own independent and sovereign state in their homeland under the leadership of the PLO, the total Israeli withdrawal from all occupied Arab territories, and the unconditional return of the Holy Jerusalem to Palestinian sovereignty.

As an expression of our strong support for the restitution of the inalienable rights of the Palestinian people, Malaysia has just hosted the United Nations Asian Conference on the Question of Palestine. We greatly appreciated and welcomed Turkey's participation and contribution towards the success of the Conference. I am happy to inform you that the Conference reaffirmed the view that there can be no solution to the problem in West Asia for as long as the core issue, which is the question of Palestine, remains unresolved.

The situation in Afghanistan, another Muslim country, also remains unchanged. That unfortunate country continues to be a victim of foreign military intervention and occupation. We strongly condemn the Soviet occupation of Afghanistan and fully support the resolutions of the Organisation of Islamic Conference, the Non-Aligned Movement and the United Nations calling for the withdrawal of foreign troops from Afghanistan, the restoration of the sovereignty and independence of Afghanistan, and of its non-aligned and Islamic character.

The continuing war between Iran and Iraq, two Muslim countries, is causing deep concern to Muslims all over the world. The conflict between these two countries with whom Malaysia and Turkey enjoy friendly relations, must be brought to an end quickly, not only for the sake of the people of both countries, but also for the sake of peace in the region and the world. The continuation of the war undermines the solidarity and unity of Islamic countries. As members of the OIC Peace Committee, both Malaysia and Turkey are committed to work with other members to achieve a peaceful and durable solution to the conflict.

The international community is also being confronted with yet another problem of grave magnitude arising from the oil slick in the Gulf that threatens the world's environment. Damaged Iranian oil wells continue to spill thousands of barrels of oil a day into the sea. If allowed to go on, the adverse effects of the spillage would soon extend beyond the Gulf area to neighbouring seas, bringing in its wake disasters and damage to marine environment and ecology. Such damage would take generations to

recover. The issue of the oil slick therefore transcends the Iran-Iraq war and should become the concern and responsibility of the entire international community. It should be treated as such accordingly. In this regard, Malaysia feels morally obliged to draw attention to this issue and urge the international community to cooperate and assist in averting this grave threat.

As you know, Malaysia has proposed the continent of Antarctica, the last unsettled frontier of mankind, be made a heritage of mankind and should continue forever to be used for peaceful purposes and not be made the object of international rivalry and discord. The Malaysian proposal has received the endorsement and support of the non-aligned countries at their recent Summit Conference in New Delhi, which urged that the matter be brought before the 38th. Session of the U.N. General Assembly this year with the view that a comprehensive study on Antarctica be made by the world today. Malaysia hopes that Turkey will give its full support to the Malaysian proposal.

Malaysia is deeply committed to regional cooperation embodied in the Association of South East Asian Nations, or ASEAN. Malaysia, in concert with its partners in ASEAN, has been striving to establish a Zone of Peace, Freedom and Neutrality in South East Asia, free from any foreign interference. However, the continued illegal occupation of Kampuchea by Vietnam is a serious obstacle to the realisation of the Zone of Peace, Freedom and Neutrality in South East Asia, and a serious threat to peace and stability in the region. We cannot accept foreign military intervention in Kampuchea as a means of settling problems. The Kampuchean issue must be resolved quickly in accordance with the Declaration of the International Conference on Kampuchea and other relevant U.N. resolutions that have been endorsed and supported by the international community.

In this connection, Malaysia welcomed the establishment of the Coalition Government of Democratic Kampuchea under the Presidency of His Highness Prince Norodom Sihanouk as a positive step towards the peaceful resolution of the Kampuchean questions. We are appreciative of the positive Turkish support for ASEAN's initiative at the United Nations and also its participation at the U.N. International Conference on Kampuchea.

May I once again say how happy and honoured I am to be in your country and to express my gratitude and appreciation for the warm and friendly reception given to us.

May I now invite Your Excellencies, Ladies and Gentlemen to join me in a toast to the continued good health and happiness of His Excellency President Kenan Evren, His Excellency Mr. Bulend Ulusu, to the Government and people of the Republic of Turkey, and to the close and enduring friendship between Malaysia and the Republic of Turkey.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF THE
SECOND GENERAL ASSEMBLY OF RISEAP
AT KOMPLEK TABUNG HAJI
SUBANG
4TH. JUNE, 1983**

It is a great pleasure to be given the opportunity to address the Second General Assembly of the Regional Islamic Dakwah Council of South East Asia and the Pacific and to be associated with the representatives of Muslim voluntary organisations from sixteen countries in the region. I would like to thank the President of RISEAP, Yang Teramat Mulia Tunku Abdul Rahman Putra Al-Haj, for inviting me to address this distinguished gathering again this year.

There are almost fifty independent Muslim states with a population of about 700 million. Apart from this, there are about 300 million Muslims in other countries where they form the minority. A gradual improvement in their economic position has aroused great interest in the role of the Muslim world in the creation of a new world order.

Muslim states and people are steadily strengthening the bonds of unity and are developing institutions to foster it. The Organisation of the Islamic Conference (OIC) and its associated organisations, such as the Islamic Solidarity Fund, the Islamic Development Bank, the Islamic Foundation for Science, Technology and Development, and the Islamic Educational, Scientific and Cultural Organisation, are some of the structures contributing towards Islamic solidarity.

In the South East Asia and Pacific region, I am glad to note that RISEAP has managed to instill greater unity and effective cooperation amongst the Islamic communities in this region. The initiative taken to foster Islamic solidarity through voluntary organisations is an important complementary effort to the regular activities of Islamic nations. The trend clearly indicates that Muslims are eager to overcome their state of helplessness and deprivation through the guidance of the Holy Quran and Sunnah, and to gain for themselves their rightful position in the community of nations.

The Muslim world - Islam and Muslims - is still very much misunderstood even though it is becoming a focus of attention due to its geopolitical importance, its expanding economic worth and the increasing assertiveness of Muslim minorities in their claim to just rights in a multi-cultural world. Muslims are being closely observed for any influence they may exert as a result of their religious and cultural heritage. Indeed the richness of the Muslim world lies in its religious, cultural and ideological

heritage. It can bring fresh approaches in solving the problems faced by modern man, ideals which are vital to the realisation of an equitable world order.

Unfortunately, the attention given to the Muslim World especially by the western media is far too often biased, presenting a picture of the efforts of Muslims to inculcate proper Islamic values and practice the teachings of Islam as something to be feared. The efforts of Muslims to make the principles and ideals of their faith play a more meaningful role in the development of a just and prosperous society is portrayed as the work of a strange group of people they refer to as the 'fundamentalists'. This term, which is borrowed from Western terminology and religious experience, according to the dictionary, means "an extreme Protestant position characterised by the belief that the Bible is a verbally accurate recording of the word of God" or "adherence to traditional beliefs of any kind". In this connection all Muslims must be fundamentalists of the first type. We know for certain that the Quran revealed to Muhammad 1,400 years ago is the direct revelation of God to mankind and is of universal applicability. As far as tradition is concerned Islam is wisdom that withstand all falsehood.

The current revival of Islamic awareness comes at a time when the dominant ideologies of socialism, capitalism and communism are being questioned for failing to deliver the goods. It is equally necessary for non-Muslims, just like the Muslims, to examine the message of Islam with openness and without prejudice. If Islam has nothing to offer why worry about it? If it has something to offer, why deny it to yourselves? The efforts of the Malaysian Government to establish an Islamic Bank and an International Islamic University, and to foster positive values in accordance with the teachings of Islam, have been criticised and misinterpreted by the international media and certain correspondents of international journals and magazines. The deliberate alarmism and sensationalism of these ignorant and biased critics, who have made no effort to first of all understand the Islamic principles, has created an image of Islam as a religion which does not need to be understood, but only to be feared. Their malicious distortions and ignorance have created a climate of fear. It is unfortunate that the sophistication in communication technology is not being applied to creating better understanding of Islam, the religion of a thousand million people, but rather to create unnecessary fears and prejudices against Islam and its followers.

Of course, in every religion and ideology, we find extremists, but I would venture to say that the percentage of fanatics and extremists in Islam is much less than that found in other faiths. No one presents Jimmy Jones as a person typical of the Christians or Spanish Inquisition as a manifestation of Christian theocracy. These are all aberrations, the exceptions to the rule. And so the few extremists in Islam should not be pictured as evidence that Islam is to be feared, that its revival bodes ill for the world, particularly of the non-Muslim world.

It is wrong for these biased critics to imply that the fostering of an Islamic way of life would endanger the rights of non-Muslims. An objective reading of history indicates that the Islamic system really guarantees the protection of the rights of minorities. Islam, since the days of Prophet Muhammad (s.a.w), has recognised non-

Muslims as an "ummah," or community on par with the Muslim community, with the full rights to realise themselves according to their own legacy and genius. In history we can see that the Jews, Christians, Zoroastrians, Hindus and Buddhists were included in the Islamic state as "ummahs" on par with "ummah" of the Muslims. The Islamic system was their guarantor and protector, whose duty, as defined by its own constitution, was to enable each group to live in accordance with its own religion, society and culture, and to perpetuate itself through generations in perfect freedom. The Islamic state thus enables those of different religions and cultures to live harmoniously and in peace with one another. This is a unique phenomenon on earth and history knows no parallel.

The biased and prejudiced western media which talk of the spread of fires of Islamic revolutionary fervour are protecting the vested interests of certain groups, namely the interests of the super powers. Instead of making any effort to understand the teachings of Islam in relation to socio-economic and political developments, the press and television accentuates the creation of doubt and hesitation on the capacity of Islam to deal with the problems confronting the modern world. In addition, doubt has also been created about the purity of Islamic intentions.

Most of the so-called Western 'experts' on Islam are extremely ignorant of even the most basic of Islamic teachings regarding the major issues facing mankind, and they do not even have the basic working knowledge of Islamic history or current affairs. For example in a recent book, one so-called 'expert' has said: "In Malaysia, partly under Iranian influence, Muslim fundamentalists are throwing their television sets into the river and ripping the comfortable upholstery out of their cars, replacing it with wooden benches" (Janson: Militant Islam). I would like to invite him to conduct a thorough search of the Malaysian rivers for dumped television sets and highways for cars with wooden seats. This 'expert' would also like the Muslims to reject the fact that the Quran is the word of God, then only we can progress - so he says.

In the coverage of the resurgence of Islam, the Western media gives unfavourable labels to Muslims and favourable ones to the adversaries of the Muslims. Muslim groups, fighting to maintain their Islamic identity against oppressive regimens are most often called 'terrorists', 'aggressors', 'insurgents' or 'separatists', but not freedom fighters. Labels such as 'extremist vs. moderate' and 'fundamentalist vs. progressive' are used with ulterior motives.

Efforts to discredit the Islamic resurgence and the Islamic way of life will surely continue for so long as the Muslims stand firm, holding to their values and institutions, free from any super-power in the world. Islam must be freed from any form of neo-imperialistic influences, so it can give its own answer to the world's desire for a true and lasting peace.

The Muslims world, including the Muslim minorities, must find ways to meet this challenge of disinformation about Islam, propagated by the so-called protagonists of the free press. Since you meet last year, the situation of Muslims, including the

minorities has not improved appreciably. In fact in many countries of the world, the Muslims are worse off than they were last year. Muslims have still not been able to obtain the same degree of tolerance for them, as is given to non-Muslims in Muslim countries. The brutal slaughter of Muslims in Assam, and the refugee camps of Beirut, shows how little regard is given to life and property. Part of the fault must lie with the Muslims. In a world that recognises only strength, the Muslims are weak. They are backward in terms of knowledge and skills. They are divided against themselves. They know all these and they know the answers to their problems. But unfortunately they succumb too easily to their weaknesses and make little effort to act and to persist.

It is obligatory for Muslim minorities to solve their problems. We are taught to respect others and for others to respect our rights. The solution is a nation-wide community organisation which must be based on two principles – discipline and resources. Without discipline, there can never be a group, and without resources, there can never be activities. Muslims who have organised themselves into communities have followed these principle thus enabling them to continue as a community. Without discipline and resources the community will become weak and tend to disintegrate and disappear. In order to be organised as a community, it is necessary to choose a capable and sincere body or persons as the decision making authority and establish the "zakat" and "waqaf," as the basis of our resources. Unfortunately some Muslim communities in the non-Muslim world forget the two principles easily and give in to the influence of alien ideologies and cultures. There is an absence of "syura" and an absence of viable resources, and therefore, these communities disintegrate. It is necessary for Muslim minorities to establish a nation-wide community organisation operating on a system of consultation sustained by a centralised fund.

We in Malaysia will continue to do everything within our means to assist in the struggle of the Muslim "ummah" wherever they are for their right to lead the life of a true Muslim. I am happy to note that RISEAP, the Malaysian Airline System and the Malaysian Pilgrims Management and Fund Board were able to make arrangements last year for over 150 Muslim pilgrims from countries where there are minority to perform the Haj with facilities provided by the Board. They were from Australia, New Zealand, Fiji and New Caledonia. I am glad that for the coming Haj season, about 200 pilgrims from Hong Kong, Macau, Korea, Japan and Taiwan are expected to perform the Haj under similar arrangements.

As I announced last year, an International Islamic University will, insya-Allah, admit the first students in the Law, Economics and Business Studies Faculties in July this year. The cooperation of RISEAP in forwarding information of the establishment of this University and obtaining pre-enrolment information for 200 applicants from Muslim in the region, is greatly appreciated. Insha-Allah the science faculties will commence next year.

The modern age presents us with a challenging opportunity to test our integrity, exploit our resources and call upon moral strength. The contemporary scene facing

Muslim minorities, and even some Muslim majorities, holds for us both the treat of extinction, as well as the promise of glory. The world is crying out for those who have the courage to stand out, to defy stereotypes and lend a helping hand to this troubled world. The Muslims can do it. In fact we must try because if we do, we will preserve our identity and help our troubled fellow man irrespective of their religious beliefs. Above all we will please Allah, enjoy His infinite blessings and guidance, and stand as the true symbol of humanity.

With this words, I have much pleasure in officially declaring RISEAP's Second General Assembly open.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING CEREMONY OF THE 20TH. CONVENTION
OF THE INTERNATIONAL FEDERATION
OF ASIAN AND WESTERN PACIFIC CONTRACTORS ASSOCIATIONS
(IFAWPCA)
KUALA LUMPUR
25TH. JULY, 1983**

It is a great honour for me to be given this opportunity to address this important international gathering of prominent builders and contractors, and I take this opportunity to congratulate the organisers of the Convention for their untiring efforts in making all the preparations.

As I am made to understand, this 20th. Convention of the International Federation of Asian and Western Pacific Contractors Associations (IFAWPCA) is the first to be held in Malaysia. The presence of many members of IFAWPCA's counterpart organizations from all over the world, indicates the importance of this meeting. This is indeed a great honour for us, and it is my pleasure to welcome you all — particularly those of you who are from distant places - with 'Selamat Datang', and I wish you all a pleasant and enjoyable stay in Malaysia.

I note that the Federation is not only concerned with the exchange of information on construction technology, but also in fostering healthy relationship between the Government and the contractors, with a view to finding mutually beneficial solutions to problems. These are also our concern in Malaysia. Malaysia gives a high priority to the transfer of technology, and we hope that our construction industry, which is a very important sector, will not only benefit from this policy but also contribute to its success. Transfer of technology is not an easy process; it cannot be easily achieved unless there are genuine and sincere efforts, particularly on the part of the transferor, to do so. The transferor too must assist the transferee to make the necessary preparation to enable a smooth and effective transfer to take place. Rigidity and selfishness on the part of the technologically advanced construction establishments can stifle the construction industry in the long run, and in turn can affect the technologically advanced establishments.

We are aware that builders and contractors have an important contribution to make to the development process of any country, socially and economically. They have a part in physically translating the development plans into reality. But development is not just physical construction and concrete contours; development is a better quality of life for all. The challenge to the construction industry is therefore the challenge of its response and reaction to the needs and problems of society.

A major bulk of development projects in the various sectors, whether public or private, involves the construction industry. Given its importance, it is imperative for the construction industry to achieve, and ensure a high level of efficiency and productivity, not only in order that builders and contractors can complete construction contracts within shorter periods of time, and at lesser costs, but also in giving due regard to safety, the aesthetic aspects and the ecology which constitute much of the basic ingredients of a better quality of life.

The Government is the largest single employer of builders and contractors in construction contracts and, therefore, it is understandable why it is concerned with the efficiency and productivity of the construction industry. The Government stands to gain if the construction industry is effective, efficient and reliable. And when the Government gains, the people too will gain.

With the increase in the scope and magnitude of construction projects, coupled with the rapid advancement in the science and technology of construction, the process of construction - technically and managerially - becomes more complex and complicated. Qualified personnel and skilled workers are an asset. Prudent and effective utilization of resources through modern management practices, can ensure not only success but also benefits to all the parties concerned.

Just as the theme of your Convention suggests, the construction industry is a critical sector for economic growth. But economic growth, just as I have mentioned earlier, is not all that we are concerned with. We want growth, but we also want a better life, which is beyond mere growth. I believe that a strong, efficient and reliable construction industry can assist the country not only to achieve economic growth effectively, but also to assist in moulding a better environment for a healthy growth of the members of our society, spiritually and physically.

Today, when we speak of the construction industry we refer more and more to the capability to affect a total face lift of a metropolitan area. One can only look at the Klang Valley here to see the transformation that has taken place, particularly since the last decade. But, with rapid development, greater efforts must be made to ensure that our surroundings are clean and beautiful. Concrete all around, without cleanliness and beautification will render the environment drab and depressing. Cleanliness and beautification does not mean elaborate and expensive landscaping and rock gardens; even big healthy trees properly dispersed together with green grassy patches which break the greyness of concrete and bitumen, free from waste paper and plastics can turn a city into a garden. Man and the waste he creates is the greatest menace to the environment. Man the builder, must design buildings and the environment to contain this menace.

The Government cannot do everything in this regard. I hope, in the case of Malaysia, the developers, the contractors, and the owners of factories and office premises would jointly help the Government and its agencies in implementing the cleanliness and beautification programme. It is not enough for us to do this for display;

we must do it because we want to live, and enjoy living, in clean and beautiful surroundings.

I understand IFAWPCA is a constituent member of the Confederation of International Contractors Association (CICA), a world-wide body of contractors' associations, which has under its wings also the International European Construction Federation (FIEC), the Inter-American Federation of the Construction Industry (FIIC) and the Associated General Contractors' of America (AGCA). I suppose whilst IFAWPCA can directly assist builders and contractors in the Asian and Western Pacific region to achieve further development and growth, it can through CICA exchange views on common problems in the construction industry and possibly through joint efforts find solutions.

I wish you all and your 20th. Convention every success and may your stay in Malaysia be a pleasant and memorable one. With this I have pleasure in declaring your Convention open.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT A BANQUET HOSTED BY HIS EXCELLENCY
PRESIDENT CHUN DOO HWAN
IN SEOUL, REPUBLIC OF KOREA
9TH. AUGUST, 1983**

On behalf of my wife and my delegation, I would like to thank you, Mr. President, the Government and the people of the Republic of Korea for the warm and friendly welcome that has been extended to us. I also take this opportunity to convey to you, the warm greetings and best wishes, of Their Majesties the Yang di-Pertuan Agong and the Raja Permaisuri Agong, whom you so graciously received during their state visit to your Republic in March this year.

I thank you most sincerely for the kind words you have just expressed about me. I am grateful to have this opportunity to renew my acquaintance with you, Mr. President, and to further acquaint myself with your country, which is one of the most economically successful nations in the world today. I hope, in the course of this visit, I shall be able to learn and profit from the Korean experience which has contributed to the progress and prosperity of the Republic of Korea.

The friendly and cordial relations between our two countries are based on shared ideals and aspirations, and common interests. As developing nations, we are preoccupied with development efforts to raise the standard of living and improve the quality of life of our peoples. We have both experienced colonialism, albeit in different forms, and thus highly value freedom and independence. We share similar views on many regional and international issues. While we may not place equal emphasis on each and every one of them, we share the same concern about peace and stability in the world. It is, therefore, very heartening to me that our two countries have cooperated very closely and constructively both at Governmental and non-Governmental levels. This will be further enhanced with the growing understanding that we are now promoting.

As you know we have introduced the "Look East Policy" for Malaysia, by which we learn from the experiences of the countries in the East that has achieved success such as the Republic of Korea and Japan. I am convinced that, with proper adaptations, taking into account the different circumstances in Malaysia, we could adopt and apply the methods and approaches that you have used so successfully in your economic and industrial development. There is no doubt to my mind that it is the Korean attitude towards work, their loyalty and discipline that have contributed to the economic miracle of the Republic of Korea.

It is a great pleasure for me to express our gratitude for the support that your Government and the Korean private sector have given to the training programmes for our workers and students in the Republic of Korea. I understand, Mr. President, that you yourself have taken a deep personal interest in seeing to the successful implementation of these programmes. I would like to clarify however that the "Look East Policy" was not formulated in order that Eastern countries like the Republic of Korea should extend aid to Malaysia. It was meant for Malaysians to better themselves through learning from the example of the Eastern countries. Nevertheless we are gratified that your country and your industrialists have taken a keen interest in our policy and are helping to ensure our success. Your personal interest in this area is very much appreciated by the Malaysian Government and people.

You will agree with me that international trade today is faced with numerous obstacles. Protectionism is rife, and the cry for more protection by industrialists and politicians from the developed countries can be heard almost daily. The developing countries quite naturally look upon this trend with despair and hopelessness especially when there appears to be a deep-seated reluctance on the part of the industrialised countries to ameliorate the unhealthy situation that the world finds itself in. Leaders of the developed countries piously call for more free trade, but at the same time they devise new restrictions - including quotas, tariffs, high interest rates and exorbitant freight charges in order to stifle imports into their countries. How can the developing countries import from them if they are not able to earn foreign exchange through exports to developed countries? How can the developing countries earn from their commodities if prices are depressed and manipulated through markets in and under the control of developed countries? The North South dialogue, UNCTAD and other conferences that have been held have been futile, to say the least. The terms of trade have only sparked off acrimonious charges and counter-charges between the two sides. Now the developed countries have blamed the newly industrialising countries for their present economic predicament. It is for this reason that I have called for more cooperation and expanded trade among the developing countries themselves so that we - the developing countries may develop and strengthen ourselves. By using each others products and raw materials we can reduce our dependence on the developed economies. In the process we will become more developed and our wealth and strength will ensure a strong bargaining posture vis-a-vis the developed countries.

In this regard I have also suggested that the newly industrialised countries, of which the Republic of Korea is among the most prominent, to relocate their labour-intensive and low-technology industries on a joint venture basis in the less developed countries, and concentrate more on the high value-added and high technology industries. In so doing we should be better able to compete in the world market by utilising the abundant resources, both in terms of raw materials and manpower, of the South. Malaysia is in a most advantageous position to take in such industries and manufacturing concerns from the Republic of Korea. Korean investments in Malaysia must result in increased earning for Korea through the export of expertise and plants.

The world today is not only gripped by economic malaise but is also assailed by continued political tensions which divert and saps our energy. In the South East Asian region, Vietnam continues its illegal occupation of Kampuchea, ignoring the numerous calls by the international community for the withdrawal of her troops. The continued Vietnamese military occupation of Kampuchea constitutes a serious threat to the security and stability of South East Asia through big power interference in our regional affairs and impeding the early realisation of a Zone of Peace, Freedom and Neutrality or ZOPFAN in South East Asia. We in ASEAN have persisted and will continue to persist in our quest for the total withdrawal of all foreign troops from Kampuchea, and recognition of the rights of the Kampuchean people to self-determination free from outside interference, and in accordance with the Declaration of the International Conference on Kampuchea and other relevant UN resolutions.

In West Asia, we see more oppression. The Palestinians are as far away from their cherished dream of an independent state of their own due to the arrogant attitude of the Israelis who defy world opinion and continue the occupation of Arab lands which they had seised by force of arms. It is ironical that the people who should most understand the meaning of human oppression and sufferings should now be so callous and insensitive to the sufferings they themselves inflict on others. The world cannot just stand by and watch. The Palestinians are a people with as much right as other people. We must rally to their aid or tomorrow we will suffer the same fate and no one will care. Malaysia was greatly honoured to host the Asian Regional Conference on Palestine as an expression of our strong support for the restitution of the inalienable rights of the Palestinian people, including the right to an independent state of their own under the leadership of the PLO. The Kuala Lumpur Conference has succeeded in coming out with a practical plan of action for a fair and just solution to this problem. The Republic of Korea's participation and positive contribution to the Conference deliberations was highly appreciated by Malaysia and all the participants.

A similar fate today is being experienced by Afghanistan. It is unthinkable that in Afghanistan we have a situation where the latest and most destructive Soviet weapon technology is pitted against an ill-equipped force that has barely emerged from the conditions of the 19th. century. What has sustained the Afghan freedom fighters against the occupying foreign forces is solely their proud tradition and indomitable spirit. The international community's call for the withdrawal of foreign forces from Afghanistan continues to fall on deaf ears, but efforts must continue to be made to seek a solution that would return the control of the land to the Afghans themselves. We must reflect on the unconscionable manner in which some powerful countries promote their interests at the expense of their weak neighbours.

The Republic of Korea had also suffered in the past through occupation and through destruction wrought by war. It is to the credit of the Korean people that you have risen from the ruins to build a better and modern country. Malaysia is cognizant of the existing tensions in the Peninsula in particular, and in the region in general. These tensions should be removed as soon as possible through peaceful negotiations. We have made our position known that efforts should continue to be promoted to

reach an amicable settlement that would ensure the stability and security of the Peninsular and peace for the Korean people. The Korean people must decide this for themselves without undue interference from any other quarters. It is our hope that the years ahead would see a lessening of these tensions and eventually their total elimination.

Of late, there has been growing international interest in the continent of Antarctica, the last unsettled frontier of mankind. Malaysia firmly believes that Antarctica should be made the heritage of mankind and should continue forever to be used for peaceful purposes and not be made the object of international rivalry and discord. The day will come when modern technology will be able to exploit the abundant natural resources of Antarctica and Malaysia would like to see that these resources are equitably shared and should benefit both rich and poor nations alike.

We have had very fruitful discussions with you, with your Prime Minister and your officials. You have shown complete understanding of Malaysia's desire to move ahead and to proceed towards a more progressive and secure future for our nation and people. The assistance which the Republic of Korea has given to us in our pursuit of modernisation and development is highly welcomed and appreciated by the Malaysian people. I am looking forward to see for myself the fruits of your endeavours and diligence. I hope to be able to persuade the captains of your industries to start thinking seriously about moving some of their plants to Malaysia where their own and Korea's interests will be served as much as Malaysia's and its people.

I would like to end my remarks by thanking you and Madam Lee Soon-Ja for the great honour you have done us in hosting this exquisite dinner tonight. The care you have shown for our visit to your country attests to the growing bonds of friendship between the Republic of Korea and Malaysia and of our two peoples and augurs well for closer cooperation in the future.

May I now invite you to join me in a toast to the continued good health of the President of the Republic of Korea and Madam Lee Soon-Ja, to the continued prosperity and well-being of the Government and people of the Republic of Korea and to the everlasting friendship between the Republic of Korea and Malaysia.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE LUNCHEON HOSTED BY
THE BUSINESS ORGANISATIONS
IN SEOUL, REPUBLIC OF KOREA
10TH. AUGUST, 1983**

I understand that it has become a Korean tradition that four business organisations gather together to host a lunch for visiting dignitaries. Not only are you all extremely proficient in business transactions but you also demonstrate a consummate diplomatic skill which even professional diplomats would envy. I do not know how to categorise this practice, whether under ethics, discipline or simply technique but I will surely ask the Malaysian business organisations to explore the possibility of their extending similar hospitality to visitors to Malaysia. We can include this under the transfer of technology sector of our bilateral relations. Nevertheless, I take this opportunity to thank you for kindly inviting me to this gathering.

I believe by now you have a fine grasp of Malaysia and what it stands for. Some of you I have met in Malaysia, while others may have made visits in the course of business promotion, while still others maintain branch offices in Kuala Lumpur which should be able to provide exhaustive information on the country, both politically and economically. I only hope the reports that you receive have been favourable to us unlike those that you would have read in some of the international news magazines and press, especially those of the West.

I congratulate you all for the great contribution you have made to your country. The investments that you have put in, and the ingenuity and single-mindedness that go into the growth of your companies and the promotion of exports, have assured for your country its eventual entry into the magic club of the industrialised and the developed. As time goes by; however, you will soon reach the optimum limit to the operations you could carry on economically at home, and then you will have to explore beyond your shores for new locations for some of your industries. As you will then be moving to the more sophisticated and high technology ventures, away from the labour-intensive and low technology operations, you will need reliable partners in other countries to carry on. You have now to exercise some vision and look much further ahead as done by those in some countries.

In view of this you may wish to consider Malaysia as one of the focal points for future relocation of your industries. You, as clear-minded and determined entrepreneurs, know exactly the advantages Malaysia offers — I think, there are a sufficient number of Malaysian companies and concerns who would be keen to work

together with you in manufacturing and commercial ventures. In so doing we do not ask of you any more than what you have already done in your own country. I believe you are always conscious of your role in society and of the contribution you could make in ensuring and enhancing the prosperity and well-being of your people. Similarly countries which welcome foreign companies to invest and operate in their midst, would also expect such companies to contribute to a higher level of technology and to the training of their nationals which would ensure an efficient and competitive edge for such operations. In other words, there has to be a constant flow of technology to the host country, improved and modernised as time goes by.

By its very own nature a joint venture must be mutually beneficial to be viable. Anything short of this golden rule will surely face various difficulties and even setbacks, not to mention the unnecessary ill-will that would surface sooner or later between the local and foreign partners. The days of multi-national companies running roughshod over the interests of the locals are over. I would like to stress here that Malaysia welcomes foreign investors to invest in the country not solely for profit motives but also to actively participate as partners in development. At present Korean companies are essentially involved in construction work – in infrastructure, such as bridges, highways, housing, hydro-electric dams, and other civil work. In order to accelerate development both in the agriculture and industrial sectors the Malaysian Government will have to expand existing infrastructure and other facilities. This means more opportunities to foreign companies, including Koreans.

I should, however, state that your involvement in Malaysia should not end with this kind of operations alone. You may consider what industries you could promote with the raw materials that Malaysia have – timber, rubber, tin, palm oil, cocoa and petroleum – to produce manufactures, not only for domestic use but principally for export. You, as astute businessmen, know the potential – you can help bring it to reality. It is my view that this is the kind of involvement that would be welcomed by Malaysians. The Republic of Korea, for example, has to import all the timber for its export oriented furniture industry. It would make more sense to relocate your wood-based factories in Malaysia where there is already an abundant supply of timber and reliable workers, and produce all the furniture, doors, etc. that you need to supply the markets that you have created – at a considerable saving and hence maximise your profits. As Malaysia becomes more industrialised there would be a demand for a whole range of products and I suggest you consider all these possibilities.

The experiences of the Republic of Korea are invaluable to us in Malaysia in our efforts to modernise and expand our economy and trade. Our industrialisation programme is still very much in its nascent stage but we are determined to push ahead more vigorously in the near future. We need the right skill and trained manpower, those who are diligent and motivated. I would like to thank you for the assistance that some of you are providing, and others who are thinking of extending in the training programmes that we have initiated in the Republic of Korea. While we hope that Malaysians will benefit from your methods and techniques, the benefit will not be

entirely one-sided. The Malaysians trained by Koreans are sure to prove useful in your dealings in Malaysia. They would help to smoothen things somewhat in your growing business and commercial relations with Malaysia. I do realise that some of your business firms are consolidating your domestic operations but eventually I hope to see your greater participation in what would prove to be an exciting and challenging experience in Malaysia's industrial growth.

I should also like to encourage the general trading companies to expand the existing trade between the two countries. You should not limit it to the import of commodities and raw materials and exports of steel, cement and the like. You should be thinking of extending them to our manufactured goods. Malaysia is an open market and you would do well to study it, despite the stiff competition from other countries. Likewise, you can work with Malaysian suppliers for the import of goods which are not already available here.

With the burgeoning bilateral economic interaction, you may assist both your Government and the Malaysian Government by improving the existing shipping and air services between the two countries. Readily available and efficient shipping and air services between the two countries are essential prerequisites for increased trade and commerce between the two countries. Should we neglect their significance for short-term gains or benefits, then we could only expect slow progress in the achievement of a closer cooperation and greater interaction between our two countries.

I cannot possibly cover every aspect of your present and future economic relations with Malaysia in this speech. There remains a lot to be explored. Suffice for me to say the future is indeed bright for us, not least for Korean business involvement in Malaysia's expanding economy. With these brief remarks, I wish to thank you once again for your kind invitation to this luncheon and I wish you every success for the future.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER GIVEN
IN HONOUR OF THE VISITING PRIME MINISTER
OF THE REPUBLIC OF TURKEY, HIS EXCELLENCY MR. BULEND ULUSU
KUALA LUMPUR
5TH. SEPTEMBER, 1983**

At the very outset, may I say, Brother Prime Minister, how deeply delighted and happy we are to be able to receive and welcome you, Madame Ulusu and members of your delegation to Malaysia.

In recalling the fond memories of my visit to your great country in May this year, I find it indeed difficult to match the fine hospitality so characteristic of Turkey and its people that was extended to me, my wife and my delegation during my visit to your beautiful country. Your visit, the first by a Turkish Prime Minister ever to this country, gives us the long-awaited opportunity of reciprocating, in small way, the kindness accorded to us during our recent visit to Turkey.

Turkish-Malaysia relations have always been warm and Insha-Allah, will continue to be so. This is not only expressive of, or owing to, our common Islamic heritage, but also due to the fact that we have, in the recent past, tried in whatever way we can to establish contacts and to work together. I underline this for no other reason but that relations between Muslim countries today, more than ever before, must be placed on a plane that is commensurate with their historic and cultural relations. It is otherwise pointless to speak of Islamic solidarity and cooperation.

We in Malaysia are, therefore, most pleased to note that some definite progress have already been made in our bilateral relations, especially over the short span of the last decade. In fact, during my recent visit to Turkey, we have not only broken new grounds in the areas of aviation, education and culture, but have also reaffirmed our determination to broaden the scope of cooperative endeavours, particularly in the areas of increased and diversified trade exchange and investments, joint ventures in the construction industry and in shipping. Also, in our discussion this evening, we have agreed to take all necessary steps to intensify activities in these and other areas that would bring mutual benefits to both our peoples.

The new meaning and depth in terms of our bilateral cooperation augurs well for both countries. We indeed take comfort in the fact that various cultural contacts between our two countries have expanded. We have our students in both countries by way of Government sponsored exchange, and Turkish academics have been in Malaysia for some years now. Trade, though still relatively small, has

however doubled. If we keep this momentum in our bilateral contacts and collaboration, I am sure Your Excellency would agree with me that coming years would be much more propitious.

As Turkey is an integral part of the Islamic world and had in the past contributed tremendously to the enrichment of human civilization, we in Malaysia are confident that the important role currently played by Turkey would continue to contribute to greater international development and progress. Not only have you played host to a number of important economic and other Meetings of the Organization of the Islamic Conference, but in addition your country is the seat of the Headquarters of two important subsidiary organs of the OIC, namely the Centre for Research in Islamic History, Art and Culture and the Statistical, Economic and Social Research and Training Centre. Indeed, Turkey is best placed as well as eminently qualified to steer the fraternity of Islamic nations to not only hasten the process of economic development, but also to give practical shape in developing a sense of unity as much as in strengthening cultural links between members of the OIC and Muslims at large.

Indeed, we in Malaysia are convinced that it is only through the establishment of variegated institutional links either on a bilateral basis or multilaterally can there be true dialogue and understanding among Islamic countries. This in turn would not only lead to greater stability among the "Ummah" but also quicken the process of reversing the state of general backwardness in Islamic and Third World countries. Your country's efforts, therefore, in fostering solidarity and cooperation among Islamic and Third World countries are highly commendable. Your Excellency can be assured of Malaysia's full cooperation and support always.

While Islamic and Third World countries are going through a very difficult period, it is also true that the opportunities for enrichment and development have never been greater. Allah in His Wisdom has granted the Islamic world in particular immense wealth and strategic importance. All that remains is for the peoples of the Islamic and Third Worlds to reduce internal bickerings and conflicts with neighbours, and focus their attention to development and the strengthening of relations between them. Of course this is not likely to happen easily, but at least those countries that have achieved some degree of stability, such as Malaysia and Turkey, should continue to strive seriously towards this objective. We are sure if this is done on a scale that is not too ambitious, success will crown our efforts. Eventually of course the rest will follow.

In this context, I must state Malaysia's regret that the OIC Peace Committee, of which both our countries are members, have not been successful in bringing an end to the wasteful conflict between Iran and Iraq. The struggle for the liberation of Palestine is even further from solution, as the freedom fighters squabble on the question of leadership and strategy. The reported success of the Mujahideen in Afghanistan is the only bright news, but even there victory is not about to be achieved. Elsewhere, the Muslim world is never quite free from struggles for power, irrespective of whether the situation justifies the overthrow of the current Governments or not. All

these can result in only one thing — the satisfaction and gleeful enjoyment of the enemies of Islam, particularly the Zionists.

Geographically much closer to our shores, Kampuchea has for nearly five years now been militarily a victim of Vietnamese aggression and occupation. We, together with our ASEAN partners, are saddened that the gentle and peaceful Kampuchean people had been forced to live under extreme hardship with their inalienable rights denied them inspite of being in their own country. We have furthermore been concerned that the continued Vietnamese aggression and military occupation of Kampuchea pose a serious threat to the peace and stability of the South East Asian region, as well as to international peace and security. This is why we and our ASEAN partners are deeply committed to the pursuit of a comprehensive political solution which will restore the dignity of the Kampuchean people while taking into account the legitimate security concerns of all countries in this region. Such a solution would constitute an important step towards the realisation of the Zone of Peace, Freedom and Neutrality in South East Asia which indeed has been the basis for ASEAN's principled stand on the question of Kampuchea.

We are gratified that your Government has been extending your valuable support to all our efforts. I am sure that Prince Norodom Sihanouk, the President of Democratic Kampuchea is even more gratified for your support to his government and to the sacred cause of his people that he now leads towards restoring their human dignity and the independence of Kampuchea. With the continuing support of your Government and the rest of the international community, we believe that a political solution would eventually be found to the question of Kampuchea.

We in Malaysia are deeply shocked and grieved at the recent incident of the shooting down of a Korean Airline passenger aircraft by Soviet aircraft causing the death of 269 innocent passengers and crew members. One of the victims is a Malaysian national. Malaysia abhors such irresponsible act which is in complete disregard for human lives and a violation of international convention, committed by a member of the international community. The guilty party owes the world an apology and an explanation for having caused the tragic loss of hundreds of lives. Malaysia joins the international community in calling for a thorough investigation into the incident and for appropriate steps to be taken to guarantee that the safety of air travellers will never again be threatened.

Malaysia had at the last United Nations General Assembly urged the world body to focus its attention on Antarctica. It is not our intention to create instability or disturb the ecology of that continent. But we feel deeply that no nation, however strong and however good the intention, should continue to practise any form of colonisation. The open, uninhabited spaces in this world are the common heritage of mankind. If there is any benefit to be derived, the whole of mankind should be entitled. Antarctica must therefore be regarded as an international and common heritage. If most countries are quite incapable of being directly involved in safeguarding Antarctica, those who are capable should only be entrusted with this task by consent of the United Nations in

which we are all represented. This principle must be upheld because it is both just and right.

We live in a very inter-dependent world. Distance is no longer the barrier that it used to be. The world economy is undergoing a prolonged crisis and the call for more cooperation among nations is greater than ever before. The seeds for more fruitful cooperation between our two countries have not only begun but have shown results. Through mutual cooperation and understanding of each other's aspiration, and through our moral strength and steadfast pursuit of peace and stability, our two countries will, with the blessing of Almighty Allah, forge ahead in our endeavour to provide a fuller and better life that we all are entitled to and aspire towards. In this regard, Malaysia looks forward to working closely with Turkey and we are confident that our combined effort will produce positive results for the Ummah. While at this point, I wish to commend Your Excellency's Government's interest and efforts in fostering and nurturing Islamic solidarity and cooperation, particularly your support for the International Islamic University which we have just set up.

Excellencies, Ladies and Gentlemen, may I now invite you to join me in a toast to the continued good health of my dear brother Prime Minister Bulend Ulusu and his charming wife, and for the further consolidation of the bilateral relations between the Republic of Turkey and Malaysia.

SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF THE ASIAN ASSOCIATION OF
MANAGEMENT CONFERENCE
PULAU PINANG
30TH. OCTOBER, 1983

I am greatly honoured to be asked to open this Conference of the Asian Association of Management Organisation, especially as it is being attended by so many distinguished managers and captains of industry. On behalf of the Malaysian Government, I would like to welcome all participants to this Conference, held in one of the most beautiful spots in Malaysia, the Island of Penang, otherwise known as the Pearl of the Orient. As a matter of historical interest, Penang was also called the Prince of Wales Island, but the three feathers in Penang's cap which signified this have recently been plucked to be replaced by a silhouette of the new Penang Bridge on Penang's coat of arms, a physical symbol of union with the less British mainland.

So much for history and the tourist trade sales talk. To return to the Conference, this is indeed a momentous one for the the AAMO as it is for Penang and for Malaysia. The world, which has gone through one of the most traumatic recessions in its history, is now showing signs, positive signs of recovery. For Asia and Asians, which were emerging once again as important participants in world trade and industry after an eclipse of several centuries, the recession is particularly damaging. It had taken a long time for Asia to adapt to a world which no longer cared for their silks and brocades, and sandalwood boxes, lacquerware and bronzeware. Only in the last thirty years were they able to cope with modern manufacturing methods and modern technological products. But slowly they were once again gaining supremacy. Their manufactures are no longer regarded with contempt as inferior imitation. Instead their radios and cars, organs and ships were much sought after. Indeed such is their success that all kinds of artificial barriers have to be created by the western industrialised nations.

But suddenly came the recession - a man-made purpose-built recession and no less. I may be wrong in my assumption. But the fact is that the rise in oil price actually stimulated world economic activities. On the other hand the increase in the interest rate brought on the much predicted recession. That increase was artificially engineered.

Whatever the reason for the recession, the effect is to reduce to rubbles the poorest states and impoverish the others in the developing world. The slowdown of economic activities brought about by the increase in the cost of money resulted fairly quickly in an oil glut which in turn knocked out a number of economies dependent on oil production. Commodity producers like Malaysia suffered as well, some more than others. And the newly emerging manufacturing economies of Asia, labelled NICs suddenly found

the carpet being pulled from under their feet. The prospect of becoming developed has now receded. It was all that managers, both private and public could do to keep their heads above water. But, praise be to God, the new manufacturing economies of Asia have not gone under. Even the producers of primary commodities of Asia have survived.

We have a lot to thank the managers of Asia, both in the Government as well as the private sector for the survival of the shaken economies of Asia. They have done well indeed, i.e. if the politicians do not stab them in the back. Now comes the time for managing for new growth. The objectives and targets that had to be shunted aside when recession hit us must be resurrected and we must once again apply ourselves to the task of recovering our ancient position as the premier source not only of exotic spices, but manufactured goods as well. The silks and the brocades and lacquer boxes must give way to machinery and cars and ships etc.

Management is now a subject of much interest and discussion not only among managers but among the public as well. Indeed managers are beginning to rule the world. Presently they masquerade as economic advisers to Presidents and Prime Ministers. Before long they will want to be Presidents (of the executive variety of course) and Prime Ministers themselves. Some politicians will resent this particularly those addicted to authoritarian rule. But I think they will do this world a lot of good. It is of course necessary for them to get popular backing first - and that is going to be the problem. The best managers are not usually the most popular. On the other hand the most popular man seldom make good managers.

Management is no longer as simple as the casual wielding of authority. The days when a well-born person can be expected to run companies are over. Managers are now professionals who are usually trained for the job. Inherent business acumen or astuteness are assets but they are now no longer absolutely essential. Now we have instead scientific management with some art being thrown in. Both can be learnt by people of average intelligence in business schools and elsewhere. For further development of the capacity to manage, there are innumerable courses, seminars and conferences. Books on management now sell by the millions. And of course there are organisations like the AAMO, devoted to continued improvement in management techniques.

This conversion of an inherent quality into a branch of knowledge available to the masses is one of the most beneficial developments in modern times. It has enabled massive commercial activities to take place and facilitated world trade. It has also been a boon to communities with no tradition of commerce or industry. They can now learn and master a mysterious subject, without which mastery they would always be exploited.

As time goes on we are definitely going to improve our knowledge of management. We are going to be better and better managers. The shrinking resources of the world will be better utilised and new discoveries by scientists and researchers put to the service of mankind. Hopefully the world would be a better place to live in as more managers are produced and management skills upgraded.

Organisations such as AAMO will be doing society a good deed. The interchange of ideas that must take place within such organisations will enable us to make innovations and rid ourselves of the fallacies and mistakes without everyone of us having to learn from painful experience.

Of late, there has been much talk about Corporate Philosophy. Asians should have an advantage here. We always tend to be more philosophical. Developing a corporate philosophy should be easy for us. Indeed we always have some corporate philosophy without calling it by that name.

Now Malaysia as a whole has adopted and is refining and redefining its own corporate philosophy. Ever since the Malay states adopted a modern administrative system it was thought that the Government and the business people were enemies. The Government thought that business was essentially cheating – cheating the public, the consumers and the Government. How else could businesses make money if they didn't cheat. Consequently Government officers must regard business people with suspicion and do everything possible to frustrate them.

This assumption is not altogether without reason. Cheating was a widespread practice in the past. Short weights and short change, sub-standard goods etc. were accepted by the consumers as part of the game. You can complain but it would mean so much trouble with so little gain. If the measurement was short, well that was to be expected considering how much you had succeeded in knocking down the prices. Consumers were fair game and there was no consumers association to cry foul. The attitude of the public and the Government towards business was therefore quite justified.

But it is now possible to have some ethics in business. Indeed public limited companies are much more subjected to scrutiny than the little family-owned shops. Besides goods are no longer sold or services rendered purely on a basis of low price. Quality counts now and commands a premium. If you care for designer or personalized products than you accept the need to pay an unreasonable price. You get exactly what you ask for if you are prepared to pay the price. Cheating has become honourable and the gains are as much subjected to taxes as all your other proceeds.

This being largely so, there is no longer a need to regard businessman and traders as crooks. Since these people also contribute to economic growth and pay into the coffers of the Government they should be regarded as partners of the administration of the country. This partnership between the Government and the business people in the economic development of the nation is no different from the partnerships that are to be found in business establishments. Hence the corporate philosophy of Malaysia may be labelled as the Malaysia Incorporated Philosophy.

Admittedly this is not a new idea. Japan Incorporated was a derogatory term coined by western business because, when dealing or competing with Japanese firms, they have perforce to take on the Japanese Government as well. The Japanese private

sector, particularly the big corporations seems to work hand in glove with the Japanese Government, to the extent that they seem to belong to one organisation —Japan Incorporated.

Japan Incorporated may be bad for competing foreign corporations, but obviously it was good for Japan. It has enabled Japan to become the second biggest economic power in the world in less than 30 years after her defeat in the Pacific War.

If the Japan Incorporated philosophy can achieve that miracle for Japan, could it not do the same for others? We in Malaysia think it could. Of course we will never be as economically advanced as Japan but we would be satisfied with a modest rise in our per capita income. Hence our adoption of the Japan Incorporated concept as the basis of our national corporation philosophy — that is Malaysia Incorporated concept.

It is not going to be easy to change the attitude of civil servants and business executives. The whole thing seems either artificial or even far fetched. But then, Malaysia is used to having people tell her that she is wrong and that Malaysia is about to mess things up. Indeed at the time when we achieved independence we were told from then on Malaysia would retrogress for all kinds of business. In 1969 when race riots broke out we were told that was the end of Malaysia. But we have and again proved the critics and cynics wrong. And we feel sure we can once again prove them wrong over the Malaysia Incorporated concept. It is not going to be easy, but then nothing is easy in this world. Everything has to be worked at.

As managers you must know this. Success is a result of hardwork, and meticulous planning and conscientious application. Malaysia intends to do this. If Malaysia succeeds it will also be contributing to the success of Asia and the Asians. If we succeed we think it will give hope and encouragement to other developing countries. As the developing countries prosper, they can buy more from the developed countries. Clearly no one will lose, not even the critics and the know-all from the developed countries.

I have been talking a lot about Malaysia. This is because it is a subject I know best. Certainly I know it better and I know management. But I have a vague feeling that Malaysia can provide the managers gathered here a nice case to study. We in Malaysia are anxious to learn and if possible to contribute. I feel sure that there will be a lot to be gained from your deliberation, for you and for us. We therefore welcome this Conference, and we in Malaysia hope that you will not only learn much but your stay in Malaysia will be an enjoyable one.

Now it is my pleasant duty to declare this Conference of the AAMO open.

ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE INTERNATIONAL SYMPOSIUM ORGANISED BY KEIO UNIVERSITY
TOKYO, JAPAN
10TH. NOVEMBER, 1983

Change in human society is unavoidable. Much of this change is beyond control. But certain changes can be prevented or they can be directed. Thus certain traditions and values may be consciously preserved while those changes which are permitted to take place can be set in a desired direction.

The Malaysian society is one of those societies which had undergone and is undergoing rapid changes. Whereas prior to independence the changes were not properly regulated, and certainly they could not be directed by Malaysians, the period since independence in 1957 has seen numerous attempts to direct changes in order to maximise benefit for the Malaysian society and nation. The Malaysian Development Plans and the various policies, particularly the policy on education were all direct attempts at ensuring that the changes that take place follow a predetermined course.

Certain years during the period of independence have been more remarkable in determining changes than others. Thus the launching of the Second Malaysia Plan marked an attempt to bring the rural areas and its populace within the mainstream of the nation's development. Then came the riots of May 1969 and the soul searching that followed. As a result, in 1970, the New Economic Policy (NEP) was born with the twin objectives of eradicating poverty irrespective of race and the restructuring of society so as to remove the identification of race with economic functions.

Much has been done since the formulation of the NEP which have had a profound effect on the changes in Malaysian society. Absolute poverty has never been a problem in Malaysia but relative poverty abound. The NEP has achieved much to reduce relative poverty. Education and training has made vertical mobility an instrument for both poverty eradication and restructuring. A variety of Government schemes and institutions has improved the lot of the peasant farmers, petty traders, and the unskilled and semi-skilled workers. The bumiputeras, or the indigenous people, have become more urbanised, have entered the mainstream of a modern monetised economy and have gained access to the abundant wealth of the country. Equitability has been largely achieved by a system of share ownership that is pioneered by the biggest Unit Trust in the world, the National Equity Corporation (PNB). Any bumiputera who cares to save RM10 can own at least RM 100 shares in the huge plantation, mining, banking and trading companies in the country. The Unit

Trust scheme was adopted in order that public (Government) owned enterprises do not benefit only those bumiputeras who have money. A limit of 50,000 shares per person ensures that domination of the trust by a few rich investors will not take place.

The NEP can be said to have changed the scene in Malaysia almost completely. No longer are the towns largely Chinese, and the kampungs largely Malays and other indigenous people, but more and more the urban areas are representative of population structure of the nation.

Obviously not everything is satisfactory, nor all the targets met. There is much to criticize. Some will say that the bumiputeras are still poor compared to the non-bumiputeras, while others will complain that the achievement so far has focussed on material wealth. Like all criticisms they have elements of truth, but by any standard, the changes achieved have been remarkable. It is rendered even more remarkable because it is achieved under stable conditions, in a democratic context. Certainly, few newly independent countries have achieved this much without resorting to totalitarian styles and traumatic upheavals.

The question now is whether the need is merely to implement the NEP or to do something more so that not only will the twin aims be achieved but the achievement will become less reversible. In other words, the basic reasons or causes for the economic disparities between the races, and the inability of Malaysia up to now to be a developed nation must be studied, understood, and where necessary, corrected. Development plans per se do not result in development. Even their vigorous implementation cannot bring about development. Something more is needed. And it is that something more that the Malaysian Government is after now. If that something is not to be found at home, then Malaysia must look abroad. And it is in searching for a foreign model that Malaysia decided that it must Look East.

In the days when communication was poor, societies wishing to adopt foreign systems were able to be more selective. The people as a whole were not knowledgeable of conditions in the model societies to be able to adopt values and systems on their own. With modern communication facilities, controlled and selective adoption of systems or values is less easy. The result is that in the developing countries values are absorbed which are in fact detrimental to them.

Thus there are some developing countries which have adopted wholesale some of the systems of the advanced countries such as the trade union system and philosophy. As they are developing countries and do not possess either the necessary infrastructure or the vast resources and expertise, these countries are often placed in a disadvantageous position.

But as the values and systems are adopted by the people without direction from the policy makers there is no way for them to be selective. The result of learning from foreign models can therefore be quite distressing.

This is an example of an injudicious adoption of a foreign system by the people. There are many more such cases. Indeed rapid instant communication has resulted in more of the deleterious values being adopted than the good ones. It follows that left to themselves the peoples of developing countries are more likely to subvert their own future than promote their well-being.

Governments of developing countries must therefore try as best as they can to influence the selection of systems and values of the people. The most vociferous objections will, of course, come from the people of certain developed countries. They are likely to accuse such Government leadership as denying freedom for the people. Basic to their attitude is their fear that, firstly, the developing countries may no longer be the market for the simple manufactured products that they like to dump, and secondly, that these countries might actually invade and compete with them in their own markets. Japan must be very familiar with this attitude. Resistance to Japanese penetration of the traditional markets of the old developed countries has never abated.

When the Government of Malaysia decided to give some guidance to the people as to what they should copy, it was not too difficult for the choice to be made. The rags to riches story of Japan is well known and so is the story of South Korea. Malaysia may be said to be in the 'rags' stage that Japan found itself in the years immediately after the Pacific War. Malaysia cannot obviously go through the slow evolution that characterised European development. The development must be rapid, indeed to a certain extent even more rapid than that of Japan.

When the Look East Policy was adopted, although a study was made, it is possible that some areas were overlooked. Nevertheless it was realised that looking to Japan, for example, does not mean doing everything the Japanese way. Indeed it would be quite impossible to do so because of a variety of reasons, among which is the time available.

The most important thing that seems to have contributed to Japan's success is the work ethics. Some Japanese academics, and even journalists, may dispute the kind of perception of Japanese work ethics that Malaysians have. But there can be little doubt that Japanese work ethics differ greatly from those of the West; certainly those of Britain and Australia.

The idea that something may be had for nothing is very much the basis of the present attitude towards work that is found in Western countries. Hence demands are made for better pay and benefits, without relating this to productivity and better earnings for the establishment. In the days when empires were available as captive markets such an attitude may not be too harmful. But in these days no country has a captive market nor does any country have monopoly of the technologies of manufacturing. Consequently, increasing wages and benefits without commensurate productivity can only result in being priced out of the market. The fact is that nothing is free in this world or the next. Everything requires investments. In the words of a former

Malaysian Minister of Finance "If you want something free then you must pay for it". That payment may be in the form of hard work and greater productivity. If not then economic decline will be the price.

Hence the Look East policy is initially and largely concerned with learning and practising Japanese and Korean work ethics. Firstly, we want Malaysians to work as hard as the Japanese. Lack of skills can be made up, at least partly, by a willingness to work hard. It is well-known that practice makes perfect. Working hard means more frequent practice. Eventually skills must come along.

In business great value is attached to fulfilling undertakings. If goods or services are promised at a certain date of delivery it is important that this delivery date is kept. Working normal hours, or worse still, working less than the normal hours will certainly not help to meet delivery dates. Hence working hard means achieving targets at no increase in cost or even at lower cost. In the West work may be purposely delayed in order to get some overtime work with double wages.

Working hard also does not mean shoddy or poor quality work. The Japanese used to be known the world over for poor quality. But today the story is totally different. Japanese products are known for their quality. Basically the good quality is due to hard work, a willingness to check and counter-check every item painstakingly in order to ensure the best quality.

The virtues of hard work are many. We believe that the Japanese are imbued with these virtues. Even Japanese trade unions are conscious of the need to work hard. Malaysians cannot be wrong if they conclude that the main reason for the Japanese success story is the willingness to work hard. Malaysians cannot be derided if they wish to copy Japanese work ethics in the belief that they will be, if not equally successful, at least better off than they are now.

Japanese work ethics of course do not end with hard work. The democracy of the Japanese business organisation is quite unique. Differences in status between the executives and the workers are not emphasised. They wear the same uniforms and the executives tend to spend more time on the shop floor than in their offices.

When decisions are to be made every one is consulted. Even junior executives seem to have a say. It is not only the board which decides. To a certain extent this slows down decision making but it is probably compensated by the commitment of the personnel to the final decision when it is made.

The cradle-to-grave type of relationship within Japanese companies, at least the big ones, is another distinctive feature that Malaysians regard as worthy of study and possibly emulated. Large Japanese companies are paternalistic towards their employees. This is reciprocated by workers being more loyal to the companies.

We believe that the Japanese work ethics is not a traditional phenomenon. It is a cultivated value system. Of course traditional Japanese values play a role, an important role. But in the past the system was quite different. Thus, making quality almost a point of honour certainly did not exist prior to the Pacific War when Japanese goods were synonymous with shoddiness.

Now, if the Japanese work ethics is what has contributed to the economic and commercial success of post-war Japan, and if this work ethics is acquired and developed artificially, it follows that Malaysians too can shape and develop their own work ethics. This is precisely what the Look East Policy is all about.

But, of course, there are other aspects of the Japanese economic miracle that are worthy of study and possible emulation. Although Malaysia is resource rich and endowed with considerable areas of land suitable for the cultivation of a variety of profitable agricultural produce, there is no reason why there should not be manufacturing industries. How Japan entered into manufacturing and develop it until it can compete with the industrial West is also worthy of study and emulation.

Then there is the highly successful Japanese marketing strategies. It is now claimed that "sogoshoshas" are not profitable but there is no doubt that in the early days it was the "sogososhas" which opened up trade on a large scale and promoted Japanese goods. How they did this is again worthy of study and emulation.

One of the accusations made by competing Western companies is that Japanese companies seem to be indistinguishable from the Japanese Government. They felt that they were up against the whole Japanese nation where competing with Japanese companies. Hence, the coinage of the term "Japan Incorporated", meaning the whole of the Japanese nation seems to be incorporated into one company which then challenges the individualistic and mutually competing industries of the West. Of course, this is not completely true. Japanese companies do compete with each other when marketing goods or bidding for contracts. Indeed Japanese companies have joined hands with non-Japanese companies to compete against other Japanese companies. But, by and large, the Japanese companies are backed by the Japanese Government and workers whenever they compete with non-Japanese companies abroad. At home a large degree of protection is afforded to Japanese companies which make it extremely difficult for foreign manufacturers to penetrate Japanese markets. The impression that there is a Japan Incorporated is thus quite justified.

But to Malaysia which is quite incapable of competing with the Japanese in any case, the concept of Japan Incorporated is interesting as a device for the development of the Malaysian economy. Historically the Government regarded itself as the opponent of the private sector. They see privately owned companies as avaricious and prone to all sorts of extra legal activities at the expense of the Government, the people and the country. There is some justification for this. The

fact that in the past most businesses in Malaysia were individually owned and antagonistic towards Government policies merely reinforces the antagonism of Government officials.

Even when the Government understood the need, and did give protection for Malaysian industries, this was done with reluctance and a great deal of suspicion. Officials adopt very officious attitude towards the private sector at all times. Clearly no one could appreciate that the national interest is what suffers when businesses are unduly obstructed by Government red-tape.

On the other hand the private sector too felt antagonistic towards the Government and in particular Government officials. They assumed that the Government is out to frustrate them, to obstruct their businesses and to make their enterprises unprofitable. The officials as agents of the Government are regarded with veiled hostility. The only time when the businessmen seemed friendly is when he wishes to buy an official. Otherwise the relationship is one of unconcealed confrontation.

The private sector consequently takes a dim view of all Government policies. No matter what the reasons are, Government policies are regarded as unnecessary imposition calculated to make life more difficult for the business community. The genuineness of the Government's efforts to create an atmosphere conducive to stability which must benefit business as a whole is questioned or rejected offhand.

Needless to say the officiousness of officials and the distrust of the Government and the officials by the business community do not contribute towards the kind of economic growth that a developing country like Malaysia needs. To lubricate and stimulate that growth, both the public and private sectors, must contribute and cooperate in facilitating economic activity.

In Malaysia there is an additional problem. Unlike Japan, Malaysia is multi-racial. Worse still, the different races are not equally well-developed economically. Thus the Malays are largely peasant farmers in the rural areas, the Indians work and live on large rubber estates, while the Chinese are traders and entrepreneurs living in urbanised communities.

It is well-known that class disparity often leads to serious confrontation. Indeed it is class division that gave rise to communist and socialist ideologies and the bloody revolutions in many European and eastern countries. But when you have in addition to class differences, a complementary and reinforcing racial difference, then the potential for conflicts and clashes would be even greater. And, of course, differences and class cum racial tensions do not contribute to a smooth economic growth.

In the case of Malaysia the first step that was taken was to eliminate the identification of race with economic function. This means that conscious efforts have to be made to ensure that all levels have proportionate representation by all races. In other

words, there should be as many Malays and Indians in the urban centres as there are Chinese. The races must be thoroughly and evenly mixed. Economic prosperity in particular should not be confined to one race only.

The New Economic Policy's 20 year Perspective Plan which was launched in 1970 had this objective. In the 13 years that this Plan was implemented a fair degree of success has been achieved. Today Malaysian towns and cities do not look like exclusively Chinese towns any longer. Today there are large and efficient companies run by the indigenous people, the bumiputeras, or sons of the soil. There are also a number of large funds that belong to bumiputeras that can be invested so that the bumiputera share of equity is maintained. In addition, the Federal Government and the State Governments set up a number of corporations to represent bumiputeras in various enterprises.

Consequently the private sector is now more representative of the different communities than before. The Malaysia Incorporated concept, wherein the Government help the private sector, would therefore benefit not only the Chinese who previously controlled that sector but all the communities. If the Malaysia Incorporated concept and Privatisation was not acceptable before, it was partly because they would only increase the disparities between the races that had been a feature of Malaysia in the past. Nevertheless, as the restructuring of the economic configuration in Malaysia is not yet completed, the Government will have to be very vigilant that the Malaysia Incorporated concept and Privatisation do not stir up racial tension.

The Look East Policy and the desire to copy from Japan is clearly not a blank cheque. Malaysia wants to learn from Japan but it has to be selective. The socio-political and cultural differences between Japan and Malaysia must always be borne in mind. Economic growth and development are not the sole determinants. More important than anything else is the racial harmony and political stability of the country.

We in Malaysia believe that we have succeeded more than anyone else in achieving racial harmony, or at least, in reducing racial antagonism to manageable levels. Since independence in 1957 we have had only one major racial clash. That too was controlled within a period of just over a year. Since then the stability is palpable. Malaysia has in fact developed at a much more rapid pace after the riots of 1969 than before. This is not to say that the riots were necessary. But it did demonstrate to all the races in Malaysia the folly of allowing narrow racialism to take over. Since the riots, pragmatism has largely won the day. Every race has learnt that in Malaysia no single race can have all that it wants for itself.

Indeed, Malaysia can be regarded as doing well-only when everyone, every race, is fairly unhappy. Should one particular racial group be very satisfied and happy, it could only mean that their wishes have been catered for at the expense of the other races. If this should happen, sooner or later, there is bound to be racial clashes, political instability and economic disruption.

It is because of this need to balance the well-being of the different races in Malaysia, and prevent confrontation and racial disturbances that policies for Malaysia's development must be carefully formulated and implemented. The timing of these policies are also extremely crucial.

The Look East, Malaysia Incorporated and Privatisation policies and concepts could not have been introduced earlier. They would be almost entirely unacceptable to the deprived indigenous people. But even now these policies must be prudently implemented. Foreigners must appreciate that they are dealing with a sensitive multi-racial society. If they are required to conform to certain non-economic requirements in their economic involvement in Malaysia, it is really for their own good. The economy of the nation, any nation, cannot prosper so long as there are civil and political upheavals.

There is a price to be paid for everything. In the case of Malaysia, the price of stability is a somewhat slower economic development. In the final analysis this is a small price to pay.

Hence changes in Malaysia must be carefully planned and timed. It is not a matter of issuing an edict. Rather it is one of cautious introduction and clarification of policies and their implementation. But, God willing, in the end the target will be achieved.

These are the changes that are taking place in Malaysia. They are not quite spontaneous. They are the result of fairly carefully thought-out planning. Probably they are not perfect. But then no planning is absolutely perfect. They will have to be corrected as we go along. But it is important that everyone, including foreigners, understand and are guided by them. Then and then only can a degree of success be achieved.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER GIVEN IN HONOUR
OF THE VISITING PRIME MINISTER OF PAPUA NEW GUINEA
HIS EXCELLENCY, MICHAEL T. SOMARE AND MRS. SOMARE
KUALA LUMPUR
19TH. NOVEMBER, 1983**

On behalf of the Government and people of Malaysia I would like to extend a very warm welcome to you, Mr. Prime Minister, you charming wife and members of your distinguished delegation. Your visit gives me the opportunity not only to renew our friendship but also to reciprocate the generous hospitality shown by you and the people of Papua New Guinea during my visit to your country last October. We are indeed honoured and delighted to have you with us and we hope that you and your delegation will feel at home during the short stay in Malaysia.

The growing bond of friendship between Papua New Guinea and Malaysia is made manifest by our increased bilateral interaction both at the official and private sector levels. Malaysia's diplomatic presence at Port Moresby has enabled us to keep in direct and close touch with Papua New Guinea. In our talks this morning, Mr. Prime Minister, you indicated that Papua New Guinea intends to establish a mission in Kuala Lumpur soon. We welcome this and look forward to receiving your first resident High Commissioner to Malaysia.

Like other developing countries, Malaysia continues to face economic difficulties and uncertainties arising from the current depressed international economic situation. Being producers of primary commodities, Papua New Guinea and Malaysia have to tackle similar problems to ensure that our products receive fair and stable prices and not be at the mercy of unscrupulous manipulators or speculators at the commodity exchanges. Malaysia firmly believes that developing countries can overcome the obstacles in their way and achieve higher levels of economic development and growth through meaningful and effective cooperation.

The Malaysian Government is fully committed to the concept of cooperation among developing countries, or South-South cooperation and we have extended modest offers of technical cooperation with fellow developing countries including Papua New Guinea. I am glad that Papua New Guineans have found some of our training programmes useful and that our traders and businessmen have met and confirmed the potential for direct bilateral trade and investment. Contacts made, and friendships established between the people of Papua New Guinea and of Malaysia will no doubt contribute towards the understanding, esteem and goodwill we have for one another. Tomorrow, Mr. Prime Minister, you will have the opportunity to visit some of

Malaysia's socio-economic development projects. Should some of the practical aspects of our agricultural or land schemes be of relevance to Papua New Guinea in your own development efforts, we would only be too happy to share our expertise and experience with you.

Papua New Guinea is a close friend not only of Malaysia but also of our regional organisation – ASEAN. I note with satisfaction Papua New Guinea's Special Observer status in ASEAN and the decision taken at the recent ASEAN Ministerial Meeting in Bangkok for Papua New Guinea to work closely with ASEAN's Technical Committees to derive the fullest advantage of any cooperative efforts. This represents yet another milestone towards the promotion of closer relations between ASEAN and Papua New Guinea. We appreciate that in the South Pacific region, Papua New Guinea is also a strong advocate of regionalism and an active member of the South Pacific Forum.

As we share similar hopes and aspirations for our national stability and development in particular, and for our region in general, we are indeed mindful that national resilience and regional peace cannot be taken for granted. In South East Asia we have had our share of political problems and unrest, mainly due to big power rivalries and conflict. Convinced that the region must, and can be freed from the menace of any form of external big power rivalry, the ASEAN countries in 1971 adopted the Kuala Lumpur Declaration on the establishment of a Zone of Peace, Freedom and Neutrality (ZOPFAN). The realisation of ZOPFAN remains our cherished goal.

As you are aware, ASEAN's untiring efforts for a comprehensive political solution for the Kampuchean question is part and parcel of our commitment to the objectives of peace and stability in South East Asia. The search for a comprehensive political solution in accordance with the International Conference on Kampuchea (ICK) Declaration and principles of the UN Charter is imperative so that the Kampucheans could be free to decide their own future and live in peace. At the same time, resolution of the Kampuchean problem would remove the present pointed threat of big power rivalry and intervention in South East Asia.

Recently, the international community once again gave overwhelming support to the ASEAN inspired resolution at the United Nations General Assembly for the withdrawal of Vietnamese forces from Kampuchea, the restoration of its independence, sovereignty and territorial integrity and the right of the Kampuchean people to determine their own destiny free from outside interference. Malaysia is indeed heartened by the continuing valuable support of Papua New Guinea and we thank you for it.

Malaysia is not only concerned about the peace and stability of our immediate South East Asian region, but we are also concerned about peace and stability in other parts of the world. Indeed we share your concern and anxiety over continued nuclear testing in the South Pacific and support your regional efforts to rid the South Pacific of such undesirable activities.

Consistent with Malaysia's concern for international peace and stability, we have initiated the inscription of an item on Antarctica at the United Nations General Assembly now meeting in New York. Our initiative stems from our belief that because of the continent's political, strategic and economic importance to all of us, and that future acrimony in or over Antarctica, could be preempted by the removal of any inequities there, it must be brought to the attention of the international community. Malaysia's objective is to secure the agreement of member states for the United Nations Secretary-General to undertake a comprehensive study of Antarctica, encompassing all points of view. We hope that our efforts towards widening international cooperation on this little known but important continent would receive the support of the world community.

I have found our discussions this morning extremely interesting and have benefited from your views and perception on a range of issues of mutual interest and concern. I feel sure that the friendship and cooperation between Papua New Guinea and Malaysia will be mutually rewarding and beneficial.

May I now express once again our pleasure at having you here in our midst, as our honoured guest. I hope that you, Mrs. Somare and members of your party will find your visit to our country enjoyable.

May I now ask you to join me in a toast to the good health of the Prime Minister, the Rt. Hon. Michael Somare and Mrs. Somare and to the prosperity and well-being of the people of Papua New Guinea.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER HOSTED BY THE
RT. HON. PIERRE ELLIOT TRUDEAU, PRIME MINISTER OF CANADA
IN OTTAWA
13TH. JANUARY, 1984**

It is indeed a great honour, Mr. Prime Minister, for me and my delegation to be in Ottawa as guests of the Government and people of Canada. You may recall that exactly one year ago, you yourself had visited Malaysia. I had the pleasure then of welcoming you to my country as well as the opportunity to discuss with you a wide range of issues covering the relations between our two countries and the international scene. I have looked forward to continue these discussions which this visit to Canada has afforded me.

I am delighted to have the chance of meeting you again with the full knowledge that we are not strangers but indeed old acquaintance. The warm and friendly exchange of views which we had this morning will, I am sure, help to foster closer ties between Malaysia and Canada.

Allow me to express our deepest appreciations for the warm welcome and generous hospitality extended to us by you and the Government and people of Canada. We will indeed bring back to Malaysia pleasant memories of our brief sojourn in your country.

Relations between Malaysia and Canada have been close and meaningful. I must commend you for the role that you have played in enhancing these relations. It is with gratification that I note of the increasing attention to Malaysia given by your Government and people. Since your visit to Kuala Lumpur in January 1983, no less than three groups of prominent Canadians had visited us.

I recall meeting a group of your parliamentarians led by Mr. Keith Penner quite soon after your visit. Your colleague and a good friend of mine, Mr. Gerald Regan visited us last May and had useful exchanges with my Deputy and other Cabinet colleagues. In October, Mr. William Davis, the Premier of Ontario paid us a visit which regretfully, however, was only a brief one.

I am confident that relations between Malaysia and Canada could be further strengthened, particularly in the fields of trade and economic, education, cultural and technical cooperation. We are appreciative for the assistance that Canada has given to us in our development projects. We hope that besides those who have already made a contribution to the growth of our economy, more Canadian investors would venture to

come to Malaysia. We look forward to increasing the trade between our two countries. We hope to learn and utilise Canadian expertise in our effort to industrialise. There are certainly several areas of cooperation which can be further explored for mutual benefit.

The positive notes in our economic relations have struck a harmonious chord given the similarity in our economic systems and thus our ability to understand each other's needs. In this regard, I wish to thank you, Mr. Prime Minister, and your Government for the understanding that you have given in resolving the problem associated with the acquisition of Guthries Canada by PNB, the Malaysian National Equity Corporation. I also wish to express my appreciation for your Government's decision to increase the quota for acrylic yarn imports from Malaysia.

I know that you are a great believer and an advocate of the North-South dialogue. I believe that it is imperative for efforts such as yours to be continued so that a more satisfactory order of economic relations between nations could be achieved. It has been said, again and again, that in this modern world, nations are interdependent. It is time that we translate this saying into reality by looking into this problem with a strong sense of urgency. There is a need for all nations to muster the will to put the present world economy in order. The declarations, resolutions and statements emanating from the various economic summits and conferences must be carried into the realm of action.

The failure to address the North-South question has no doubt brought about a sense of frustration and even disillusionment in some quarters. It is small wonder that many countries have found it easier not to enter into endless emotional and costly deliberations which achieve no results. It is action that is needed. In order to drive home this point, Malaysia is taking various steps to promote mutual cooperation among countries of the South. We have launched our own technical cooperation programme with a number of countries in the South Pacific and in Africa. We may not be able to achieve much but at least it is better than holding endless conferences.

As a member of ASEAN, Malaysia welcomes Canada's interest in the association. There is scope for greater cooperation between ASEAN and Canada in the economic, social, technical and industrial fields. The continuous dialogue between Canada and the ASEAN countries could engender a close partnership in the interest of each other's prosperity and the well-being of nations in the region.

The ASEAN countries have worked closely together to promote peace and stability in South East Asia. They have high aspirations in this regard. But these aspirations will not be achieved as long as the Kampuchean issue remains unresolved. It is therefore essential for ASEAN as well as countries outside the region to work towards the restoration of the independence, sovereignty and national integrity of the Kampuchean people. We have to recognise the ability of the Coalition Government of Democratic Kampuchea, or the CGDK, to represent the interests of the Kampuchean people. Malaysia notes with satisfaction that Canada has recognised the CGDK. We

are also appreciative of your support towards the efforts to find a durable solution to the issue.

Apart from economic depression, from which I hope we are recovering, the world is still witnessing incessant and bitter wars. Besides Kampuchea there is the Soviet occupation of Afghanistan, the Iran-Iraq War, the carnage in Palestine and in a number of Central American countries. Then there is the threat of a nuclear war between the super-powers. Missiles armed with nuclear warheads are deployed all over the world. It is clear, Mr. Prime Minister, we need to call a halt to this madness.

In this respect, Mr. Prime Minister, I wish to express my highest regard and extend my fullest support for your effort in trying to achieve a more sensible order of political relations in the quest of international security. You have undertaken a highly commendable task of endeavouring to restore contact and communication among the nuclear powers.

We have followed with deep interest your proposals. We are hopeful that your "Pilgrimage for Peace and Disarmament" would bring about the desired results.

I am sure that both our countries are motivated by a similar desire to achieve world peace and stability in the interest of our political well-being and economic prosperity. It is therefore our duty to help restore the dignity and independence of peoples who have been subjected to foreign military and political domination. We should be indefatigable in finding a solution to the problem in West Asia. The conflagration which is now thriving on the ambers of hatred and religious fanaticism should be extinguished. It is our view that nations should lend their support to the Geneva Declaration and Programme of Action on Palestine so as to provide the basis for a successful attempt at resolving the question of Palestine which is the core of the West Asian problem. We should endeavour to work towards a solution to the problem in Southern Africa. We must sensitise ourselves to the cries of agony of the women and children of Afghanistan, Kampuchea and Lebanon.

It is my pleasure to once again thank you and the Government and people of Canada for the friendly welcome and gracious hospitality which you have extended to me and my delegation.

Distinguished Guests, Excellencies, Ladies and Gentlemen, may I now request you to rise and join me in a toast to the Queen of Canada, the good health of Prime Minister Trudeau and to the continuing close and friendly relations between Malaysia and Canada.

**REPLY SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE BANQUET GIVEN IN HIS HONOUR BY HIS EXCELLENCY
MR. PIERRE MAUROY, PRIME MINISTER OF THE REPUBLIC
OF FRANCE, PARIS, 23RD. JANUARY, 1984**

I wish to thank Your Excellency, the Government and the people of the Republic of France for the warm welcome and the generous hospitality that has been extended to my wife and I, as well as to the members of my delegation. We are indeed happy and honoured to be here in your lovely country. I am particularly delighted to have this opportunity to meet again and to renew my acquaintance with Your Excellency.

Just over one year ago I had the pleasure of welcoming you to Malaysia on the occasion of your official visit to our country. Your visit has contributed greatly towards strengthening the relations between our two countries. Late last year I was in Paris and we had an opportunity to meet and discuss a few matters. This time I am on official visit together with a number of my officials. More extensive discussions will be held between us and also between the officials. These increasing number of contacts between leaders and officials of our two countries will surely promote greater understanding between our two peoples and help to overcome and remove the barriers of language and culture. To my mind, it is most appropriate that in the past one year our cooperation has developed significantly in the field of education. Our two sides are in the process of finalising the agreement for the programme whereby Malaysian students will pursue their higher education in France. I believe that the initiation of this programme will lay the foundation for much closer relations between Malaysia and France in future.

At the same time while looking towards France and other developed countries, both in the East and the West for their knowledge and expertise, Malaysia desires to enter into genuine partnership with these same countries in the field of economic development and trade. As a growing nation, we offer opportunities for those who have the technical know-how and the means to participate actively in our economic development. We certainly welcome French interest in this field.

I am certain that you share my hope for the expansion of two-way trade between our two countries. We should not fail to take advantage of the growing cooperation between our two countries to allow the growth of such an active two-way trade. In this, however, while we have reason to be happy with the development of our bilateral relations in many fields, we must address ourselves to the fact that the volume of trade between our two countries have not been very encouraging. This is attributable in part to the lingering recession, but at the same time we cannot ignore the effect of tariff and non-tariff trade barriers. There is truth in the argument that certain industries do require governmental assistance to promote their growth, but the widespread usage of

these measures to protect too many sectors simply cannot have a positive effect on international trade, and consequently on the recovery from the recession. This problem is not confined to one or two or a few countries, but to many groups of countries. I believe that it is a negative trend, and one that cannot solve any economic problem with any permanence.

France, as an important member of the EEC, plays a major role in European affairs and it is a strong proponent of European unity. It is currently the President of the EEC Council, at a time when the Community is addressing itself to many economic and political questions, in intra-community affairs, as well as in matters between the Community and other countries and groups of countries. The Community itself is about to be enlarged with the admission of two new members, namely, Spain and Portugal. I would like to extend to you my wishes and to express my confidence that under the Presidency of France, the Community will achieve progress in its endeavours.

The last few years has witnessed the growth of economic cooperation and trade between the EEC and ASEAN. Malaysia, and its partners in ASEAN, value this cooperation between the two groups. We are confident that the existing dialogue and regular meetings held between us will prove to be mutually beneficial both to the members of the EEC and to the countries of ASEAN. Even though this cooperation is not without its problems, in particular certain restrictive measures on the part of the Community, it nevertheless provides for meetings of minds between the two sides. Such on-going dialogue provide the means for mutually satisfactory solution. The need for on-going dialogues to resolve problems and points of disagreement is also applicable to the one problem that is causing great concern to Europeans, as well as to the whole world, namely that of security. I am referring to the suspension of the talks on arms reduction between the two superpowers as a result of the stalemate over the question of intermediate missiles in Europe. The world has been following the progress of these negotiations with much more than academic interest. We in Malaysia share the concern that is felt by all countries over the suspension of talks on arms reduction. The two superpowers and the world cannot afford an escalation in nuclear rearmament. The discussions must go on no matter how difficult. Malaysia is watching the development with bated breath, for already there is sufficient nuclear arms to destroy all living things on this planet.

In the Middle East, the question of Palestine, which is the core of the Arab-Israeli conflict, remains unresolved. As a means to start the process that would lead to the establishment of an independent state of Palestine, Malaysia urges for the convening of the International Peace Conference on West Asia, as called for by the Declaration and Programme of Action of the Geneva International Conference on the Question of Palestine. We are convinced that the Declaration and Programme of Action of the Geneva Conference provides that basis for a just and comprehensive peace and would lead to the establishment of an independent State of Palestine. One of the consequences of the unresolved question of Palestine is the on-going tragedy in Lebanon. Malaysia is aware that France plays a key mediatory role in the crisis in Lebanon and in efforts to achieve a long term solution to the Palestinian problem. In the pursuit of

these efforts, France has not so long ago suffered a tragedy when so many of her sons were killed. I would like to express my condolences at your loss and salute the bravery of those who lost their lives in Lebanon. We appeal to all parties concerned to renew the efforts at bringing about national reconciliation and peace to Lebanon.

Within our own region of South East Asia, we continue to face the unresolved problem of Kampuchea. The Vietnamese military occupation of Kampuchea prevents the establishment of a Zone of Peace, Freedom and Neutrality, or ZOPFAN, in South East Asia, free from any form of foreign interference that Malaysia and her partners in ASEAN have been striving for. The unresolved problem of Kampuchea is the source of instability in our region and it threatens all of us in the region with the unwanted possibility of big power interference in our affairs. Malaysia, therefore, looks to her friends for their continued support for the efforts to resolve the Kampuchean issue peacefully and speedily in accordance with the declaration of the International Conference on Kampuchea and other relevant United Nations resolutions that have been endorsed by the international community.

The question of Antarctica, the continent that is the last unsettled frontier of mankind, has been gaining international interest. The recent session of the United Nations General Assembly has adopted a resolution that the Secretary-General undertakes a comprehensive, factual and objective study on all aspects of the question of Antarctica. Malaysia firmly believes that Antarctica should remain the heritage of mankind, that its future regime should promote international harmony and not discord, cooperation and not conflict, and that the exploitation of its resources should benefit mankind as a whole. We realise that France has a different perception on the question of Antarctica, but we are confident that the study undertaken by the United Nations Secretary General will take into full account the positions of all the countries in the world.

Distinguished guests, ladies and gentlemen, may I now ask you to join me in a toast to the good health of His Excellency President Francois Mitterrand, His Excellency Prime Minister Pierre Mauroy, to the Government and the people of the Republic of France, and to the continuing close friendship between Malaysia and the Republic of France.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER HOSTED
BY VICE-PRESIDENT AND MINISTER OF PUBLIC ECONOMY
OF SWITZERLAND MR. KURT FURGLER
25TH. JANUARY, 1984**

May I, on behalf of my wife and members of my delegation thank Your Excellency, the Government and the people of Switzerland for the warm and friendly welcome and generous hospitality extended to us since our arrival in your beautiful country this morning. I would also like to thank you for the kind remarks which you have just made. Let me say how happy we are to have this opportunity of visiting Switzerland at Your Excellency's kind invitation.

My visit has given me the opportunity to hold fruitful discussions with you and to have useful exchange of views on matters affecting our bilateral relations. I am glad to say that we both share a common desire to see the expansion of these relations to serve our mutual interests and it is my earnest hope that my visit here will contribute towards the strengthening of the bonds of friendship and close ties that already exist between our two countries.

Bilateral relations between Malaysia and Switzerland has been for a long time warm and cordial. Since our two countries established diplomatic relations, we have witnessed the development of bilateral co-operation that has remained free of friction and differences. I am certain you will agree if I add that I can foresee no problems developing between us in the future. I believe therefore that we are in an excellent position to boost the development of our relations further in an even wider variety of fields. On our part, Malaysia has established its embassy in Berne in April 1980 as a manifestation of our desire to promote further our bilateral co-operation. The presence of our embassies in each other's capitals will bring about greater understanding and awareness between our two peoples.

Our relations have been closest in the economic field, particularly in investment. Switzerland possesses the technological know-how, capital, a disciplined work force and a liberal investment policy. We note with admiration the success of Switzerland in her developmental and industrialisation efforts which has made her one of the prosperous countries in Europe and the world. At present Switzerland is among the more important investors in Malaysia. I am convinced that there is even greater scope for the expansion of Swiss investment in Malaysia and for this reason we have established an office of the Malaysian Industrial Development Authority in Berne in 1982. I hope that the establishment of this office will generate an even

greater awareness among Swiss investors of investment opportunities available in Malaysia.

It is through forging closer economic links with other countries that each of us can weather safely the current economic recession that is afflicting developed and developing countries alike for some years now. This prolonged economic recession has affected all countries. Their economic predicament was further aggravated by the impact of a rising tide of protectionism, obstructions to free trade, wild exchange rates, manipulated commodity prices and high interests on loans. These negative practice have adversely affected the economic performance of developed and developing countries alike, although it is those countries having so little to start with that have suffered most. At the least, developing countries have seen their efforts to accelerate their economic development greatly hampered.

The global economic recession and recovery are subjects of important debates and discussions today. While multilateral talks and negotiations can be useful in promoting mutual understanding of common economic problems, there must be recognition that economic recovery hinges on resolute actions to change short-sighted policies and practices, painful as they must be. It is in the interests of the developed countries, as much as the developing countries, that we need to reverse present trade policies and join forces in a concerted effort to create a new order for international trade and finance.

Malaysia is monitoring closely the latest developments in the world economy. While Malaysia is happy to note that evident signs of economic recovery are gradually taking shape in one or two industrialised countries, Malaysia, however, feels that it should not be a cause for rejoicing as yet. The global economic situation is still in a precarious position. The impact of economic recovery will only become meaningful and effective when the major problems of high interests rates, wild exchange rates, manipulated commodity prices, rising protectionism and accessibility of markets are resolved to the mutual benefits of both the developed and the developing countries.

One of the major causes of concern to Europe and the world at present is the deteriorating East-West relations which has been precipitated by the crisis over the deployment of nuclear missiles in West Europe. All countries had been witnessing with concern the stalemate in negotiations between the two super-powers that led to the collapse of the intermediate nuclear forces talks in Geneva. Subsequently, the remaining two negotiations, that is the START talks, also in Geneva, and the MBFR talks in Vienna, were also suspended. Malaysia joins other countries in the world in expressing serious concern at the suspension of these talks which left both super-powers without any channel to meet and negotiate on what is essentially the question of world security. We earnestly hope for the success of the conference on confidence-building measures and disarmament that commenced about one week ago in Stockholm. Negotiations on difficult issues will of necessity require time, but we hope that all parties concerned will persevere to achieve at least the building of bridges between the two sides. We hope also that the Stockholm conference will generate

enough goodwill for the two super powers to resume their talks on arms reduction and disarmament.

Malaysia is aware of the useful and constructive role played by Switzerland and the other neutral countries of Europe in making the convening of the Stockholm conference possible. It is encouraging to note that small countries of the world have a useful role to play in enabling negotiations on a vital global issue to continue. Perhaps it is precisely because we are small that we can see more clearly the urgent need for compromise and the promotion of mutual understanding.

In our own region, Malaysia is fully committed to regional co-operation as manifested in the Association of South East Asian Nations, or ASEAN. I am happy to say that since its inception, ASEAN has made remarkable success in fostering closer co-operation between its member states in the economic, cultural, social and educational fields. ASEAN has also succeeded in instituting useful dialogues with partner countries like the USA, Japan, Canada, the EEC, New Zealand and Australia. In our efforts to create in our region a system of peace and stability, ASEAN proposes the establishment of a Zone of Peace, Freedom and Neutrality in South East Asia. We are determined to work towards this goal, because we strongly believe that only through peace and stability can we achieve economic progress for all the peoples and countries of our region. In this regard we note with satisfaction the support the Swiss Government has given us in our efforts to establish in South East Asia a Zone of Peace, Freedom and Neutrality.

Allow me once again Your Excellency to say how happy I am to be in your country and to express my sincere gratitude and appreciation for the warm and friendly reception given to us.

Honourable Ministers, Excellencies, Ladies and Gentlemen, may I invite you to rise and join me in a toast to the good health of Excellencies the President of the Swiss Confederation and Madame Schlumpf, the Vice-President of the Swiss Confederation and Madame Furgler, the government and people of the Swiss Confederation and the good relations between our two countries.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE PLENARY SESSION ON "INTERNATIONAL SECURITY IN 1984:
HOW CAN WE UNBLOCK THE SITUATION?"
28TH. JANUARY, 1984**

The topic before us is a formidable one. It is even more formidable for someone from a small country like Malaysia. It is with trepidation that I approach this subject of unblocking the International Security in 1984. I wonder if I can contribute anything at all to the solution of a problem that has stumped a galaxy of the best political brains and negotiators for many years now. All I can do is to give some views which may be familiar to many but which are nevertheless worth restating.

International security is not something that can stand alone or be solved separately from other international issues. Indeed international security is a part of, or the result of the political, economic and financial problems that beset the world. Just as in a country poverty can lead to social upheavals, the fact that huge impoverished areas exist in the world can and must lead to international upheavals.

The potential for instability is enhanced when economic and financial disparities between the rich and the poor are man-made. In the days of empires, the metropolitan powers manipulated the economy of the colonial territories in order to achieve certain effects. Thus the British raised their bank rates in order to drive home the point to the colonies and to Britain's competitors that a strong sterling reflects the might of the Empire. In the process of course the products of the colonial territories could be bought more cheaply while the colonies had no choice but to accept imperial preference.

This kind of manipulative skill in the management of finance, economy and politics is obviously an old one. With the world now divided, not into empires, but blocs, the usefulness of that skill is even more apparent. Thus the West, in the 60's and 70's, lent vast sums of money to the satellite countries of the Eastern bloc. The intention was obvious. These countries should be weaned away from Soviet influence and domination.

Unfortunately the oil crisis brought about rapid inflation in the West — which of course means the borrowers were benefitting. In such a situation their exports of gold, gas, oil and raw materials was quite capable of managing their debts. Soviet power and influence over these countries did not diminish. Indeed the Soviets were determined to impose their will even if they had to resort to arms.

The attempt to influence had thus backfired. Far from gaining influence over the Eastern bloc countries, the West had in fact to deal with troublesome inflation at home. The emergence of Japan and a few third world countries in the East capable of

competing in the markets once the exclusive preserve of the West, and indeed of invading the home markets of the West itself made inflation an even greater liability. It was no longer possible to pass on the rising cost to the foreign consumers, particularly the third world.

Faced with this adverse turn of events, the West, particularly America resorted to tight money policy. At one stage the interest rate went up to 23 percent. This hurt not only the third world but even the developed countries of the West. Money was flowing to the United States at such a rate that the European countries were starved of cash. In many cases they had to raise their own interest rates to retain the money at home. But this of course affected their costs and competitiveness in the world market.

A loud cry was heard at this stage from the countries in Europe. America must reduce the contrived high interest rates. Otherwise the European countries will suffer the same fate as the third world countries and Eastern bloc countries. European devaluation was not capable of coping with the kind of problems created by the level of inflated interest rates thought to be necessary to curb American inflation.

Maybe I am being uncharitable but it is doubtful that all these financial manipulation by America and Europe are mere reactions to the troublesome oil market. The rising oil prices and managed shortages did have some effect on the economy of the West, but the reaction was calculated. There are too many financial and economic experts at the beck and call of the politicians for the opportunity to use economic disturbances for political and military gains to be allowed to pass by.

In response to European appeal the interest rates in American was brought down to about 13 percent. It achieved the desired results. Europe was saved but the Eastern bloc and the developing countries continued to suffer. In both areas countries went into a tailspin unable to service debts because their earnings from exports were reduced and the economic depression reduced demands for the commodities they sell. New investments and inventories in the West were lowered due to high financing cost, further aggravating the depression. An inward-looking mentality developed and spawned demands for more and more protection.

The havoc in the world economy was compounded by a sudden hardening of attitudes in the West. The old theory of the balance of terror or in the catchphrase of World War II "To have peace, prepare for war" was resurrected. Vast sums of money were voted for war preparedness. Deficit budgeting is nothing new, of course. But the levels involved now is mind-boggling. The United States plans for a deficit of 200 billion dollars in order to fund war preparedness in 1983.

In the days before World War II, to be militarily prepared for war was relatively cheap. The big powers were able to afford this without disturbing the economy too

much. Indeed such preparation often acted as a boost to national as well as international economy. The purchase of certain raw materials increased, and the poor countries benefited, that is, the colonies of the imperial powers. Money thus flowed back to imperial coffers.

But to be prepared for war in the 80's involves the investment of fantastic sums. The planes and tanks, the ships and the guns seem almost to be made of gold if their costs are assessed. Billion of dollars are needed in order to develop one single fighter plane. The production of these planes would cost so much that other needs of a nation are starved of funds. Worse still, even as a new plane or weapon system is commissioned they are obsolete. More work must be done at the drawing board and elsewhere and more funds will have to be allocated if a super-power wishes to be up front in the race for preparedness.

But of course bankrupting one's own country is not enough for the super powers. To cover cost and achieve economies of scale, the arms produced must be sold as widely as possible. The world is now full of arms salesmen gleefully expounding the efficacy of their murder weapons. Guerillas and terrorists are good potential customers. Who cares what these people will do with the weapons. The important thing is volume and foreign exchange earnings.

The poor developing countries have to buy arms because neighbouring predators have bought arms. State of the art is the selling point now i.e. state of the art of murder and massacre. And as the state of the art improves by arithmetical progression the cost increases by geometrical progression. Then, of course, no sooner had a weapon system been purchased when a new salesman arrives with the system that will counter the systems that has already been purchased. The poor buyer can turn down the offer, but what is the guarantee the counter-measures will not be sold to the potential enemy?

And so the small countries are forced to buy more and more weapons which may or may not help with their defence but which will certainly bankrupt them. It is surprising to see a country that can afford to pay for weapons quite unable to buy them while those which are obviously poor are equipped with the very latest and the most costly of weapons.

If a developing country is involved in some kind of war then weapons are supplied which will give confidence to that country. Unfortunately in modern warfare weapons are used up very rapidly and needs to be replenished. The leverage here for the patrons is very great. By regulating the supply of spares and replacements, it is possible to ensure that the war goes on and yet remain inconclusive. In other words neither side is allowed to win decisively. As soon as one looks like winning, it is starved of supplies. On the other hand it looks as if one side is losing weapons are rushed in by the pleneloads. And so the proxy wars, for that is what these third world wars really are, continue indefinitely.

The usefulness of these wars of course extend beyond the mere need to sell arms. They are useful for live testing the weapons systems which are continuously being developed. Both the West and the East are involved in this exercise. It is useful to know if the weapons really work. Also it may be possible to have an ace up the sleeve at the next disarmament conference. That such an ace has been demolished long before it can be used through the development of counter-measure did not deter anyone. The game of improving the instruments of murder must go on at increasingly greater cost.

The developing countries may think that they are making their own decisions and fighting wars in their own national interest. But this is an illusion that has been created by the real contestants – the super powers. That the interest of the super powers is in the fighting rather than the rights and wrongs involved is amply demonstrated by the ease with which they change sides. Thus a patron of one country may switch to become patron to the enemy without any explanation. All the costly weapons supplied by the previous patron may be discarded in order to re-equip with the different weapon systems of the new patron. There is no guarantee that the switch is for good. At any time a switch back to the old patron may have to be made. The trick is to toe the line completely – that is, national interest must give in to the global interest of the patron.

In the meantime the patrons, the super-powers are keeping quite busy at home. A hardening of attitudes has developed lately. Detente is no longer the word. The old game of the balance of terror has been revived. Each side is rushing to build the ultimate destructive weapon. Cruise missiles are only a small part of this development. Already star wars weapons are on the drawing board.

In the old Chinese films, a favourite method of fighting is to send a sword flying into the air to fight another sword. The combatants control these swords with the palms of their hands. This is a very civilized way to fight – no one is hurt – only the swords are damaged.

The suggestions that weapons be designed to fight missiles in outer space is probably inspired by these old Chinese films. Unfortunately weapons fighting weapons in outer space may have less than civilized results, especially when equipped with nuclear warheads. The designers will reassure us of course, but we know of accidents with the fool-proofed nuclear power stations. Those star war weapons might yet destroy this world.

However the reality that we are facing today is the 200 billion dollars deficit in the budget of the U.S. The U.S. is a big and powerful nation economically speaking. What it does with its pocket money will have an effect on the national budgets of almost all the nations on earth. The huge deficit will keep interest rates high - high enough to affect economic growth in America and consequently on the world.

Deficit spending of this magnitude may mean deficit spending forever. Some have already predicted that by 1990 the United States will have a deficit of 18,000 billion dollars. We cannot even begin to imagine what this figure means. But one thing is

certain – the economy of the world will suffer. The starving people of today will have been corpses by then. The wars in the third world will go on. Countries will become bankrupt or will be totally subservient to their creditors. And tension will continue –indeed will escalate. After so much money, security will still elude all of us.

I have made more reference to the role of the West as compared to the Eastern bloc. This is not because of any partiality towards the Eastern bloc and Russia. The fact is that Malaysia is a free economy that depends on the free market system to sustain itself. Our dealings with the Eastern bloc is minimal. In fact by and large we have benefited from the little trade that we have with them. The balance of trade is largely in our favour. But politically we are not close to them. We belong to the free world and therefore we are concerned over the behaviour of the free world. The communist countries behave as communist countries are expected to behave. If I have not made much reference to them it is because their philosophy and their activities are well-known.

The Russian have carried their feud with China into South East Asia. Because China supports Cambodia, Russia supports Vietnam. In return the client has made available military bases in the Indo-China peninsular. We in Malaysia feel threatened by this development – for it renders our cherished Zone of Peace, Freedom and Neutrality in South East Asia quite impossible.

Russia's invasion of Afghanistan is totally immoral and indefensible. Thousands have died and millions have fled from Afghanistan. However the Russians are being made to pay a high price. God willing, they will not have their way there.

In West Asia the role of Russia is to keep the fighting going – very much like the role of the west. When Egypt appeared to be winning, they were starved of weapons. The PLO fared no better. Sometimes Russian weapons are carried by both sides. But none will have enough to win decisively.

In Somalia and Sudan, after initial support, the two were abandoned in favour of their enemies. Not content with supplying weapons, satellite troops are brought in to ensure that a client will not lose. The war must go on. Elsewhere satellites were used as channels to subvert and take over Governments and to start wars in neighbouring countries.

The role of the Russians is as infamous as all the other super powers. If the poor countries are close to any one of them it is not because they care for the patron of the moment, it is simply because they have no choice. In an interdependent world, in a world that has shrunk so much that one cannot be really isolated, the small nations have to accept that they are indeed pawns in the global power game. These are the facts of life and they cannot be ignored.

So far I have spoken about Governments and their machination. But Governments are not the only culprits. The world is now witnessing an information explosion of unimaginable magnitude and import. Nothing happens anywhere that is not instantly known everywhere. The reporting of events is so sophisticated that it is not

uncommon for everyone to watch an assassination as it takes place or a plane crash as it happens. To be able to see around thousands of corners at things happening thousands of miles away is progress—there can be no doubt about that. But the question is how much good has this done us. When we first thought of the right to know we had no idea of the capabilities of modern communication. Now that we know, let us examine this right and the role that it plays in the economy and politics of today.

In business sleep is now a luxury. To track the prices of commodities in the markets across the world traders have to stay awake. Failure to do so may mean a loss of millions of dollars as positions are not taken on time. Exposés tell of the most intimate details of merger negotiations and the personal life of the negotiators. Perhaps this will prevent cheats but frequently in order to gain attention, inaccurate reporting is done.

In the field of diplomacy, the situation is now worse. Indeed diplomacy is not possible now. Long before an envoy arrives to convey a message, the contents are already splashed in half the world's newspapers. The television series "Yes, Minister" is funny but unfortunately true when the minister admits that he learnt of some Government policy in the morning papers. The press gets to know more about what is being thought by governments long before governments have decided on them.

This role of the press has a devastating effect on negotiations between countries. Before negotiations even take place, the world is informed as to the stand of the parties to the negotiations. The effect is to harden the positions of the negotiators. How can there be negotiations if the countries have already made up their minds as to what they want? Each will come with no room for compromise. If the positions are acceptable to both sides then negotiations would be a waste of time. On the other hand if neither can accept the other's position then the negotiations would be an exercise in futility. It is bound to fail.

Even if the negotiators have some leeway, they are going to be harassed into revealing what they have up their sleeves or they will be so self-conscious that they cannot go through the bargaining process with hundreds of flash bulbs exploding and video cameras staring at them. Millions of viewers will be watching them—including their voters, their wives and their secretaries.

Then there is the press interview after the meeting. Questions are phrased in such a way that the answers would insult or antagonise the other party. Good relations between negotiators and their countries become quite impossible after some unfortunate or absent-minded remarks. Indeed situations are likely to become worse after a round of negotiation than before.

Mr. Chairman, so far I have tried to give you a view of the problems related to international security as seen by a small country like Malaysia. Other small countries no doubt will have other views but I am confident that my views are shared by many. Now let us turn to the problems of unblocking the situation.

This is a formidable task, for the world's best brains have no doubt been applied to the unblocking of this impasse that is subjecting this world to a tremendous sense of insecurity. But I will try anyhow.

Basically international security is a human relations problem. It is a problem of how to get along with the other fellow—a fellow whom you cannot bully into accepting you on your terms.

The world was seemingly a much more peaceful place when gunboat diplomacy was possible. It was so easy to overawe the other fellow and to force him to accept your dominant position. You may even be quite generous but there can be no questioning your dominant position. The dominated was quite unhappy of course but then what could he do.

Today's equivalent of gunboat diplomacy is the balance of terror. It is quite fantastic to see how the big powers still believe that they can overcome each other with the number and the destructive capacity of the nuclear warheads at their disposal. They cannot see that the situation is very fluid. Technology is so rapidly developing that on the day the negotiations are held the balance of terror equation can change many times. None of the super powers can ever gain and maintain absolute superiority in modern weapons for any length of time. Nuclear warhead diplomacy or balance of terror tactics are therefore stupid. Some will say that I am not being original at all. Everyone knows. But the fact is that both the super powers are developing and building weapons and allocating funds obviously in the belief that each can out-terrorise the other.

So the first thing that has to be done is for the world to tell these super powers to convince them in one way or another that they are stupid. This is a tall order, but then we are dealing with a very tall problem.

Alternatively let us have some old-fashioned negotiations. Let us forget our right to know, our cameras, televisions, analysis, leaks and probings into the souls of the negotiators. Let us give them a free hand to tackle the task of achieving detente. They should be locked up in communicado in the conference room, with no information regarding the latest in the balance of terror. They will know that the position is fluid and therefore there is no way for anyone to be dominant. They are equals and will have to accept that they negotiate as equals. Each would know that failure could mean destruction for his country.

Outside there should be an embargo on all news and comments. Our curiosity will have to remain unassuaged. Everyone must accept that whatever agreement is reached is binding on all.

The negotiators should only come out after they reach full agreement. The essential thing is that agreement must include disarmament, the right to verify the actual status by members of the Third World and an undertaking that they will act together to force small warring countries to go to the conference table under the same condition that they themselves had negotiated.

On the economic and financial front, what can be done to improve the security situation and secure the right atmosphere for negotiation on detente? Here the West is in a position of being able to do things without having to get the concurrence of the Eastern Bloc. However firstly there must be a better understanding of the effects of economic and financial stability on the world in general and the different countries in particular.

Economic and financial pressure should not be used to bring recalcitrant countries to heel. If they cannot be helped outright, at least their economy should not be subverted. Deliberate undermining of the economy will only invite a switch to rival parties in the power struggle within the country and to rival patrons without.

The first thing that should be done in the present state of the world economy is to ensure rapid economic recovery in the developed countries. This means lowering interest rate through a more balanced budget, particularly that of the United States. The moment the developed countries improve their economy, the developing countries will improve theirs. Malaysia certainly needs a prosperous developed world in order to sell the commodities it produces. And Malaysia is not the only country with primary commodities.

Advantage should be taken of the poverty in the developing world to reduce cost all round. Certain of the less sophisticated labour intensive industries should be relocated to countries where labour is cheap and plentiful. They need not be wholly owned by the nationals of these countries. Varying scales of ownership should be devised so as to maximise benefit to the host countries, the investors and the world. But the most important thing is the shift to these poor countries.

Incentives for this shift should not be borne entirely by the poor hosts. The country of domicile of the original industry and even the United Nations should reach agreement on preferential treatment for the products of such relocated industries. And the world should reach agreement with the host countries on guaranteeing such industries from takeovers and the effects of civil disturbances. This is extremely important because one of the reasons why certain very poor countries with plentiful labour resources cannot get foreign or even local investments is the continuously unstable political situation. If investors are assured by whatever means that they will not be affected by civil and other disturbances, they will come in droves. Assurance should also be given by an international body, like the UN for example, that the freedom of the host country would not be affected. Certainly foreign investments should not be monopolised or even dominated by any one country.

Along with this relocation exercise, protectionism should be abolished, particularly for the products of the relocated industries. There should in fact be special preference given for these products in order to encourage foreign investments. In the meantime, the more sophisticated industries in the developed world should be developed and should consume as much as possible of the imported processed raw materials from the developing countries.

Obviously the developing countries are not going to be content with being the suppliers of simple or basic processed raw materials, just as they are not happy with being producers of primary commodities. They would want to go downstream. This should not worry the industrialised countries.

New technologies are constantly being developed in order to produce new products. Except for a very few, the developing countries are going to remain 20 years behind the developed countries as far as products are concerned. The developing countries, with better income from the relocated industries would provide an even better market for the new products of industrialised countries. There will therefore be all round gain through a globally planned industrialisation of the world— for that is what this suggestion amounts to.

As the economy of the developing countries improve, the grounds for subversion will be reduced. Money will be spent less on arms and more on consumer goods. A feeling of security will pervade. Tensions will be reduced and the security situation will be less of a problem both for the nations concerned, and also the self-appointed policemen of the world – the super powers.

All these things are achievable given the will. Certainly economic restructuring of the world is relatively easy as it involves only the industrial powers of the West and Japan. Of course there will be objections and opposition. Labour in the industrialised countries would certainly oppose it. Then there will be the economic theorists of all shades and learnings, each with their own objectives and reasons. Finally there will be those seemingly well-meaning people who want to preserve the natives and their innocence, who care so much about freedom from pollution of all kinds, even if that freedom is paid for in abject poverty and death from starvation. But all these objections can be brushed aside.

If such an economic restructuring of the world could be done, then half the problem of international security would be solved. The other half will depend on the isolation of the negotiators, reduced press coverage, disarmament and detente. This sounds like so much wishful thinking but then there has been nothing more than wishful thinking so far. If the experts can stay out and leave these things to the ordinary people, the chances could be quite good.

These ideas about unblocking the security situation may be far-fetched and may require too much political will. But then all the other ideas have been tried and have failed. It is time that far-fetched ideas be tried, that is, if we really want to unblock the security situation.

SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER IN HONOUR OF
THE PRIME MINISTER OF THAILAND
H.E. GEN. TAN SRI PREM TINSULANONDA
KUALA LUMPUR
15TH. FEBRUARY, 1984

It gives me great pleasure to welcome Your Excellency and members of your delegation to Malaysia. I am particularly happy to receive Your Excellency, as it affords me the opportunity to reciprocate the warm and generous hospitality accorded to me and my delegation on our two visits to Thailand.

Your Excellency, your visit affords us an opportunity to continue our discussions and to exchange views on matters of interest to both our countries. Your visit also signifies the importance that we in ASEAN place on regular consultations at all levels. This tradition can only enhance our understanding of one another and can only contribute towards strengthening our bonds of friendship.

Indeed, Malaysia and Thailand, as neighbours, have a long tradition of working together. We are brought together by the many shared perceptions and aspirations. Our desire is for our peoples to continue living in an environment of peace and stability so that we can get on with the task of national development for the welfare of our peoples. We are joined in these common aspirations by our friends in ASEAN. Indeed, ASEAN is a testimony to our belief that the road to stability and prosperity is through cooperation and negotiation in a spirit of give and take. It was the common desire to see a region free from turmoil and conflict that we conceived ASEAN.

Consistent with our conviction for a peaceful and stable South East Asia, ASEAN steadfastly pursued the Zone of Peace, Freedom and Neutrality, or ZOPFAN, for this region. We are convinced that through ZOPFAN we can eliminate outside interference and ensure regional stability.

We in ASEAN believe that the continued occupation of Kampuchea by Vietnamese forces constitutes a threat to the peace and stability of the whole region, as the situation encourages outside interference.

We are mindful of Thailand's particular concern in view of the direct threat posed to Thailand by the Vietnamese occupation of Kampuchea. Malaysia and ASEAN will work closely with Thailand in cooperation with all peace-loving countries to secure a political solution, and ensure the withdrawal of Vietnamese forces and the restoration of Kampuchean sovereignty and independence so that the Kampuchean people

will be able to exercise their rights. For this reason, ASEAN supports wholeheartedly the formation of the Coalition Government of Democratic Kampuchea, CGDK, under the leadership of His Royal Highness Prince Norodom Sihanouk, as it represents a positive development in the effort to find a political solution to the Kampuchean problem. ASEAN's efforts towards this end continue to receive the support of the international community.

Mr. Prime Minister, the wide ranging areas of cooperation between our two countries exemplifies the priority that we give to our relations with one another. Malaysia-Thai cooperation covers a myriad of matters; indeed cooperation has become institutionalised in our relations. Under the security framework of the General Border Committee, we have cooperated closely on eliminating the communist terrorists operating in our joint border area. Through our joint efforts we have eliminated a large number of the communist terrorists and have frustrated their movements, and until their final elimination, we must persevere in our effort and intensify our cooperation.

Malaysia-Thai cooperation on socio-economic development also forms an important aspect of the GBC because of its direct relevance to security. Towards this end we have also jointly embarked on many projects in our endeavours for the social and economic upliftment of our peoples in the common border area.

The tradition of working together and our confidence in one another have also enabled us to even resolve conflicting maritime claims in a most novel way by agreeing to jointly exploit and share the resources of the area. By our example we have shown how problems between nations can be resolved through cooperation and mutual respect.

Mr. Prime Minister, in reviewing the depth and extent of our bilateral cooperation, I would like to make special mention of our joint efforts in the area of agriculture. This is a sector of equal importance to us as the majority of our peoples depend on the land for their livelihood, particularly so for those living in the proximity of our common border. It is therefore imperative that we continue to give emphasis to cooperation in this field. In this respect I note with deep satisfaction our agreement to jointly develop the Golok River Basin, and the possible channelling of water from South Thailand to the Northern padi lands of Malaysia.

Thailand is an acknowledged leader in agriculture, and the advancements made in agricultural technology in Thailand have even enabled grapes to be grown in the tropics. I am sure we can learn a lot from Thailand.

It is my fervent belief, Mr. Prime Minister, that the reservoir of goodwill and the close cooperation which has characterised our relations will continue to grow.

Distinguished guests, ladies and gentlemen, may I invite you now to join me in a toast to the good health of His Excellency Prime Minister Prem, the Government and the people of Thailand.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE 7TH. JOINT ANNUAL CONFERENCE OF MAJECA/JAMECA
KUALA LUMPUR
5TH. MARCH, 1984**

It is a privilege for me to be able to address this distinguished gathering today on the occasion of the 7th. Joint Annual Conference of the Malaysia-Japan Economic Association and its counterpart the Japan-Malaysia Economic Association.

First of all, I wish to extend a warm welcome to Mr. Gotoh, Leader of the JAMECA delegation as well as to the other distinguished delegates of JAMECA. Secondly, I offer my sincere good wishes to my good friend, Tan Sri Shigeo Nagano who unfortunately is unable to be with us here today.

The presence of our Japanese friends augurs well for the future relationship between Japan and Malaysia – a relationship that has been strengthened year after year through the cooperative efforts of the two associations. The bonds of friendship between the two countries is further strengthened by the establishment of the two associations. I take this opportunity to congratulate both the Presidents of the two associations, the executive committee members, members of the task forces as well as all of you for the contribution towards the strengthening of the bilateral relationship between the two countries.

Through the cooperative efforts of MAJECA and JAMECA, the Malaysian Government has adopted a lot of ideas and inspirations experienced by Japan. Foremost amongst these ideas is the Look East Policy.

I am sure many of you were present here in this very hall when I first explained in some detail the basis of that policy. Today there are still many people, both here in Malaysia and abroad, who choose to misinterpret the ideals of that policy. I would, therefore, like to take this opportunity to dwell on this subject once again.

Malaysia is a parliamentary democracy with its own unique system of constitutional monarchy. We believe strongly in the ideals of free enterprise. The Malaysian economy is an open economy. Since independence 27 years ago, we have not changed our belief. Indeed our perception of the dynamic nature of the free enterprise system has not only been sustained but it has strengthened. But this does not mean that we in Malaysia follow in toto the "laissez faire" type of capitalism in our endeavour to develop the country.

The rapid economic growth of postwar Japan, particularly in the sixties and mid-seventies, has spurred other nations to look towards Japan for inspiration. Although the balance of power between East and West appears to threaten the future of mankind, we in Malaysia still believe that a great majority of mankind favours coexistence and international cooperation. In such a world, Malaysia, however small she is, must positively contribute to the realisation of a better and more prosperous life for all of mankind in a spirit of fairness and justice.

The motivation behind our Look East Policy is clear. We want to develop our country. We want to provide jobs for our people, particularly for our young people coming out from our schools, our colleges and our universities. Agriculture and mining cannot provide these job opportunities because they are limited by land and resources. Indeed increasing mechanisation for efficiency would reduce even more the jobs in these two areas. There is no limit to the diversity and opportunities in manufacturing. The only way we can grow and prosper is through industrialisation. And in the East we find a number of models which are relevant to our approach towards industrialisation.

We have adopted a very flexible policy on industrialisation. We have encouraged the inflow of foreign capital, know-how and management. We have a set of incentives to offer to foreign investors. We need foreign investment; there is no doubt about it and for many years to come. This is one way we can find employment for our people. Our labour force will reach a figure of nearly 6.3 million by 1985. Of this 2.6 million will be in the 25-39 age group or 41.1% of the total labour force. The labour force in this age group will increase by 4.9% per annum. Our working age population is expected to grow from 8.1 million in 1980 to 9.3 million in 1985. Thus we have to adopt certain development strategies that will provide gainful employment to our rapidly growing work force.

This is the basis of our development plans and policies. The Look East Policy is one of the ways to enable our work force to acquire new values commensurate with our long-term industrialisation programmes.

In our efforts to improve the management of our labour resources, the Government has initiated five types of training programmes for our youth, namely: in-plant training, academic/technical education, executive development training, institutional linkages in higher learning and universities, and institutional linkages in research and development, training institutes and administration. The first three are already on-going programmes whereas the last two are in the preparatory stage. These efforts are small in comparison with our needs, but we will step up these training programmes as we begin to gather more information on the effectiveness of each programme.

I note that your two-day conference will be focussing on exports into Japan, invisible trade, Japanese market for rubber products, shipping, new opportunities for Japanese investment in Malaysia, tourism, small scale industries, high technology industries and the role of Japan, downstream development in the petroleum industry and the construction industry.

All these areas of economic endeavours are of high priority to us. Each is of special significance in our package for national development - be it trade, investment, the improvement in our services sector such as shipping, insurance and travel. Tourism and small scale industries are sectors which are increasingly becoming of special importance to us - as we move up the ladder in our industrialisation programmes. For these are areas which will provide new avenues for our small entrepreneurs and for our rapidly growing population of working age. Small scale enterprises should be able to develop at a much faster rate than in the past, now that we have more Malaysians being trained in the various fields of specialisation and that our economic structure is changing rapidly, with manufacturing increasing its share of the gross domestic product.

Malaysia therefore welcomes assistance from outside sources to modernise our small scale industries. In particular we would like to see that large, medium and small scale industries develop in such a way that they will reinforce the strength of each other. They must be mutually beneficial to one another so that all the sectors of the economy will prosper and productivity enhanced.

While I am sure that MAJECA and JAMECA would continue to play its role in promoting greater trade and economic ties between Malaysia and Japan, I also hope that more efforts should be made by both associations on the need to find markets in Japan for Malaysian manufactured goods. MAJECA have to double its efforts in assisting the Government to seek avenues for Malaysian products, especially manufactured products. JAMECA on the other hand, after its close and long association with its Malaysian counterpart would, I believe, have a better understanding and perhaps sympathy towards our need to have access to the Japanese market. As I have stated, time and again and in various forums, that in order for developing countries to purchase more from the developed countries, the developing countries have to sell its produce to the developed countries. Closing one's doors to others may result in short-term gains, but in the long run it will be detrimental to the country concerned. The prosperity of your customers means your own prosperity. So the more you buy their goods the more prosperous you will become. Part of Japan's prosperity today is due to the prosperity of South East Asia. It follows that if South East Asia becomes more prosperous, so will Japan.

JAMECA can play its role in putting across our opinion to the Japanese Government and its agencies on the need for the developing countries to gain access to the Japanese market. Likewise MAJECA has to keep its counterparts well informed of the needs and requirements of Malaysia. I am confident that such relationship would be of mutual benefit to our two countries.

I am indeed happy with the progress achieved by MAJECA and JAMECA thus far. However, you will agree with me that the scope for cooperation and endeavours is indeed wide. You should therefore explore new ways and means to enhance this co-operation.

The presence of key businessmen and industrialists at this gathering is evidence of the importance you place in the associations. I am confident that your associations would strive to achieve greater success. On this note, I have much pleasure in declaring the 7th. Joint Annual Conference of MAJECA/JAMECA open.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL BANQUET HOSTED IN HIS HONOUR
BY HIS EXCELLENCY GENERAL MOHAMMAD ZIA-UL-HAQ
PRESIDENT OF THE ISLAMIC REPUBLIC OF PAKISTAN
22ND. MARCH, 1984**

I would like, on behalf of my wife and members of the Malaysian delegation as well as on my own behalf, to express my heartfelt gratitude to Your Excellency and Begum Zia-Ul-Haq, the Government and people of the Islamic Republic of Pakistan for the warm and friendly welcome and generous hospitality accorded us since our arrival in Pakistan today.

I would also like to take this opportunity to convey to Your Excellency and Begum Zia the warm and brotherly greetings and best wishes of their majesties the Yang di-Pertuan Agong and the Raja Permaisuri Agong.

I wish at the same time to deeply thank Your Excellency, the Government of Pakistan and people for having kindly conferred on me the high award of Nishan-E-Quaidiazam. This conferment together with Your Excellency's kind invitation to me to attend and participate, as the principal guest, in Pakistan's national day celebrations tomorrow, are indeed a great honour and privilege to me personally, and also to my country. These deeds by Your Excellency and the Government of Pakistan symbolise beyond doubt the close and brotherly relations existing between our two countries based on our common faith, Islam, and shared ideals and aspirations. We look forward to tomorrow morning to join and share with the people of Pakistan your joy and happiness in celebrating your auspicious 37th. anniversary.

Your visit to Malaysia in 1982 has provided additional impetus to the development of our bilateral relations. Since then we have seen a number of positive developments in our relations. I hope this visit I am making will further contribute to the strengthening of the relations between our two countries.

Malaysia and Pakistan stand on common ground in the conduct of our respective foreign policies. We have been able to cooperate closely and successfully at various international fora, particularly at the Organisation of Islamic Conference (OIC). Both Pakistan and Malaysia are playing active roles in our respective regions to bring about regional peace and stability. As a believer in regional co-operation and proud of the success of ASEAN, Malaysia is delighted that Pakistan subscribes to the concept as shown by its support of the South Asian Regional Cooperation (SARC). Malaysia also holds in high regard Pakistan's active and consistent role in promoting cooperation and solidarity among Islamic countries. We are confident that under Your Excellency's

chairmanship, the OIC Committee on Scientific and Technical Cooperation will succeed in its endeavours. We are thankful to Pakistan for being one of the first OIC countries to co-sponsor the establishment of the International Islamic University in Malaysia.

Malaysia and Pakistan are both developing countries. As such we must strive to improve the quality of life of our peoples while at the same time developing our national resilience. But, unfortunately, we are being distracted and hampered in our endeavours by the unstable situations in our respective regions. In Kampuchea and Afghanistan, foreign military forces continue to illegally occupy these two countries in gross violation of the basic tenets of international law and openly defying the numerous calls by the international community for their speedy withdrawal. The continued Vietnamese military occupation of Kampuchea threatens the security and stability of South East Asia and is a serious obstacle to the early realisation of a Zone of Peace, Freedom and Neutrality (ZOPFAN) in South East Asia. The same dangerous and explosive situation also persists in Afghanistan as a result of Soviet intervention and continued military occupation of that country. Malaysia and Pakistan hold identical positions on the peaceful settlement of the Kampuchean and Afghanistan problems, namely the withdrawal of all foreign military forces, recognition of the rights of the Kampuchean and Afghan peoples to self-determination and independence free from outside interference, and the return of refugees to their homes in safety and honour. While on this subject Your Excellency, I would like to place on record Malaysia's admiration for the generous help and assistance rendered by the people and Government of Pakistan to the Afghan refugees.

Malaysia is extremely concerned at the deteriorating situation in the Middle East. We believe that a just and durable peace in the region can only be achieved through the restitution of the inalienable rights of the Palestinian people, which is the crux of the problem.

It is Malaysia's conviction that the Middle East problem has remained unresolved because of the intransigence and continued acts of aggression by Israel. Not only has Israel defied successive United Nations resolutions calling for her withdrawal from occupied Arab territories but it has also aggravated the situation by expropriating Arab land and attempting to change the status of Jerusalem. Any relocation of embassies to Baitul Muqaddis by any nation will be tantamount to support for aggression. Malaysia vehemently condemns such irresponsible action. We also cannot exonerate the major powers from responsibility for the continuing problem. The sophisticated arms used by all the parties in the multiple conflicts in the Middle East are supplied by the big powers. And apparently no party is given sufficient arms to win decisively. Consequently death and destruction escalate without the end being anywhere in sight.

A solution to the Middle East conflict is possible through the line of action mapped out by the United Nations Regional Conference On The Question of Palestine in Kuala Lumpur last May and the United Nations International Conference in Geneva in August last year in which both Pakistan and Malaysia played a role. Individual coun-

tries should now cease to promote their own pet solutions but instead give their support to the United Nations and the implementation of the line of action referred to.

The continuing Iran-Iraq conflict remains a cause for much anguish and sadness for all Muslims and indeed to the international community. In the interest of Islamic solidarity and world peace, this tragic conflict must be brought to an end. Malaysia as a member of the OIC peace committee remains fully committed to seeking an early and peaceful solution to the conflict.

If the world political outlook is gloomy, the prospects for improving international economic cooperation is no less so. Developing countries, which are badly affected by the world economic recession and which are frustrated by the lack of response from the developed countries to promote a new international economic order must find new ways and means to overcome their plight without being too heavily dependant on the developed countries. This is why Malaysia is a strong proponent of South-South cooperation and sincerely believes that developing countries, like Malaysia and Pakistan, can increase trade and economic exchanges which will be mutually beneficial. A fair amount of our trade with the North can be redirected to the South without hurting any one of us. It is all really up to us to make the decision and to act.

I am very happy that both Malaysia and Pakistan are already engaged in a formal and continuous dialogue through our Joint Commission on Economic and Technical Cooperation. Undoubtedly, the private sector has an important role to play in the process and this is the reason why I have included in my delegation some important representatives of the Malaysian private sector, who will meet their Pakistani counterparts and hold discussions on trade and possible joint venture projects.

In concluding my remarks, I would like once again to thank Your Excellency and Begum Zia-Ul-Haq for this grand dinner that you have very kindly hosted in our honour tonight.

May I now invite all present to join me in wishing for the continued good health and happiness of the President of the Islamic Republic of Pakistan and Begum Zia-Ul-Haq, to the continued prosperity and well-being of the Government and people of Pakistan, and to the close and brotherly relations between Malaysia and the Islamic Republic of Pakistan.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF THE THIRD INTERNATIONAL SEMINAR
ON ISLAMIC THOUGHTS
KUALA LUMPUR
26TH. JULY, 1984**

Saya mengucapkan terima kasih kepada penganjur, iaitu Kementerian Kebudayaan, Belia dan Sukan serta International Institute of Islamic Thoughts, kerana memberi peluang kepada saya untuk berucap dan seterusnya merasmikan pembukaan Seminar Pemikiran Islam Antarabangsa yang Ketiga ini.

Umat Islam di Malaysia seharusnya berasa bangga apabila Kuala Lumpur menjadi tempat diadakan Seminar ini. Walau bagaimanapun perasaan gembira itu patut diresapi juga dengan tekad bagi mendapatkan apa-apa manfaat yang boleh dari Seminar ini. Saya berharap pihak penganjur akan cuba menyusun beberapa langkah supaya manfaat Seminar ini disebar seluas-luasnya kepada umat Islam, bukan sahaja di negara ini tetapi juga di serata dunia.

All praise to Allah Subhanahu Wataala for His blessings and salutations to the Prophet Muhammad, may peace and blessing be upon Him. It is indeed an honour for me to be invited to open this Third International Seminar on Islamic Thoughts.

The last four centuries does us the Muslim "ummah" little credit. We have not reflected the essence of Islam that was once the pace setter of humanity. Our future must reflect a new approach, we must have clearly crystallised ideas and well-articulated goals. We can only carry out orderly and constructive work when the planning is thorough and we labour towards recognised and acceptable goals. Unfortunately the vast majority of Muslims including the intellectuals and those involved in the Islamic movements have overlooked what to most builders is obvious. They know they must go somewhere but they do not know exactly where to go. We must therefore plan the future and this means we need to analyse the past and take stock of the present. It is clear that man's survival is dependent on new patterns of mutual partnership and cooperation, interdependence and symbiosis. This will not be possible without long-term planning for the next twenty to forty years. We also need to understand Islam within the context of the contemporary world, with the changed conditions of life. We cannot recreate the world of the early years of Islam. The changes which have occurred in recent decades are fundamentally the biggest changes human society has ever experienced, but in practical and intellectual terms, we Muslims have not been able to even conceive of how to reorganise our political, social and economic life to take in the changes that have taken place. We should reorganise our political,

social and economic life in a way that fully incorporates the injunctions of Islam to ensure that a socially healthy, politically coherent and economically efficient and vigorous "ummah" would emerge, able to face all challenges.

Consider for example the concept of *syura* as applied to economics and politics. These values are laid down by the Quran and the Sunnah tells us how the Prophet formulated them, and how early Muslim society institutionalised them. The question is, how can we realise them in our life in the closing decades of the twentieth century? What is the pattern of human relationship which would best realise the values of co-operation and would lead to the most efficient system of economy? What institutional arrangements would secure a distribution of wealth and income consistent with the value of 'co-operation for the good'? Obviously it is not enough to ask the Muslims to co-operate. This request has repeatedly been made; and the end product is in front of us. Islamic injunctions must be given practical content, and its implications explained in concrete terms, before it can become operational in the economic organisation of Muslim countries. The large numbers of those involved in the process of production, the many dimensions in which co-operation must be conceived, the complex technicalities involved in production, of relevant knowledge of the actual needs of consumers, of the priorities of the State, of the intention as well as the circumstances of the other producers, and of the circumstances of the workers, all these factors have turned the simple question of how to co-operate into a highly complex one. What is required now is, if anything, a gigantic intellectual and imaginative effort involving deep insight into the objectives and scope of these injunctions. It is only by solving the problems mentioned above that we can know what co-operation is and how it can be adopted as a way of economic life in the contemporary situation. Then and then only can Islam be said to be a way of life. To retreat and withdraw from modern society is to deny that Islam is for all times.

Examination of other injunctions of Islam convinces us of the same conclusions. One may ask, what significance does all this have? If we are unable to understand these injunctions of Islam with reference to contemporary reality, we have failed to understand Islam itself; we fail to understand the social conduct desired of us by Allah Subhanahu Wataala if we fail to operationalise the injunctions with reference to contemporary reality, and we will not be able to plan effectively for the future.

This is a painful admission. And this is the root cause of the present predicament of Muslims. Not only have we failed to live up to Islam, but we have also, to a large extent, failed to appreciate its universality. It follows, therefore, that to understand the underlying dynamic relevance of the injunctions of Islam in contemporary society, and to work out the process of their implications in practice, is an acute spiritual need of the Muslim "ummah".

Our understanding of Islam will not increase overnight with the beginning of the 15th. century of the Hijrah. A better future for the Muslim "ummah" requires much more effort and strength. The Quran promised the eternal survival of Islam; this promise does not extend to Muslims. And Allah Subhanahu Wataala does not change

the fate of a society unless they make an effort to change it themselves. History offers no support for the idea that simply by the passage of time Muslims will suddenly undergo a miraculous revival. We, the Muslim "ummah", have to make a conscious decision whether to remain in a constant state of tension, between living in the past and only superficially coming to terms with the contemporary world, or whether we will opt for an Islamic future, thereby redirecting ourselves to the original path of Islam. Remember always that Islam, when it came, was a modernising force that brought greatness to the early followers of the faith; greatness in the field of economy, industry, the sciences, the arts and military prowess.

For Muslim civilisation to achieve its destiny and experience a second upturn, a balanced, moderate approach to Islam and a certain amount of self-criticism is a prerequisite. We Muslims must learn to be honest with ourselves. We need to have a balanced approach to this world and to the Hereafter. The concept of the Hereafter was given to man to broaden his outlook and not to make him blind to his immediate environment. We must seek good both in this world and the next. Modern scholars must therefore be neither too preoccupied with this world nor exclusively entranced by the next. Both must influence their scholarly efforts and exhortations.

It would appear to me that many Muslims have accepted and to some extent have taken pride in their ignorance with unbelievable satisfaction. We are in acute social, economic and political agony, yet many Muslims have adopted a strangely false sense of security: reading the Quran will bring them 'thawab' or blessings even if they do not understand or practise it, going out on tabligh or propagation will secure a piece of paradise, writing pamphlets and propaganda sheets will win support for Islam. But this preoccupation with gaining merit for self is too narrow. Muslims must establish a thriving and dynamic society as there can only be a Hereafter for us if we survive as Muslims. When Muslims have been wiped out or forcibly separated from faith, there can be no Hereafter.

If we really want to establish Islam, we must look for the leading issues of our time and let people know what rights Allah has given them that they must fight for, what security Allah offers them that they must look for, and what promise Allah has for them that they must work for. We must ensure that Islam is responsive to the immediate requirements and concerns of modern man. If we ask people to accept a whole set of beliefs and practices, they may run away for they do not understand what Islam really is. This perhaps is the main problem. Understanding Islam does not only mean the capability to explain a hadith, or outline the mechanics of certain rituals or recite the verses of the Quran. Understanding Islam also means the capacity to explain and put into practice its dynamic and vibrant concepts in contemporary society.

At this point in time, on the one hand, disaster is threatening us and the very future of mankind is at risk. On the other hand, the existence of the Muslims as a viable force in the world is in the balance. The problems we face are complex and worrying. They are not getting any simpler. The two great challenges facing Muslims are

to recreate a living civilisation of Islam that was once dynamic and thriving, and to make a positive contribution to the predicament facing mankind. In fact, these two tasks are the same because Muslim civilisation is the only civilisation that still preserves its basic teachings intact and has the potential to provide an alternative to what is called the "modern" world. It is also the only civilisation that can provide the much-needed value structure and spiritual needs which can lead mankind to happiness on this earth. But before Muslims can do this, there is much work to be done.

The first thing Muslims have to do is to plan what sort of future they envisage for themselves. They can have an aimless future or a planned future. Current trends show that Muslim society is heading towards an aimless future. Unless something is done now this trend is likely to continue, putting the Muslims in grave danger of being separated from their faith.

The Muslim "ummah" cannot continue lying inactive like a stagnant lake – full of potential resources yet polluted. The "ummah" must think about and plan for its future. Muslims have longed for freedom since they were invaded by the colonial powers and lost their independence. In some regions the struggle still continues. Although the Muslims finally achieved victory over their foreign enemies, their neglect of planning for the post-victory period robbed them of the fruits of their struggles. They sacrificed their lives for the sake of Islam, but their sacrifice was made almost in vain for the Islamic order they envisaged did not emerge. This is due to the neglect of those who dallied to plan for the implementation of the Islamic system. The Muslims have spent much of their time after independence pursuing the various "isms" left behind by the colonialists.

There is no escape from planning for the future. If Muslims really want an Islamic social order, then they will need to examine every aspect of modern life from the perspective of Islam and make necessary corrections. The comprehensive relevance of Islam to everything has to be established on a concrete level and many questions must be researched and examined. A practical blueprint for the implementation of the Islamic system needs to be worked out taking into account the practical realities of today's world.

However, planning in the Muslim countries must be more than a projection into the future of today's dominant trends. It is by no means enough just to produce five-year development plans as generally these plans are responses to current situations; they remain dominated by current events. This is why most developmental planning in the Muslim countries has not been very successful because although our real problems exist on the macro level, we have concentrated our efforts on cosmetic changes for the sake of appearance. Therefore we need to make a careful cross-impact analysis between various priorities, policies and planning and various parameters of Muslim thoughts and criteria. Possible greatness in the years ahead will depend on the greatness of our vision of the future. While we may fall short of our goals, we must not allow any deficiency in the clarity and articulation of our vision.

Ibn Khaldun uses the word *Umran* for a dynamic, thriving, operational civilisation. The Muslim world today needs such a viable plan as an alternative and to present to the Muslim "ummah" convincing visions of the Muslim civilisation of the future.

This Third International Seminar on Islamic Thoughts should plan for reforming and moving Islamic thought forward in specific areas with a proper scale of priorities as a step towards achieving this planned future. The work plan of the International Institute of Islamic Thoughts in making critical examination of the modern disciplines in the light of the vision of Islam is an ambitious one, but is essential for the future of the Ummah. It is indeed true to say, as does the book on "Islamisation of Knowledge" published by the Institute, that today non-Muslims are the undisputed masters of all the disciplines. Muslim academicians should master all the modern disciplines, understand them completely and achieve an absolute command of all that they have to offer. This is, however, only the first prerequisite. Then they should integrate the new knowledge into the corpus of the Islamic legacy by eliminating, amending, reinterpreting and adapting its components according to the world view of Islam and its values. The exact relevance of Islam to the philosophy of the disciplines should be determined. A new way in which the reformed disciplines can serve the ideals of Islam should be adopted. Finally by their example as pioneers, they should teach the new generation of Muslims and non-Muslims how to follow in their footsteps, push the frontiers of human knowledge even further forward, discover new layers of the patterns created by Allah and establish new paths for making His will and commandments realised in history.

In developing such a fresh understanding of Islam, in adjusting to change, we need a number of intellectual tools. We need to develop a tradition of Muslim scholarship that combines the best techniques of traditional scholarship with those of modern methods of study and research. We need to analyse what changes are desirable in Muslim society. The confusion of some Muslim intellectuals is understandable. They have not seen the injunctions of Islam in an operational form and hence they become confused when translating these injunctions to meet the demands of modern society. Furthermore, they are trapped in the conceptual framework of the west. Fundamental questions need to be asked but unless the young Muslim intellectual is provided with university textbooks in each discipline which allow him to question present approaches, he will not be able to ask these questions. The aim of the Institute to produce textbooks in all the disciplines should be supported.

We must aim to develop an awareness of the future and an Islamic perception which can relate the teachings of Islam to current problems and meet the coming challenges of the future. Once we have become sensitised to this perception, we are equipped to analyse modern problems in the light of the Quran and Sunnah. What is important is the problems we face and how to formulate practical Islamic solutions to these problems. The policies needed to solve these problems require Muslims to go against contemporary fashions to a great extent, as well as to reexamine some traditions which are seen as Islamic but are not really so. They also require a bold effort to make an Islamic stand, as well as intellectual courage and a firm understanding of

Muslim societies and the culture of Islam. The future of Muslim societies is with Islam, for without Islam, they have no future.

I wish you all earnest and fruitful deliberations.

Dengan lafaz Bismillahir Rahmanir Rahim, saya dengan sukacitanya membuka Seminar Pemikiran Islam Antarabangsa yang Ketiga ini dengan rasminya.

**STATEMENT BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
ON THE OCCASION OF THE SIGNING OF THE AGREEMENT
ON TECHNICAL COOPERATION IN PORT MORESBY
7TH. AUGUST, 1984**

It has indeed been a great pleasure for me to have just signed the Agreement of Technical Cooperation between Malaysia and Papua New Guinea here in Port Moresby today. I am certain that for both our countries this event marks a significant point in the fast-developing friendly relations between Malaysia and Papua New Guinea. As a matter of fact, the agreement would merely be formalising the economic and technical cooperation that has already been in existence between our two countries for some years now. I am optimistic that we would be witnessing an intensification of such cooperation in the years ahead.

A common denominator that binds our countries together is the fact that we are both from the developing world. Our Governments are dedicated to the building up of a national political and economic infrastructure which would meet the needs and aspirations of our peoples. However, the recent long-drawn economic recession has made the fulfilment of our task more complicated and difficult. We have learnt bitterly that relying entirely on the developed countries will not necessarily bring solace to our peoples. Small developing nations like ours would have to learn to build up our own national resilience and to interact much more meaningfully among like-minded developing countries within the context of South-South cooperation. This would not only enable us to tap previously unexplored and neglected potentials in our own countries but would, at the same time, strengthen our solidarity and bargaining position vis-a-vis the developed countries.

Like Papua New Guinea, Malaysia too believes in practical South-South cooperations. As a developing country, Malaysia still seeks and receives economic and technical assistance in a number of fields from various external sources. Nevertheless, in the spirit of cooperation and understanding, we are prepared to share our experiences as well as expertise that we have developed in certain areas with other developing countries. This we have been doing within the aegis of our modest Malaysian Technical Cooperation Programme which was launched in September 1980. It has been mainly in the context of this programme that we have been cooperating with Papua New Guinea in a number of fields.

With the conclusion of the Agreement on Technical Cooperation, Malaysia looks forward to even closer contacts with Papua New Guinea. I have taken note of the various areas in which we could cooperate in the future. Malaysia feels pleased to have been

of some assistance to your country. We would welcome with much pleasure a greater flow of people between our two countries, to visit as well as to share together our experiences and abilities in various fields. It is this people to people contact that would, more than anything else, help to bring about a greater awareness and understanding between our two countries. I am certain that this would give an added boost to the very warm and close relations that already exist between Malaysia and Papua New Guinea.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE NATIONAL PRESS CLUB LUNCHEON
CANBERRA, AUSTRALIA
10TH. AUGUST, 1984**

It is indeed an honour and a privilege for me to be here as your guest at this luncheon and to address this distinguished gathering this afternoon.

It is not my intention on this occasion to engage in a long discourse on foreign policy but merely to touch on two main themes or thrusts of Malaysia's foreign policy these past 27 years, namely, Malaysia's quests for regional peace, security and stability and secondly, regional co-operation and collaboration.

I would like to stress that these are strong and important themes in our foreign policy and have been continuously and consistently pursued over the years. Such policy orientations are not unique or original but for Malaysia they constitute something of a creed. The reasons for such foreign policy orientation are simple. They relate to Malaysia's own national or domestic policies.

The central objectives and preoccupations of Malaysia's domestic policies are two-fold; nation-building and national development. As a young nation with ethnic, cultural and religious diversities the building of a united nation must of necessity occupy centre stage in our actions as well as in our planning for the future.

However, all these national goals or objectives can only be attained in the context of a peaceful, secure and stable political environment not only at home but also in the immediate neighbourhood, i.e. South East Asia. Hence Malaysia's preoccupation with regional peace and stability and regional co-operation.

Of course, regional peace, security and stability and regional co-operation are not mutually exclusive. They are closely linked and interdependent. To ensure reasonable success, Malaysia has adopted a two-pronged simultaneous approach.

Big power rivalry has a way of derailing regional co-operation, indeed of any grouping of nations. And so Malaysia has chosen not be identified with any big power. Instead it has enthusiastically espoused non-alignment and has joined the group of non-aligned countries. In addition, the ASEAN group has proposed a Zone of Peace, Freedom and Neutrality (ZOPFAN) in order to exclude big power rivalry.

In our view the ZOPFAN concept would provide a comprehensive and viable framework for peace and stability in the region for it incorporates certain rules of behaviour which are really a code of conduct for the states within the group as well as on the part of the external powers. Perhaps it is too much to expect powers which are not party to the ZOPFAN creed to respect the rules. But we believe that both sides are aware of the wishes of all the countries in the region and it is more than likely that they will not want to antagonize the members unduly.

The ZOPFAN ideal may never be fully realised, certainly not while the Kampuchean conflict is in progress. But even partial subscription to the ideals by outside powers would be beneficial to the countries of South East Asia. Certainly if the big powers give an undertaking, ZOPFAN will become a boon to the countries of the region and a model for other regions of the world.

While on the subject of Kampuchea allow me to elaborate a little. The ASEAN approach on the Kampuchean issue is based on our belief that the problem, being essentially a political problem, cannot and should not be resolved by military means, as is being attempted by the Vietnamese. Military solutions are at best temporary. In the end they will be rejected. Vietnam should know this. The attempt to impose a military solution on their country failed every time. The Chinese, the French and the American failed to impose their will through military means on Vietnam. In the end the will of the Vietnamese people prevailed.

We also believe that a reasonable solution to the Kampuchean problem could be reached among all the Kampuchean factions on the basis of the principles contained in the ASEAN Appeal on Kampuchean Independence of September, 1983 and the ASEAN Statement of 9th. July, 1984. We believe that an enduring solution should be based on the full restoration of Kampuchea's independence, sovereignty and territorial integrity through national self-determination. It is also our belief that an enduring solution should be based on the principle of national reconciliation among all the factions involved. We are anxious to see the final resolution of the Kampuchean problem since the restoration of peace and stability in Kampuchea would be an important step forward in the realisation of the ZOPFAN concept.

As I mentioned earlier simultaneously with Malaysia's policy objectives of seeking regional peace, security and stability, we also seek to promote regional co-operation. Before ASEAN was born Malaysia had already tried to institutionalize regional co-operation by promoting ASA. When Indonesia-Malaysia confrontation ended ASEAN was born. The general expectation of the industrialized world is that ASEAN would be the South East Asian version of the EEC. How wonderful it would be if the whole region is converted into a vast common market where presumably goods from the developed world would enter unfettered by differing systems and policies. But the countries of South East Asia did not see it that way. Economic co-operation in the group takes the form of learning from each other's experience of economic development.

Thus today all the ASEAN countries espouse the free market system and welcome foreign participation in their economies. It was not so prior to ASEAN. It is how-

ever in the field of political co-operation that ASEAN shines. No regional grouping has been able to present such a united front in political matters as has ASEAN. There are of course other fields where ASEAN co-operation has been tangible and beneficial.

The underlying objectives of peace, security and stability of ASEAN were clearly underlined when we the ASEAN member countries concluded the Treaty of Amity and Co-operation in 1976 at the Bali Summit. The signing of that treaty constitutes an important and bold step on the part of the ASEAN member states in attempting to realise our objectives of a peaceful, secure and stable South East Asia. The treaty incorporates within it the code of conduct governing relations among the signatory states. By our action we the ASEAN countries took the first formal step towards implementing the principles of ZOPFAN that we had declare among ourselves in Kuala Lumpur in 1971.

The ASEAN countries will be the first to admit that our regional grouping is far from being a perfect model of regional co-operation. We have our differences, some of which are deep and fundamental. What is important however is not that we have problems, but our mutual approach towards problem-solving. We behave generally with restraint and try to use the negotiating table rather than confrontation. As a result the underlying conflicts have not affected co-operation in areas which we agree upon. It is this which sets ASEAN apart and distinguishes it from other regional groupings.

ASEAN's success is limited but it is no less remarkable for that. It is even more remarkable if you consider that the members of ASEAN were really strangers to each other until about 15 years ago. Except for Singapore and Malaysia, and now Brunei, the background of the ASEAN countries was not conducive to co-operation. Each had looked to differing powers for inspiration and guidance and had consequently developed ties with those powers more than with the neighbours. The ability to form ASEAN and keep it alive must certainly be regarded as an achievement.

I need hardly stress the point that in promoting the idea of regional co-operation in the context of ASEAN we are mindful of Malaysia's own goals of peace, security and stability in South East Asia. Indeed, in a very real sense ASEAN is a vehicle towards achieving those goals. However, in our view ASEAN need not be the only means towards these end. Other means, of course, have been utilised including our pursuance of ZOPFAN. There may yet be other means, other modes and other vehicles which may advance further our quest for regional peace, security and stability.

In this regard, Malaysia is greatly encouraged by the decision taken in Jakarta to explore and expand further the concept of co-operation between ASEAN and our Pacific dialogue partners. Like other countries in the region we have been following very closely the discussions over the years on the so-called Pacific Basin Community, a very bold vision of the future but one which has an air of unreality at the moment.

It is typical of the ASEAN approach – which is pragmatic and down-to-earth that the concept of a broader regional co-operation in the Pacific region took the form of a

decision to expand present co-operation with the Pacific dialogue partners rather than a pronouncement on some grandiose schemes of future collaboration in the vast Pacific region.

I believe that the decision taken in Jakarta to opt for a modest beginning for co-operation in the Pacific is a salutary one. It marks the first concrete step taken by ASEAN and our Pacific partners in the direction of an expanded co-operation which might or might not lead to a new co-operative arrangement incorporating the ASEAN's Pacific partners – depending on the kind of Pacific co-operative arrangement that might emerge, i.e. whether it encompasses the entire Pacific Basin or only the Western Pacific rim.

On my part I have indicated elsewhere my preference for such a co-operation in the Pacific, which I thought for practical reason, should initially be based on the Western part of the vast Pacific region. I thought that an Asia-Pacific arrangement makes a lot of sense out of sheer pragmatic considerations if not for other reasons. It goes without saying, of course, that whatever the final shape of such Pacific co-operation the role of Pacific countries such as Australia would be an important one.

What I have said this afternoon are no momentous pronouncements of policy. I have merely highlighted two main themes that have provided the principal thrust of our foreign policy. Our commitment on these foreign policy principles have been founded on an objective appraisal and understanding of the geo-political and geo-strategic realities of the South East Asia region and Malaysia's place in it. Indeed, on the basis of events and developments that have taken place on the regional scene these past few years there is now an even greater imperative for the search for regional peace, security and stability through regional co-operation.

I believe that while the future of our region – and by region I mean the Asia-Pacific region – is full of uncertainties and imponderables and perhaps even risks, it is also full of opportunities. It is my hope that the prospects for increased interaction and expanded co-operation among the countries of the Pacific, particularly the Western Pacific, will provide the motivating force impelling movement inexorably in that direction. Personally I share the view and am convinced that the Pacific region will be the "centre of gravity" of the future and the high growth rates that have been consistently registered by countries in the region support this thesis. However, in saying that, I wish to stress that there is no prophetic finality or historical inevitability about the coming of the Pacific togetherness. It is merely a goal – a more than probable one – that should inspire us in the region to undertake the steps that are necessary in the fulfillment of that vision of the future.

I think Australia shares this vision of the future with us. I am confident that sharing the same vision, we, together with those who share it with us, will, beginning now, attempt to translate this vision into concrete reality.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE INAUGURATION CEREMONY OF THE MALAYSIAN
CHANCERY BUILDING, IN CANBERRA, AUSTRALIA
10TH. AUGUST, 1984**

I am indeed honoured to perform this pleasant task before such a distinguished gathering. I am especially honoured and so are the Malaysian community, who are gathered here today, by the gracious presence of Prime Minister and Mrs. Hawke, Cabinet Ministers and our other distinguished guests.

The opening of a new building is an occasion for some elation and rejoicing - especially to those who are going to enjoy these facilities. In the case of a new Chancery building the event has the added dimension of being a bench-mark in the evolving relations between the host country and that of the diplomatic mission concerned.

Malaysia's relations with Australia, of course, are based on very sound foundations forged by historical links and shared values and experiences. These bonds of friendship and cooperation between us have withstood the test of time and the vicissitudes of history. I think I need hardly elaborate on the closeness of our ties as these are easily demonstrated by the ever-expanding areas of collaboration between our two countries and most important the immediate rapport that is established between our officials whenever and wherever they meet whether to discuss issues of bilateral relations or of global concerns.

Perhaps, in a more tangible way this closeness in our bilateral relations is best seen in the context of the human dimension. I refer, of course, to our seekers of knowledge and ambassadors of goodwill - our students - whose presence here in large numbers has over the years built an important bridge in the transmission of ideas and ideals between our two countries and peoples.

In inaugurating this new Chancery for the Malaysian High Commission, I am in fact laying a new stone on an old and solid edifice of the close traditional ties between Malaysia and Australia. I hope that in inaugurating this new building, there will be renewed vigour, zest and dedication by the staff of the Malaysian High Commission to work in enhancing even further these already close ties between our two countries.

I hope that this Chancery building will add yet another exotic setting for the conduct of diplomacy in Canberra, and contribute to the architectural, if not cultural, enrichment of this charming diplomatic enclave of Yarralumla.

I have much pleasure in declaring open this new Chancery building.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE LUNCHEON HOSTED BY THE HONOURABLE THE PREMIER
OF NEW SOUTH WALES MR. NEVILLE WRAN, SYDNEY
AUSTRALIA, 13TH. AUGUST, 1984**

On behalf of my wife and my delegation and on my own behalf may I express my heartfelt thanks and appreciation for honouring us with this luncheon. We are touched by this fine gesture and hospitality and your kind words of welcome.

My delegation and I are happy to be here in Sydney on what is the last leg of our visit to Australia, although, of course, we shall be stopping here briefly again en-route home after our visit to New Zealand. Your beautiful city Sydney is no stranger to many Malaysians. This familiarity with Sydney is due to its position as a gateway to much of the Australian continent but more importantly it is due to the fact that your city and the State of New South Wales in general have over the years played host to thousands upon thousands of Malaysians, who were once students in your many prestigious seats of higher learning.

I have discussed with Prime Minister Bob Hawke on the subject of students from Malaysia, among other things, during which I expressed my government's appreciation to Australia for its generosity in offering places to our students. I would like to express once again my government's appreciation to you and through you to the people, the academics, students and the institutions of learning in this State who have played host to the many thousands of Malaysians who received their higher education here.

As I had expressed to Prime Minister Hawke, we hope you will continue to open the doors of your institutions to our students, in the years ahead. I can assure you that your generosity will not be wasted; it will be treasured by those who have benefitted from it. Indeed, such generosity will accrue dividends to Australia in the long-run in terms of a greater Malaysian appreciation of things Australian.

We also discussed in Canberra the issue of trade which is currently in Australia's favour. Sydney as the centre of economic and financial activity plays an important catalytic role in these trade and business transactions. It remains our hope that as the volume of Malaysia-Australia trade increases, adjustments will be made to the present imbalance in our trade.

Needless to say, given the present pattern of Malaysia's trade with Australia, Sydney will continue to be the focal point of our attention in the realm of economic and

trade relations in the foreseeable future. We are happy to maintain this association and will continue to take advantage of all the services and opportunities available in this dynamic commercial centre of yours.

On that note may I invite you all, Ladies and Gentlemen, to drink to the health, happiness and prosperity of His Excellency The Honourable Neville Wran and Mrs. Wran and the Government and people of New South Wales.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE ASEAN-AUSTRALIA BUSINESS COUNCIL DINNER
IN SYDNEY, 13TH. AUGUST, 1984**

It is indeed an honour and privilege for me to be your guest at this dinner and to speak to you on the general subject of ASEAN-Australia relations and by that I mean also Malaysia-Australia relations particularly in the realms of economics and trade.

It is bodies like the AABC that can assist government in generating economic and trade relations between ASEAN and Australia, for while governments can open the gates and point the way, nothing much will happen in a free-market economic system until the private sector moves to take up the opportunities and to apply their skills and resources.

A considerable amount of spade-work have already been done in the direction of more expanded economic and trade relations between ASEAN and Australia. We have established a useful mechanism of mutual consultations in the form of the ASEAN-Australia Dialogue. This forum has been found to be useful in ironing out problems arising from policies that only governmental intervention or assistance can overcome.

In term of projects there are no less than 12 projects which have been inaugurated under the ASEAN-Australia Economic Cooperation Programme (AAECP). These range from energy and food to education and population and other minor schemes. At the same time, I understand some 18 new project proposals have been made and submitted to the 8th ASEAN-Australia Forum held in Canberra early this year. This clearly shows the broad range of activities that have been identified for collaboration between ASEAN and Australia which in themselves demonstrate that ASEAN-Australia cooperation is a substantial and growing one.

It is our hope that these projects will not only generate greater momentum for increased collaboration with Australia but they will bring about spin-offs to benefit the private sectors in both the ASEAN countries and Australia. It is therefore up to you the private sector to take advantage of the opportunities that the implementation of these projects will provide.

I would also like to take this opportunity to talk a little on Malaysia-Australia economic and trade relations. Over the past few years trade between Australia and Malaysia seemed to have stagnated. This situation can only be described as disappointing particularly in view of the close geographical proximity of our two countries. The total trade in 1983 represented only 2.7% of the total Malaysian foreign trade and I am sure, even a lower percentage of Australia's total foreign trade. I am of the view that the level of trade can be substantially increased for the mutual benefit of our two countries. In this context, I observe that Malaysia needs to do even more as Australia

seems to have a larger share of the current level of trade. While Australia exported RM1,259.3 million worth of goods and commodities to Malaysia in 1983, Malaysia exported only RM462.5 million to Australia. This has given rise to deficit against Malaysia amounting to RM796.8 million in 1983. In fact, the balance of trade has consistently been heavily in favour of Australia for many years and has become a source of concern for us.

There are ample opportunities, I believe, for the expansion of trade between our two countries. In this regard, the greatest need is for greater and continuous contact between Australian and Malaysian business people. At the same time, there must also be a sense of commitment and urgency towards identifying, developing and turning export opportunities into real tangible trade. It is my hope that the ASEAN-Australia Business Council would further help pave the way for nurturing closer trade relations and increasing the interaction between entrepreneurs of Australia, on the one hand, and Malaysia and our ASEAN partners on the other. I am confident that with the full commitment of all concerned, the overall objective of the Council, which is to develop, promote and facilitate commercial, trade and other business ties and transactions between organisations and individuals of both Australia and ASEAN, would be realised.

It has come to the attention of many that of late we are seeing an increasingly protectionist Australia. Australia's restrictive import policy has made it increasingly difficult for Malaysia's manufactured products to enter the Australian market. To cite a few examples, plywood, clothing and footwear, air-conditioners, fatty acids and rubber gloves are subjected to high import duties and/or quotas. What is particularly disappointing is that these are products for which we have developed a competitive advantage and which we are promoting in order to step-up the value-added content of our exports. The recession in recent years amply demonstrates the fact that protectionism is not only self-defeating and counter productive but has the devastating effect of forcing the world into a prolonged recession, the severity of which almost matches the Depression of the 1930's. International trade as a means of achieving economic and social advancement should be allowed to flourish and can only do so within an environment of security, stability and predictability. There must be a return to internationally agreed rules and procedures for the better conduct of trade. Australia, along with other developed countries, must remain committed and must show a resolve that an open and free multilateral trading system should be preserved. Remember always that the prosperity of your customer is beneficial to you. There is not much you can sell to poor people. So helping your trading partner to achieve prosperity is good for your business. Protectionism will not do that.

At present Malaysia is in the midst of implementing her Fourth Five-Year Development Plan, with industrialisation forming one of the main thrusts. In this regard, Malaysia welcomes foreign investors to participate and contribute towards her development. To date, we have investment in the manufacturing sector from more than 30 countries. Australia's share is about 2.1% of the total foreign investment in companies in production and ranked as the seventh largest foreign investor in Malaysia. Australian investment is largest in non-metallic products and chemicals and chemical products industries.

I believe this situation could be improved upon. Australian companies utilising substantial raw material, particularly those which are readily available in Malaysia, should consider locating their manufacturing plant in Malaysia to benefit from the comparative cost advantage. Australian industries which are presently marketing their products in Asia could also consider setting up a manufacturing base in Malaysia, for expanding their regional and international markets. Certain parts and products for export may be unprofitable to manufacture in Australia. These parts and products can be considered for manufacture in Malaysia. Let me also add that Malaysia is offering a wide range of industrial incentives to foreign investors. Malaysia's rich energy resources and other attributes may also prove profitable for the setting up of facilities for partial processing of raw materials from Australia which are destined for third countries.

I also wish to take this opportunity to give you a brief perspective of Malaysia's industrial development. Malaysia's industrialisation efforts during the initial years were concentrated mainly on simple import substitution industries. This was followed by labour-intensive industries meant to reduce high unemployment rates. We have been so successful in that Malaysia is perhaps the biggest producer of microchips in the world and the third biggest of room air-conditioners. We have now move into export-oriented industries based on certain raw materials like timber, rubber and palm-oil which we produce in plenty. We have not succeeded in this as we have in the labour-intensive industries. There is obviously room for more such industries. The availability of gas has started us off on the heavy industries including petro-chemicals. Heavy industries is still in its infancy and there is much room for new ventures.

While the production of various primary commodities is still very much our bread and butter, manufacturing has made so much progress that it now contributes about 19% to the GNP. The potential for manufacturing and export in Malaysia is hardly exploited as yet. Foreign investors, and Australians especially, are welcome to make Malaysia their base for manufacturing. You will not regret it.

As we talk about the nitty-gritties and problems and opportunities of two-way economic and trade relations, let us at the same time not lose sight of the fact that these are just what we see within our horizon as we are able to observe it at this moment in time. I would like to invite you to see beyond the horizon of ASEAN-Australia cooperation and discern the opportunities that remain to be exploited. I refer, of course, to the larger horizon of a Pacific cooperation, an idea that has been tossed about during this last decade or so by both bureaucrats and academics alike which may now be about to take root following the recent meeting in Jakarta between ASEAN and her Pacific Dialogue Partners.

The decision taken in Jakarta is, of course, a modest one. It merely put the seal of approval by ASEAN and her Pacific Dialogue Partners to the proposal for expanding their current level of cooperation particularly in the area of human resources development, while leaving the question of its future expansion to the dynamics of such a cooperation among the ASEAN and her dialogue partners in the Pacific. While that may be so and is in keeping with the ASEAN approach of taking on new ideas by the

biteful rather than the mouthful, I believe that what we had done in Jakarta was sowing the first seeds of an idea that, if tended with care, is likely to grow and reach full maturity in the years ahead.

We in Malaysia have been following very closely the discussion on the idea of a Pacific Basin Community and speaking for myself I am much attracted to the idea, although my own preference would be for Pacific cooperation on a more realistic scale, involving the Pacific countries which are located on the Western Rim of the great Pacific region. I choose the more limited Asia-Pacific region as a basis of a future Pacific cooperation because in as much as I am attracted to the idea of a Pan-Pacific community as a concept, I have great difficulty in my mind to conceive of it as practical arrangement given the vastness of the region we are talking about and the disparate-ness among the countries that make up that vast region.

I am of the view that this idea of a Pacific or more specifically a Western Pacific cooperation is an idea worth pursuing given the impressive growth rates countries in the region have recorded in the last decade and given the favourable environment of peace and stability generally prevailing therein. I feel that it is essential that the market-oriented democracies in the region be encouraged to develop further and that their dynamism for growth be tapped and channelled into constructive economic and social purposes.

I sense that you in Australia, situated as you are on the southern end of the long Western rim of the Pacific, share this perception and enthusiasm for a more intensified Pacific cooperation. I hope if that is true of your bureaucrats and academics it should also be true of you in the private sector. Here again while government can help broaden the horizon of regional cooperation and show the way a little, it is really up to the people especially the industrialists, traders, entrepreneurs to take up the challenge and translate these ideas into concrete realities.

SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE FIRST MALAYSIA-JAPAN COLLOQUIUM
PETALING JAYA
27TH. AUGUST, 1984

I am very pleased to be invited to address the first meeting of the Malaysia-Japan Colloquium organised by the Institute of Strategic and International Studies, Malaysia and the Gaimusho. It is in fact a double pleasure, since, as you know it is the outcome of a suggestion I made some time ago.

You are of course aware that this Colloquium is not the first meeting, official or otherwise, between Malaysians and Japanese to discuss bilateral matters of common concern. Businessmen on both sides have been meeting regularly and I might add, have had good discussions and have made useful suggestions to smoothen our business ties. But I thought that it would be most useful to establish an annual forum where we can frankly and freely discuss, among a broader range of people, a wider agenda — within an ambience of complete confidentiality and candiness.

Malaysia and Japan today are friends. In an atmosphere such as this Malaysia-Japan Colloquium, we meet to discuss as friends intent on ensuring a better world for our children into the next century. Let us be reminded that a friend is easier lost than found — “Tomo o ushinau wa yasuku eru wa muzukashi.” I hope the very frank discussion that you will be having over the next two days and the free flow of ideas that will result can help to cement that friendly relationship which we have developed between us. I urge you to sweep nothing under the carpet. Put what you may on the table. So that what is not known can be known, what is known can be dissected and what needs to be understood will be fully understood.

You are aware, of course, that I have been a prime advocate of learning from Japan through a “Look East” Policy. It is understood by most, but some seek not to understand it. Malaysia’s Look East Policy does not mean that we want Malaysians to be Japanese. We do not mean that Malaysians should eat “maki sushi” and “shabu” and wear kimonos. It does not mean that we should per se buy Japanese or sell Japanese. It does not mean the awarding per se of contracts to Japanese. It is not an invitation to arrogance or insensitive behaviour.

What it means is that we must learn the reasons and the factors for Japanese success in modernisation: a good work ethic, social consciousness, honesty and discipline, a strong sense of social purpose and community orientation, good management techniques, Japan Incorporated, sogoshoshas, aggressive salesmanship and so on. I

have explained that Malaysia's present economic goals are not dissimilar from the targets that Japan set for herself in the 1960's, namely high speed growth through increase in productive capacity, greater industrial production, and production of exports.

One question to ask is whether Japan can or will assist Malaysia in her modernisation. Is mighty Japan earnest and sincere enough in developing her economic, political and social relationships with a developing Malaysia? What sort of bilateral relationship can we build for the future so that this relationship is based on mutual respect and not on an unequal relationship? Can we together resolve some of the persisting problems that plague our relationship?

I believe that we can. At the very least we should try. For whether we like it or not, our future history is intertwined. We are part of the givens of the game in the Pacific. We have to live with each other, either in a positive, peaceful, cooperative, mutually beneficial relationship or in a relationship that is not so positive, that is not so peaceful, not so mutually beneficial.

I am sure that you will agree with me that the first scenario is better. I am as certain you will agree that an unequal relationship is an inherently unstable one. It cannot persist; or if it persist, it does so only at the expense of tension and possibly turmoil. Ladies and gentlemen, there are elements of an unequal relationship between Malaysia and Japan today.

I do not wish to imply that there is not much with which we are happy. There are a great many things for which we are sincerely and deeply grateful to Japan. We would not be what we are today without the cooperation and assistance of Japan, which the Japanese decided upon on the basis of market forces, self-interest, and sometimes enlightened self-interest. Where you have shown enlightened self-interest, I congratulate you. But I do believe that something has to be done to improve the pattern of economic relations between our two countries. That pattern conforms in many regards to the classic pattern of economic colonialism. It is a pattern that cannot but generate tensions in the years ahead.

Let me give you some examples. First, we sell to Japan raw materials. We buy manufactured goods. Thus, in 1982 our main exports to you were crude oil, wood, tin and mineral ores. These four items alone amounted to 84 per cent of our exports to Japan. Japan bought practically nothing of our manufactured goods. The biggest single category — thermionic and cathode valves, tubes, photocells and diodes — amounted to only RM170 million, or less than 3 percent of our exports to Japan. We in fact bought more of these things from Japan than we sold to Japan. On the other side of the coin, we imported the widest range of manufactured goods from cars to cassette recorders. We cannot and will not remain merely as hewers of wood and drawers of water.

To be fair, to change this colonial pattern, Malaysia can buy less of these products and place restrictions on the widest range of manufactured Japanese goods. But

this is not the way. The way, I would stress to Japan, is for the Japanese market to absorb more Malaysian manufactured goods. Japanese all agree that protectionism is bad. On the other hand, the Japanese economy is extremely protectionist in reality. I do not say we cannot or should not do more to penetrate the Japanese market. I do say that the market itself has to be more open.

In passing, let me just briefly mention the dishonest and tension-generating practice of transfer pricing. Let me say too that something has to be done with regard to the invisibles situation. Malaysia's trade deficit with Japan — excluding crude oil and gas exports — rose from US\$775 million in 1980 to US\$2 billion in 1983. In 1982, the invisibles deficit accounted for US\$379 million or 13 percent of the overall deficit. By 1983, this had risen to US\$400 million. By 1985, the deficit in invisibles is forecast to be in the region of US\$594 million. This problem needs to be tackled — to be sure with fairness, but also with determination. That fairness must come from both sides. So too must the necessary determination. We also have to ensure a better picture with regard to the transfer of technology, the use of local materials, equal partnership and participation with regard to consultants, sub-contractors and professionals. We must not forget manpower training and development.

You might be relieved to know that I do not intend today to bring up the problem of air rights and improper behaviour.

Japan today is no longer a second rank nation, struggling to uplift its standard of living and to ensure its dignity in the world comity of nations. It is a rich nation in the very fore-front of the Free World. It has many lessons to teach others. It has taken its own individual course. It has been able to reach the front ranks without embarking on an unwise rush to arms and the foolish accumulation of military hardware. Whether the Japanese people wish it or not, whether anyone likes it or not, it is a leader. As a leader, it has not only rights but duties in the commonwealth of mankind. I call on Japan to exercise the statesmanship that is now needed. I ask the Japanese to look not only at what they can take but also at what they can give. Let none detract from what Japanese grit and Japanese ingenuity have done for Japan. But I ask the Japanese people to look at their recent past and examine whether they would be where they are today without the friendship and the generosity of others.

Between Japan and Malaysia and between Japan and Asean, there is truly the need for a heart-to-heart relationship. We have to go beyond positive co-existence to a new era of symbolisis. We must truly commit ourselves to making the pie bigger rather than striving merely to get a bigger slice of the pie.

One hundred and thirty-one years ago, Commodore Perry arrived in Tokyo Bay with four black ships, an event that is known as The Black Ship Incident. He did go away. But only to return in February 1854 with seven ships. Commodore Perry's firm stand resulted in the Treaty of Kanagawa, which opened the ports of Hakodate and Shimoda, which acted as a catalyst for the passing of the Tokugawa Shogunate, for the Meiji Restoration, and the First Opening of Japan. The rest, as they say, is history.

Let me now speak to Japan and say that you now have before you not four, not seven black ships, but the six black ships of the Asean Community. It is time for the second opening of Japan.

Internationalism is one of your declared creeds. Let it be a way of your life. Open your society; open your minds; and open your hearts. Enter, with full confidence and in full humility into the global meeting-place of minds. Let the world into your household, to allow us to understand you better and to enrich you further.

Japan must develop fully into a post-industrial society, into an economy that does not squander the wealth of its talent and the energies of its people in inefficient and wasteful industrial pursuits. Why does it produce the manufactured goods that others can produce better and cheaper? Why does it restrain the rise in its standard of living to its fullest height? Only in the prosperity of its buyers can its own prosperity be guaranteed.

Japan holds lessons for mankind. Why are you not a teacher to the world? UNESCO reported in 1981 that there were 8,100 foreign students in Japan. The United Kingdom had more than 55,000, France more than 100,000, the United States more than 300,000. For the 200 Malaysian students that are now in Japan, we are most grateful. But in the United States there are 20,000 of our students.

Japan is now in a unique position of being able to create a relationship with Malaysia, and in the wider context, with the Asean Community which can be an example to the world and to history. The potential is there, the positive correlation of forces is there. Will it grasp the opportunity?

As you well know, as a result of the Black Ship Incident and the Meiji Restoration 130 years ago, Japan reformed its education system. Japan abolished feudalism, changed its tax system to ensure capital, destroyed many old industries and founded new ones. I do not suggest such a fundamental transformation. And I do not wish to draw too many parallels. But it might be mentioned that one of the reasons why Commodore Perry succeeded in 1854 was the fact that his black ships were in a position to impose great hardships, even starvation, on Tokyo by cutting off the bulk of necessary supplies that had to come from outside, by sea. The Asean black ships are of a peaceful kind but they do carry many of the commodities that are the lifeblood of Japanese industry, and therefore, that are the foundations of Japanese prosperity.

We are anchored in Tokyo Bay. If you turn us away, we will be back. I say to the Japanese people: Prepare for the second opening of Japan.

SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE INAUGURAL DINNER OF THE MALAYSIAN-BRITISH SOCIETY
KUALA LUMPUR
18TH. SEPTEMBER, 1984

My wife and I are delighted to be present here this evening at the Inaugural Dinner of the Malaysian-British Society and to join members of the Society in welcoming members of the British-Malaysian Society who are also here for this occasion together with their President. Although the twin societies are formed 27 years after Malaysia's independence I still feel that congratulations are in order. The two societies will no doubt help in building better understanding and friendship between the two countries and peoples. There is much to be gained by both sides from understanding each other and generating friendly relations.

When I accepted a dinner invitation by Mrs. Thatcher during a private visit to Britain in March 1983, I did not think that it would lead to anything substantial. However, I found the British Prime Minister was sincere in her desire for better relations with Malaysia. The least that Malaysia could do is to reciprocate. So when I was asked what I thought about the setting up of the British-Malaysian and Malaysian-British Societies, I was happy to give the idea my support.

The setting up of these societies reflects, it seems to me, the concern of the community both in Malaysia and Britain, particularly those who have business dealings in each other's country, for the promotion of close and harmonious relations between the two countries. I would therefore commend this private sector initiative and fully support the objectives of the two Societies. I did persuade Tun Ismail to head the Malaysian body when he consulted me on the proposal to set it up, since I knew that he has many friends in the City of London. I am not sure whether it was by design or sheer coincidence that both Societies are headed by former Central Bank Governors. As you know, both Tun Ismail and Lord Richardson are men of few words, but they have established a reputation for getting things done. I am confident that under their leadership and guidance, the two Societies will play a dynamic role in fostering friendship and promoting better cultural, educational, economic and trade relations between Malaysia and Britain.

It is heartening to learn that meetings were held yesterday between members of both Societies and the General Councils. I understand the discussions were frank and fruitful, and areas of cooperation including investment opportunities, training and transfer of technology had been examined and programmes were outlined for future action.

Malaysia welcomes Britain's growing interest in Malaysia as shown by the number of visits made by British leaders and personalities in the past year. Last October we had the occasion to welcome Lord Jellicoe, Chairman of the British Board of Trade. We also met His Royal Highness The Duke of Edinburgh who visited Kuala Lumpur late last year in his capacity as President of the World Wildlife Fund. Mr. Richardson, the Minister of State for Foreign and Commonwealth Affairs, arrived in February this year for discussions on various issues of mutual interest with our leaders. Mr. Kenneth Baker, Minister of State for Industry and Technology Information, Lord Bellwin, Minister of State for Environment and Admiral Sir William Staveland paid official visits to Malaysia and had wide-ranging discussions with their counterparts on specific fields of cooperation. Just over a week ago, Mr. Edward Heath was in Kuala Lumpur for a short visit. Mrs. Thatcher would have been with us tonight but for the unfortunate problems that require her presence in Britain. These contacts and consultations augur well for bilateral cooperation both for now and the future. The continuance of such contacts should serve to further consolidate the close ties between our two countries.

Malaysia has benefitted greatly from the assistance given by the British Government, particularly in the field of technology and industrial cooperation. Britain is today one of Malaysia's largest sources of capital investment inflow into our manufacturing sector, ranking second only to Singapore.

We appreciate the steps that have been taken to alleviate the hardships faced by our students in the United Kingdom and we welcome the move by the British Government and private institutions, to provide scholarships and awards in various fields at both graduate and post-graduate levels. It is with great interest too, that I note the initiative taken by both sides to develop strong ties between our respective colleges and universities. The Brighton Polytechnic and the University of Sussex, together with the University of Malaya, Universiti Teknologi Malaysia and the Institut Teknologi MARA are involved in this effort. We will need more such ties in the future as Malaysia intends to reduce the burden of other countries for university places by conducting the first and second year courses as well as pre-university training within the country. Foreign associated universities could then provide teachers and recognise the courses.

While I am happy to recognise the positive contributions of the British Government as well as the business community towards meeting the aspirations of the New Economic Policy, I learn with regret that there has been very little change in Malaysia's share of the British market for many years. Britain ranks only as the sixth largest trading partner amounting to about 3% of Malaysia's total trade compared with nearly 8% ten years ago. Similarly the importance of Malaysia as Britain's trading partner has also declined over the years, with Malaysia accounting for less than 0.5% of Britain's total trade compared with 5% a decade ago. I am deeply concerned about this state of affairs, bearing in mind that the balance of trade with Britain has never been in our favour.

You will no doubt agree with me that we must not allow such a situation to persist, for if it continues, it will only negate all the efforts we have put in together to

consolidate and strengthen our relations. The sooner we find a solution to the problem of trade imbalance, the sooner can we concentrate on other areas of cooperation. I hope that both Societies will give this important issue due consideration in their future deliberations.

Lastly on behalf of my wife, I would like to thank the President, General Council and members of the Malaysian-British Society for inviting us to this very special occasion. I now have great pleasure in formally inaugurating the Malaysian-British Society, and wish it well in its efforts to promote better relations between Malaysia and Britain.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT A LUNCHEON MEETING WITH
ITALIAN INDUSTRIALISTS AND BUSINESSMEN
IN ROME, ITALY
24TH. SEPTEMBER, 1984**

When the famous Italian author Salgadi wrote his exciting stories of the pirate "Sandokan" who sailed in the Malaysian waters and pillaged British ships, I understand that he wrote this from pure imagination, having never visited Malaysia or even South East Asia. However, I have been informed that many Italian youngsters, and maybe some of you in your younger days, have been fed on a steady diet of Salgadi's version of Malaysia and the exploits of Sandokan.

Salgadi may have made Malaysia well-known in Italy but the lasting impression of a romantic, violent and under-developed region that Sandokan may have left in the minds of Italians is anything but accurate. I hope that in the course of our dialogue today I will be able to change the wrong impression and give you a more accurate perspective of Malaysia today – a dynamic, modern nation determined to join the league of developed industrial nations.

Let me now give you a categorical assurance that you will never come in contact with pirates such as Sandokan in doing your business in Malaysia. However, some Malaysian businessmen may refer to foreign businessmen as pirates because they are reaping huge profits in their business operations in our country. The Malaysian Government, however, is quite happy that foreign businessmen make substantial profits in Malaysia because, for the private sector, profit is the ultimate yardstick of success and success is what we encourage in Malaysia. In addition after these foreign businessmen or industrialists finish their tax holiday periods, under the generous incentive schemes we offer, the Government will be able to tax them; and the bigger their profits, the bigger the revenue for the Government. It is with this attitude of enlightened self-interest that the Malaysian Government encourages the private sector to take full advantage of the opportunities for profits in Malaysia.

In Malaysia we envisage a symbiotic relationship between the private sector and the Government where the success of one benefits the other and where the efficiency and dedication of the Government brings benefit to the private sector. In Malaysia we have coined the phrase 'Malaysia Incorporated' to describe the dynamic inter-relationship between the private sector and the Government – all working together like in a gigantic corporation for the ultimate benefit of all.

This then is the nation and the Government I represent, a Government dedicated to development and a nation in a hurry with the capacity and determination to develop

and to join the ranks of developed nations. However, we are aware that we cannot do all this alone.

Though today Malaysia is the world's largest exporter of a few primary commodities such as rubber, timber, tin, palm oil and pepper; though today we are a net exporter of oil and gas and though today due to the industrial efforts of the past decade, we are the world's largest exporter of electronic semi-conductors and rubber products such as swimming caps, gloves, catheters and also the third largest exporter of room air-conditioners, after Japan and the USA, we are modest enough to realise that much of our efforts and the fulfilment of our aspirations cannot succeed without the help of the foreign investor and his contributions of technology, management know-how and access to export markets. This is the reason why we are here today and why I am addressing you - to welcome all of you to investigate Malaysia as a base for your off - shore operations, to manufacture, to serve the 250 million ASEAN markets and also the world market.

In Malaysia we have a high regard for things Italian. Your high fashion products from Gucci to Valentino, from Giorgio Armani to Lamborginni and Gilbrato and other designs of footwear, clothing, spectacles, etc. are highly respected and purchased by those who can afford them. Malaysians are also very familiar with and respect the engineering technology of Italy as exemplified in your motor vehicles such as Fiat and Alfa Romeo, though I must say that the Japanese car makers have created a serious dent in your sales in Malaysia. However, for the purpose of this mission it is sufficient that you are aware that we in Malaysia have a high regard for Italian know-how and technology not only for the manufacture of fashion products but also engineering, chemicals, footwear, furniture, precision products, electronics, aerospace, and a host of others.

Also firms such as SGS Ates, General Goma and Marconni have set up manufacturing operations in Malaysia. They are among the 27 Italian companies that have been approved for manufacturing operation in our country and the success of some of these have created a high regard for Italian ingenuity and profit motivation. However, Italian investments in Malaysia is relatively small when compared to that of other European countries and especially considering the potential for technology transfers that Italian investors possess.

You may ask yourselves why should you come to Malaysia? What do we have to offer to you that will persuade you to invest in our country? In fact, the question you may well ask yourselves is what you must look for when you invest in any country. This is the question that every investor seeking opportunities for profits overseas should ask himself. Needless to say this question need not be of concern to those of you who are complacent about your present position and are manufacturing today only to supply your regional or local markets protected by high tariff walls. This question is also not relevant to those who have given up the battle to fight for their rightful place in international markets competing with products coming from other developed and developing countries including those in the Far East like Japan, Korea, Hong Kong, and Taiwan.

Our interest quite frankly is directed to those who wish to grasp the opportunity to set up a viable competitive operation either today or in the near future within the fastest growing region in the world i.e. ASEAN and in one of the fastest growing countries in the ASEAN region i.e. Malaysia. In short, if you are interested in expanding your world market operations and increasing your profits, then we are interested in you.

We do not offer you the rhetoric of future success nor do we give you assurances of the future based on a murky track record of the past. What Malaysia offers you is a solid record of past achievements in political, social, economic and industrial fields. We have an enviable record of political and economic strength and stability that will match that of the most advanced developed nations. In fact, our record of political stability will be difficult to match by most countries in the free world.

I myself am the leader of a political party called the National Front which holds more than 2/3 majority in Parliament. Being a coalition of different parties representing diverse ethnic interests, the party has held undisputed political power since 1957, that is from the time of our Independence. This has been done within a system of parliamentary democracy with free elections every 5 years. Why do we have such an enviable record? This is simply because the Government and those of my predecessors have dedicated and are dedicating ourselves to promoting the total welfare of the people through Government-sponsored development projects and private enterprise initiative in areas of mining, agriculture, services and manufacturing. From the businessman's point of view this means when you invest in Malaysia you can be assured that the Government in power, whose policies, rules and regulations are oriented to maximise the efficiency of your operations, and with a Government which has predictable policies and rules you too can plan for the long-term with reasonable assurance that the growth of your projects will not be stunted by haphazard and arbitrary plans and policies.

I will not talk to you about our economic strength, our financial performance or the banking facilities available, because all this information is clearly stated in the literature that will be made available to you today. The details regarding the opportunities for investment in the resource-based industries in Malaysia, namely rubber, timber, tin, clay, and others and our thrust to attract engineering and precision industries and high-technology industries are also available in the publications issued by the Malaysian Industrial Development Authority whose representatives are here today. They will be happy to meet you and to talk to you about details regarding your plans for investment.

I would like to take this opportunity, however, to talk about Malaysian labour. We have a young educated labour force which is growing at a rate of 3.1% per annum. More than 70% of the Malaysian labour force is below the age of 40 and most of them have a working knowledge of English. The Malaysian Government, as you may know, has introduced what is called the 'Look East Policy'. Let me clarify that this policy is merely designed to inculcate within this dynamic young labour force the work ethics and commitment to labour and industry, loyalty to the firm, consciousness of quality, etc. that have made Japanese and Korean companies today world beaters in many manufacturing areas.

The policy of the Malaysian Government is designed at promoting and maintaining industrial peace and harmony so as to create a favourable environment for accelerated socio-economic development. We have an enviable record of industrial relations and Government's machinery for the prevention and settlement of industrial disputes through conciliation and arbitration has led to a situation of decreasing labour unrest and increasing industrial harmony between the management and workers. I mention this factor because I am aware that the problem of industrial unrest is one that besets many companies in developed nations and I want to assure you that this is not a feature of the Malaysian economic environment.

Finally I would like to remind you that when you look at Malaysia you should not look at the 14.5 million people that inhabit the country which has one of the highest standards of living in Asia. When you look at Malaysia you should also see the opportunities that lie within the ASEAN region with its growing standards of living and which has within itself most of the major raw materials required by the industrial world. Malaysia can offer you a door to tap the ASEAN market within the framework of the various tariff agreements that have been and are being formulated within ASEAN to give manufacturers in our region an advantage in the regional markets when competing with products from outside the region. We are by no means at a stage similar to the common market of the EEC. The EEC has had many decades to work out its problems and is still going through the pains of growth. Thus ASEAN does not wish to rush into areas where even the angels fear to tread. We want to make speed, but it is a "deliberate speed" planned to ensure that the structure that we build will not be thrown asunder by strains that leave different members dissatisfied with their lot within the region. Be that as it may, and many may conceive the ASEAN economic integration as a slow process, regional economic cooperation nevertheless is an expanding reality and the manufacturer who has his foot within the door of ASEAN today will reap the rewards of his initiative in the future. I am sure that the Malaysian private sector whose leaders are with me today and those from the Government will be able to give you more information and details as to how you can do business in Malaysia while at the same time tapping the opportunities that the ASEAN markets represent.

As I have said earlier Malaysia is not new to Italians. However, today we present to you Malaysia in a new perspective, a perspective of development, mutual cooperation, mutual benefit and profits. The Malaysian investor who will be your joint venture partner and those who have come with me are neither overawed by foreign investors nor are we hostile to your intentions in our country. We welcome you as an equal partner in our endeavour to industrialize our nation. The Malaysian and Italian Governments have signed a Double Taxation Agreement in January this year for the avoidance of double taxation and we are presently negotiating an Investment Guarantee Agreement. The framework for active cooperation for mutual benefit already exists and is being constantly improved. Malaysia has taken the initiative to reach out to you and we therefore now await your response.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER HOSTED
BY THE PRIME MINISTER OF THE REPUBLIC OF ITALY
H.E. BETTINO CRAXI, IN ROME, ITALY
24TH. SEPTEMBER, 1984**

On behalf of my wife and members of my delegations, I wish to thank you for the warm welcome and generous hospitality extended to us during our visit to your beautiful country. We are indeed honoured and pleased to be here this evening at this splendid dinner.

Malaysia and Italy have for some time shared cordial relations. I am happy to observe that the development of our relations have been unmarred by any serious disagreement. The friendly relations between our two countries have further been augmented by our commitment to the ideals and aspirations of the United Nations through closer cooperation between member states in all fields. We share similar views on many international issues, and in our respective regions we are each committed to a policy of close regional cooperation between neighbouring states.

Moreover, both Malaysia and Italy are firm adherents of the free enterprise system, as well as of cooperation between developed and developing nations.

While all the above factors should form the ingredients for active bilateral cooperation, it is also true to state that until quite recently our relations have lacked impetus. I can honestly say that our ties have been steady, but unremarkable. This is still well reflected in our bilateral trade figures, which I feel is lower in volume and narrower in scope than its real potential. Italy, with more than 57 million people and a highly industrialised economy, should present a large market for Malaysian products, especially our primary commodities. On the other hand, Malaysia needs Italian machinery and materials, as well as your expertise in certain specialised fields. This complementarity extends also to other economic fields. However, up to now our interest in Italy has primarily been as a tourist destination, aided also by a keen awareness of your contributions to modern Western civilisation. On your part, Italy has perhaps had a longer history of links with countries in Africa and other regions, and not with South East Asia.

I am happy to note that we are at last realising that there is great potential and many possibilities for increases in volume and diversity in bilateral trade, as well as in economic, industrial and development cooperation.

A step in this direction was taken in July last year, when both our countries signed an Agreement on Economic and Technical Cooperation. It is a sign of the common desire of both Malaysia and Italy to foster closer economic cooperation that the Malaysian-Italian Joint Commission, established in accordance with the provisions of the above agreement, met six months later for its inaugural session. The meeting had addressed itself to the whole spectrum of cooperation that we can undertake for the mutual benefit of our two countries and peoples.

The Malaysian and Italian private sectors have not been slow to welcome increased cooperation either, as I observe. One of our investment companies will be finalising an agreement with Italian companies to form joint-venture companies to seek opportunities for cooperation in trade and investment, and to jointly expand trade and other ventures in other developing countries. Such cooperation forms the basis of strong and meaningful ties of friendship. Our cooperation in the recent past underlines my earlier observation that the real potential of our economic cooperation has not been fully realised.

I am therefore undertaking this visit to your country with the conviction that through the establishment of personal contacts and consultations, such as the meeting we have had today, the bonds of our friendship will be cemented further for our mutual benefit. I look forward to a future when Malaysian will regard Italy and Italians not just as friends but also as economic partners, over and above our interest in you as a country and a people with a long and fascinating history.

Malaysia is a developing country striving to achieve economic well-being for its people. We have a long way to go to achieve prosperity and development, and we do not have the luxury of time in order to arrive at our objectives. We therefore need understanding and cooperation from developed countries such as Italy, while we try to help ourselves and accelerate our economic development.

In this context, Malaysia is fully committed to regional cooperation with our partners in ASEAN, in line with our perception that economic development can be maintained only if there is peace and stability in our region of South East Asia. However, the unresolved problem of Kampuchea continues to be the source of potential instability, with little prospects of an early solution. Malaysia and her partners in ASEAN will continue to strive for a durable solution to the Kampuchean problem through a comprehensive political solution. We are convinced that the issue must be resolved peacefully in accordance with the declaration of the International Conference on Kampuchea and other relevant United Nations resolutions that have been endorsed by the international community.

The countries in ASEAN will continue to look towards countries which have given their support to our initiatives for peace and stability in Indochina. I am happy that Italy shares our effort in the search for a solution in Kampuchea and hope that it will continue to do so in the forthcoming General Assembly of the United Nations.

The question of peace and security is important to us in South East Asia, just as it is important to you in the Mediterranean region. The countries of the ASEAN group are aware of the dangers of our region being turned into an area of rivalry and conflict between the major powers. We are anxious to prevent such dangerous competition between the major powers, which could very well be brought about by problems such as that in Kampuchea. Malaysia, with her ASEAN partners, has therefore been striving to establish a Zone of Peace, Freedom and Neutrality in South East Asia, free from any form of foreign interference.

We in Malaysia are aware that Italy plays an important role in many international issues, and has made important contributions towards peace in the Mediterranean region and in West Asia. Your policy of maintaining close relations with all countries in your region has earned the respect of many countries and has made your country an important member of the region. At the same time Italy also assumes a significant role in the EEC and the Atlantic Alliance. This, together with the fact that Italy is one of the major industrial countries in the world assures you of an important voice in world affairs. Malaysia looks forward to working closely with you in the future on various economic and other issues, either in the bilateral context, or in the wider context of our respective regional organisations, ASEAN and EEC.

I am confident that the future will witness the growth of active and meaningful bilateral relations between our two countries for our mutual benefit. I am certain that the positive developments that we have witnessed in the recent past underscores my conviction that there is tremendous potential for further cooperation between Malaysia and Italy.

Distinguished guests, ladies and gentlemen, may I invite you to join me in a toast to the good health of His Excellency President Sandro Pertini and to the close friendship between Malaysia and the Republic of Italy.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE 39TH. SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY
NEW YORK, 10TH. OCTOBER, 1984**

It is with special pleasure that I greet you, a distinguished son of Zambia and of Africa, as President of the General Assembly and offer you my warmest felicitations on your unanimous election. Yours is a heavy responsibility Mr. President, as you guide our work during a very difficult period for the United Nations, and I want to begin by assuring you of the fullest co-operation of the Malaysian delegation in all your efforts because Malaysia's support for the United Nations is unstinting and unabashed.

It is this support, Mr. President, which brings me here twice to address this Assembly although I have been Prime Minister of my country for only three years. For far too long the United Nations has been abused, denigrated and ignored. For far too long now we have been hearing about the so-called tyranny and irresponsibility of the majority, about waste and "paper" resolutions and double standards. We all know that the United Nations is not without fault. But in the face of ignorance and bigotry, of myths and falsehoods, we must continue to proclaim our faith in what the U.N. at its best stands for – a world which is secure for all, just for all, prosperous for all and humane for all.

These were the ideals of international co-operation and justice proclaimed by the founding fathers of this institution – not a world in which only the rich and the powerful make the important decisions; not a world in which small nations fight proxy wars on behalf of big nations, not a world where might is right, not a world half-rich and half-poor, half well-endowed and half-deprived. What has happened now to those ideals? We, who believe in them, want also to believe that the founder members of this organisation meant what they said when they proclaimed the Charter. It is understandable that the excitements and expectations of the dawn of 1945 will inevitably be tarnished in the cold light of experience over the last 39 years. But the sad truth is more than that.

For the first 15 or 20 years of this organisation we did not hear anything about the disproportionate voting strength of small states – and there were small states – or about the tyranny of the automatic majority – and there was often an automatic majority. Instead we heard about the virtues of a more democratic international life as exemplified in the United Nations. What has happened to those sentiments? Were we naive

to believe that those countries which loudly proclaimed such ideals in the early decades of this organisation did indeed believe in them? What then are we to make of the constant barrage of perverse criticism, of threats and denigration which have now become the fashion in certain quarters? Is it because the United Nations cannot any longer be manipulated and manoeuvred?

Malaysia, for one, would like to believe otherwise. And yet we see the big powers continuing more and more to ignore and to belittle the United Nations. They have established a network of relationship outside the United Nations system to resolve world problems. They have formed their own economic clubs to which from time to time the developing countries are permitted to make their supplication. But the clubs - like all exclusive clubs - essentially look after the interest of its members. In the meantime in the economic as in the political field, the United Nations continue to be ignored. Indeed we witness something even more negative: namely the threat to withdraw from certain U.N. agencies. Unhappy about the direction and the leadership of these agencies, these threats are sometimes made under the guise of management or budgetary concerns.

To that I wish to respond: we, the small and the poor, also pay. What we contribute may not be much but in terms of our own budgets they are substantial - indeed sometimes even more substantial than the contribution of the big nations. We do not like to see anyone squandering our money anymore than the rich do. But what we would like to see is not savings through the destruction of the agencies but a thorough overhaul of the system to ensure that it is cost-effective and serves the agreed objective. Undermining the agencies is definitely not the way to tackle the problem. And so, let us all say: enough of this short-sightedness. Enough of cynicism. Enough of distortions and falsehoods. As we stand on the eve of the 40th. anniversary of the United Nations, let us first of all pledge ourselves once more to the United Nations and, in that spirit, to a practical and realistic appraisal of where we can go on from here.

Looking back at the past four decades, I believe that from time to time we have succeeded in acting in the true spirit of the Charter. No one can deny that the United Nations have had its successes, and it still does much valuable work often in unspectacular ways. All these have been due to the consciousness that there exists an international community and that our national interest can in fact be safeguarded in the larger context of international interest. It is this consciousness that we must constantly cultivate.

The fact is that the further development of the United Nations depends, first and foremost on the attitude of the major powers. It is they, more than anyone else, who are in a position to decide the future of this Organisation. This is because the major powers cannot be ignored. The resolutions of the United Nations can be ignored - as they have been. The weak developing countries can be ignored - as they have constantly been. The question then is: do the major powers want the United Nations to become what it can become - a centre for resolving conflicting interests and a catalyst for peaceful change - or will they abandon it because they can no longer manipulate it?

But, of course, the responsibility is not theirs alone. The smaller nations are disillusioned at the ineffectiveness of the United Nations, which has been paralysed on so many issues because the major powers have prevented effective action. But Malaysia has always believed that just as the major powers must avoid alienating the smaller countries by their obstructive policies, so also the smaller countries must prevent the alienation of the major powers from this Organisation through the wholesale imposition of decisions by majority vote. Speaking as a representative of a small developing country, I am very conscious of the fact that a United Nations resolution which is obtained by majority voting along group, political or ideological lines will not in itself solve any problem. There is often a need for greater realism and restraint. More efforts can be made through the process of negotiation and consultation to arrive at solutions of principle, which are both realistic and practical.

But the principles must remain at the core of any solution. The United Nations, if it is to mean anything at all, must stand firm on principles, and there will be need for adjustments and compromise on the means, the processes, and the modalities. But there can be no compromise on principles. We, the smaller nations, cannot be blamed if we insist on that. It is hypocrisy to accuse us of being emotional or unrealistic, irresponsible or irrelevant only because those principles are now inconvenient to the major powers.

May I turn now to another subject of equal importance to contemporary international and human relations. I refer to the misunderstanding which is so prevalent in the Western World, fed by deliberate distortions by interested parties about what is happening in the Islamic World.

The fact is that there is a resurgence of faith in the Islamic World as well as among other religions. Do not allow yourselves to be manipulated to fear this resurgence or, even, by the word "fundamentalist" which has triggered so many ancient suspicions and prejudices. Yes, we are the Islamic "fundamentalist" because we believe in the fundamentals of Islam – in peace, tolerance and justice – and, yes, there are extremists just as there are extremists everywhere in every religion and in every phase of history. Surely no one can deny that there have been historically aberrations in all religions and it is plain prejudice or deliberate distortion to allow these aberrations to determine our perception and our judgement. Let us ask ourselves: Would it be fair to judge Christianity by the excesses of the Spanish Inquisition or by the obscenity of apartheid or Nazism? Would it be fair to judge Judaism by the perversities that political Zionism represents?

The answer is self-evident. The current revolution in Islam deserves to be judged fairly and objectively. I do not deny that violence and injustice and much which is against universal good values, have been perpetrated in the name of Islam. But the concentration on these aspects which, I repeat, are typical aberrations in any historical movement, to the exclusion of all others which are true and good, does harm to the world. It leads to misunderstanding, fuels suspicions and reinforces prejudices to the detriment of us all.

And yet there are some who for their own racist reasons, are only too prone to highlight and gloat over every excess, real or imagined, which they can focus upon. If all the money, time and energy spent on distorting what is going on in the Islamic world is spent instead on a careful and objective understanding of one of the most important developments in the contemporary world, how much better we would all be. The great liberation movements after the Second World War could only be understood when people knew that Gandhi was not 'a half-naked fakir', or Kenyatta a representative of the forces of evil and darkness, or Nasser an upstart, irresponsible trouble-maker. Similarly what is happening in the Islamic world today must be understood as a movement which seeks to consolidate political freedom, economic justice and cultural identity; a catalogue of values which everyone, if he is to be true to any notion of decency and civility, must surely support.

It is not my purpose in these remarks to place the current Islamic resurgence in its historical context. There is a long and turbulent history of relations between Islam and the West, during which many prejudices became ingrained. What is more tragic is that these are now being revived and fanned and exploited by the Zionists to serve political ends. The great peoples of the Book-Jews, Christians and Muslims – have much in common with each other, have contributed much to human civilisation and have, surely, much more to contribute. Why is it, then, that we should allow one of the most significant movements of our times – the resurgence of Islam – to be wilfully misrepresented and misunderstood? Who stands to gain from such misunderstanding? Why cannot we instead turn to each other and learn from one another, from our respective historical experiences, from our dreams and hopes and fears. Let us find charity in our hearts, let Christians and Jews and agnostics alike find charity in their hearts – to recognise what is going on in the Islamic world for what it really is, a search for spiritual succour in a world that is confused and troubled. Let us be rid of hatred, of the anti-Islam propaganda of bitterness and prejudice that the Zionists continue to spew.

I appeal therefore for understanding between Jews, Christians and Muslims. Many Muslims today are disillusioned and shocked over what they regard as contemporary aberrations in the Judeo-Christian traditions – and this has resulted in a resurgence of Islamic orthodoxy and extremism. The Zionist-inspired Western reaction to this Islamic resurgence as well as its aberrations, of intolerance and self-righteousness has further increased the separation and antagonism between the West and the Islamic World.

It is time that we – all of us – put a stop to this. The contemporary aberrations in the Judeo-Christian tradition and likewise the contemporary aberrations within the Islamic tradition in a few instances must not be allowed to obscure their fundamental virtues. Let us study each other's true teachings. Let us be true to those teachings. God willing, the great understanding that this will generate will help Jews and Christians and Muslims alike to contribute to, first of all, peace in the Middle East, and to greater understanding in the world. It will at the very least stop the machinations of those with selfish and narrow racist ends who are seeking to

exploit ignorance and suspicion and prejudice. It will be a development of historic significance.

I would like to turn now to economic issues, and here my theme is consistency and fairness.

For a long time, the banner of free trade was held high and the colonies of the metropolitan powers were vigorously taught the virtues of free trade. At that time, and for years after our independence, we could not export anything except primary commodities, and our markets – true to the lessons we had been taught – we open to imports of manufactured goods from the industrialised countries. However, now that we ourselves have learned the trick of manufacturing and of exporting an insignificant number of goods, what has happened to that proud banner of free trade? It flies limply or at half-mast in the industrialised countries. We see quotas and other restrictions, so-called voluntary restraints and other threats and pressures. We even see our industrialisation policies which seek to attract foreign investments by such devices as export incentives, preferential financing and so on being challenged. We also see, to our surprise, labour unions in industrialised countries which in the days of empire had not been in the least concerned about the lot of our workers – who were then certainly exploited – have suddenly become champions of our workers, urging them to demand for higher wages and improved working conditions, even though our workers have already gained better treatment since independence. We wonder why this unusual concern? Is it coincidental that the result of the concern is less competitiveness of our products?

You will forgive us, therefore, if in the face of all this, we are a little cynical about the principles of free trade which you have been preaching and about the interest of your labour unions in the welfare of our workers. So I say: do not just preach free trade, practise it. Do not be so presumptuous as to think that you know better than our labour leaders on how to look after the interest of our workers. We can compete with you freely and fairly in certain areas. These are usually low technology goods which in any event you, who are much higher up on the industrial scale, can best leave to us so that in turn we can import those higher-technology goods which you produce. In this way we can all mutually fuel international trade which is an essential engine of growth and the only real solution to our poverty problem.

I want to turn to another area in which the comfortable and the rich in the industrialised countries still have the colonial mentality of wanting to lead us by the hand. During colonial times, much of our forests was cleared for timber and for planting rubber, palm-oil, tea, sugar, coffee and so on. Little concern was then expressed about the environment. Now as we seek to open up our lands for modern farming, for the generation of power and for industrialisation, a whole host of environmentalists from the industrialised countries have descended upon us to agitate our people about preserving the natural beauty of our tropical forests and so on. Certainly, we want to preserve our forests. Certainly we want to maintain our clean atmosphere. But make no mistake: it will not be at the expense of the living conditions of our people. We will not

accept a situation where our rural people live in poverty and misery so that the rich, when they come by, can say "what unspoilt beauty", then tip the "happy" native children 10 cents for posing in front of a thatched hut, and then go their comfortable way. Preserving the environment requires money which we will not have unless we develop. We fully intend to develop and it is we, and we alone, who will make the judgement about environmental standards and about the preservation of our natural beauty which we, surely more than anyone else, have an interest in preserving. Help the poor countries to develop economically and the environment will be taken care of. Being poor in a beautiful environment does not mitigate poverty.

While on the subject of environment, I want to draw attention to yet another imposition on certain poor countries. I refer to pollution at sea, specifically pollution in the straits which are regarded as international shipping routes.

More specifically still, I want to refer to Malaysia's experience in the Straits of Malacca. In the days when ships were not so numerous or so huge, their passage through the narrow straits posed little problem to the littoral states. But now hundreds of these behemoths filled with all kinds of goods including dangerous chemical and petroleum clogged the straits. Every now and then they collide with each other, spilling their contents into the sea. While tankers no longer clean their holds in the narrow waters, other ships still do. There is still a considerable amount of rubbish that is being discarded into the sea. The nett result is a filthy straits with patches of oil, pieces of paper, plastic and other rubbish. Eventually all these land on our shores, making them equally filthy.

In the face of these developments, the equipment and boats which Malaysia maintains to clean oil spillage at considerable cost to ourselves are no longer enough. Now we have to actively consider sweeping the sea of the wastes and rubbish thrown or flushed out of ships. I believe that in the circumstances we are right to ask that the maritime nations and the shipping firms, which obviously benefit from using the straits, should help to maintain the facilities for keeping waters clean. I have no specific formula in mind but I am convinced that the international agencies concerned must examine and make necessary provisions for keeping the waters clean. The developing countries which face these straits should not be further burdened with having to equip and maintain costly facilities for dealing with oil spills and the extensive damage to fishing, sometime for years. Nor should their polluted beach resorts from which they earn a few tourist dollars be cleaned entirely at their own expense. The ships generally belong to the rich and they must defray the cost at least partially.

I have in these remarks focussed on a number of broad issues affecting the United Nations, the Islamic world and the developing countries. However, I shall be failing in my duty in this general statement if I do not also touch upon certain other issues which are pertinent as Malaysia looks at current developments in the world.

Before doing so, however, may I take this opportunity, first of all, to express the appreciation of my delegation to the outgoing President who has carried out his tasks so admirably during the 38th. Session of the General Assembly.

I would also wish to express from this forum, on behalf of the Government and the people of Malaysia, our warmest welcome and felicitations to the delegation of Brunei Darussalam as it takes its seat in the United Nations – an event which has given us very special pleasure. Brunei Darussalam is an adjoining neighbour of Malaysia and a fellow member of ASEAN. Since 7th. January this year, when Brunei Darussalam formally joined ASEAN as a full member, we have worked closely and amicably with her and we know that she will have many important and serious contributions to the work of this organisation. Malaysia looks forward to a future of close and fruitful collaboration with Brunei Darussalam.

As we survey developments around the globe, we cannot but be filled by a sense of foreboding at the downward spiral of international understanding, of outrage at so much blatant injustice and even, alas, of cynicism at the wide gap between professions of principles and their practice.

Take the case of Palestine, which has been referred to for too long as an Arab-Israeli conflict. This is a deliberate misnomer, because the conflict is in essence and in reality an Israeli-Palestine conflict, the root of which is the adamant denial by Israel of Palestinian nationhood. To all those who insist on direct talks between the parties concerned, I ask; who are the parties but the Israelis and the Palestinians? To all those who talk of democracy, freedom, self-determination and all the other lofty principles of justice and human rights, I ask; in the name of what can the people of Palestine be denied their right to their own independent homeland? Is it in the name of Israel's security, which can be assured, in any event, in many other ways? Can this be seriously argued by countries who at the same time are vociferous in condemning the Soviet invasion of Afghanistan and the Vietnamese invasion of Kampuchea? No. The fact is that the Palestinians are being denied their freedom because Israel wants it so and she has the support of a powerful ally to enforce her will. Let us avoid dredging minutiae of history. This is the basic issue. Despite the clear will of the international community and the undeniable rights of the Palestinians, Israel adamantly and violently opposes Palestinian freedom. If another state had done this, it would be rightly condemned – as Israel is by some – and rightly repudiated – as Israel is not – because of her powerful ally. And yet Israel and her friends attempt to portray her as the victim, the injured innocent!

Sometimes it is also said that the Palestinians or more specifically the P.L.O., must first of all recognise Israel before – and let us bear this in mind – not before Palestinian independence can be accepted, but before the P.L.O. can be allowed to take part in any discussion on Palestine's future; an explicit recognition of Israel by the P.L.O. in return for which the P.L.O. will be allowed an undefined seat in undefined negotiations about an undefined future for Palestine. This insisted upon; never mind about the Fez Resolution of the Arab Heads of State, never mind about the Resolution of the U.N. Conference on Palestine, whose provisions about the security of all States in the Middle East are clear for all who wish to see. And yet, by the same token, have these supporters of Israel asked Israel for an explicit recognition of the P.L.O. and for Palestinian freedom? The answer is – no. Or even for an implicit recognition? Again,

no. And, what is more, Israel has not only neither explicitly nor even implicitly recognised the P.L.O. and Palestinian independence, she has quite explicitly and categorically rejected any possibility of dealing with the P.L.O. or of any prospect of Palestinian independence. In these circumstances, those who still point the finger of responsibility at the P.L.O. cannot expect us to take them seriously. They have no doubt their own reasons for what they do but they cannot expect us to believe that it is remotely connected with any principles of democracy, justice or human right.

As to Southern Africa, Mr. President, how can we adequately express our outrage at the manner in which the rights - and even the lives - of black Africans are being treated? At the risk of being misunderstood, I venture to suggest that if white people are treated by a black Government or any Government for that matter, in the way that the black people in South Africa are being treated the entire world would rise up and take decisive action. And yet what do we see? Certain sophisticated labels such as constructive engagement. They appeal for patience, they draw attention to practical realities, and, in the case of Namibia, they even advance the almost incredible and totally irrelevant concept of 'linkage' - arguments which they themselves would not tolerate for one moment if the victims of this monstrosity that apartheid and the racist regime represents were whites. I urge these Governments to leap beyond oblique intellectualizing, beyond calculations of economics or power politics be understand that what is at stake is a moral issue; how can you support a Government whose philosophy is immoral and whose methods are brutal and cruel? How can you justify denying to the black people of South Africa a life of freedom and decency in their own land? History will judge you, and do not be outraged, that in the meantime, we are judging you too.

Looking elsewhere in the world, Mr. President, it is ironic to see in Afghanistan the contrast between professions of lofty principles and actual practice. In the name of good neighbourliness and fraternal relations, a vicious and bloody war which is being inflicted on the people of the independence and territorial integrity of sovereign nation, must be resisted. Malaysia has therefore supported and will continue to support in whatever practical way we can, the struggle of the valiant Afghan people for their freedom and honour. That is why we have given facilities in Kuala Lumpur for the Majaheed freedom fighters to have an office. That is why we continue to support the diplomatic efforts of the Secretary-General to seek a political solution to this problem. Faced with the might of stronger neighbours, small weak states need to know that the United Nations will not allow them to be trodden over by the boots of invading armies. Everything else must depend on this fundamental right to freedom and sovereignty.

Nearer to us in Malaysia, we see the same cynical manipulation of words such as self-determination and fraternal assistance and human rights in order to justify what cannot be justified, namely the Vietnamese invasion and continuing occupation of Kampuchea. The ASEAN countries which had offered a hand of friendship and co-operation to Vietnam at the end of the Vietnam War in 1975, have opposed and will continue to oppose this blatant violation of Kampuchea's independence and territorial integrity. The situation is ironic because Vietnam which once earned the high admira-

tion of many for standing up in defiance and, finally, in triumph against overwhelming odds to uphold the right of the Vietnamese people to their freedom in their own homeland is committing now exactly what it had accused its adversaries of attempting to do; namely the imposition of its will by armed might against a smaller and weaker country. This tragic irony is compounded by the fact that Vietnam's ASEAN neighbours have categorically shown that they are fully ready to meet Vietnam's legitimate security interest. A further irony is that the ASEAN countries in 1971 had agreed to the concept of a Zone of Peace, Freedom and Neutrality in South East Asia and it is Vietnam's continued occupation of Kampuchea which is the obstacle to the realisation of a conflict-free neutral area untroubled by the rivalries of the major powers, which Vietnam also claims to be its objectives.

The choice between conflict and co-operation is Vietnam's. From the contacts and meetings, both public and private, that she has had with individual ASEAN countries, Vietnam knows that ASEAN is flexible and sincere in our wish to bring the present conflict to an end, but we cannot and will not compromise on the right of the Kampuchean people to choose their own form of Government free from any external coercion. We will stay the course. The position we have taken is not only in conformity with United Nations principles and relevant resolutions but it offers a fair and honourable exit for Vietnam. It is now up to Vietnam to decide.

I would like to turn now to the subject of Antarctica, to which, I feel compelled to refer as Malaysia was one of the co-sponsors of this item at the last General Assembly.

As we await the Secretary-General's study and the subsequent debate on this subject later during this session, I want to emphasise most of all that Malaysia approaches the forthcoming discussions with an open mind and with the hope that, by listening carefully to each other's concern and views, we shall all be able to move forward together on this issue.

I also want to stress that Malaysia had raised this subject in a constructive spirit – to build, not to destroy. We do not dispute the good that the present Antarctica Treaty System has done. But what we are seeking to build is a broader basis and a firmer foundation for international co-operation in Antarctica which would be acceptable to, and in the interest of, the international community as a whole and which would thus ensure the long-term stability and effectiveness of the system. We have an open mind as to how that can best be brought about. Of course we have some ideas of our own; in the particular circumstances of Antarctica – a large land-mass occupying some 1/10th. of the globe's land surface, situated in a strategic part of the world, with a fragile eco-system and possessing rich marine and, possibly mineral resources, a part of the world, moreover, with no settled inhabitants and where, indisputably, there is no recognition of the claims to sovereignty except between the seven claimants – we believe that there is at least a strong case for Antarctica to be in one way or another the common heritage of mankind.

But we are aware that there are practical and legal realities – as well as a great deal of national sensitivities – which cannot simply be swept aside. The United Nations

has only begun to consider this question of Antarctica and all of us will therefore need to proceed cautiously and carefully. Hence, whatever Malaysia's views may be, we will approach the forthcoming discussions with an open mind and a sensitivity to the concerns, views and interests of other member states. We earnestly urge a similar approach by all concerned. It is in that spirit that we have proposed the establishment of a Special Committee on Antarctica. It can be expected that the discussions on Antarctica which will take place later during this session will not be conclusive. Such a committee should build upon the discussion at the General Assembly and examine the subject in greater depth so as to arrive at a consensus on the objective of a regime in Antarctica and the machinery to achieve such an objective.

One matter that needs constant serious attention is the drug problem. As we are aware the drug problem is international or global in character and knows no national boundaries. Thus no country can handle this problem single-handed. It requires a serious and concerted effort at the international level by all countries and international agencies concerned.

The present cooperation at the international level has not achieved much. There are many reasons for this, of which the lack of commitment and coordination among the various countries is a major factor. This lack of cooperation is due in part to the conflict of interest which may be commercial and economic in nature. It is also observed that some countries are reluctant to implement the UN decisions relating to the prevention and control of narcotic drugs due to various factors including the lack of political will. This could also be because many countries do not consider their drug problems as serious, partly because of their outlook and partly because their problems are small.

It should be noted that the drug problem not only brings with it criminal implications, but if left unchecked can weaken and eventually destroy the social and cultural fabrics of our societies. It also has security ramifications that can threaten the very survival of a nation. It is for this reason that Malaysia has legislated harsh laws to curb the drug menace. Other countries may take exceptions to these laws but the best way they can help stop the harsh sentences on drug traffickers is by cooperating in the prevention of drug production and trafficking. We appeal to the world community to truly internationalise the prevention of drug trafficking.

I have in these remarks expressed my views openly and frankly. I do so because I take the United Nations seriously and I do not believe that these general debates at each Assembly should be an exercise in platitude or politeness. We must mean what we say, and say what we mean. I have tried to do that, although in doing so I may have raised some uncomfortable feelings. Only frankness, an open mind, a willingness to work hard on the details of issues and to accommodate other views and, above all, a firm commitment to the vision of the Charter - a world of peace, freedom, justice and human dignity - will see us through the critical days that are upon us now. It is in that spirit that the Malaysian Government approaches its duties at, and to, the United Nations.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
ON 'INVESTMENT OPPORTUNITIES IN MALAYSIA
FOR MIDAMERICA CORPORATIONS'
CHICAGO, 11TH. OCTOBER, 1984**

It is an honour and pleasure for me to be here today to address so many distinguished businessmen from this great city of Chicago and also from various parts of Midamerica, one of the centers of wealth, industry, population and culture. I remember my first visit to Chicago in 1977 in my capacity then as Deputy Prime Minister when I met a group of very fine people, arranged by the Midamerican Committee, who were very keen to know about Malaysia. I am happy to be back again today to address this distinguished gathering.

Malaysia is hardly known to the average American. Indeed it's location is not very clear to most, so that even sensational news about it is dismissed as one of those things typical of underdeveloped countries. Nevertheless Malaysia has been lumped with 12 other countries and labelled "the Great 13s", that is the 13 nations accused of dumping textile products in your country. Actually our export of textile products to the United States hardly takes up 1 percent of your textile market. The publicity we are receiving is the wrong kind of publicity but we are still grateful since it attracts attention to us. We need that attention because our policy is to encourage foreign involvement in our economy. We are not talking about aid. We are thinking of investments and two-way trade. And you cannot invest or trade with us if you do not know that we exist and where we are.

Malaysia achieved independence in 1957 with an economy almost wholly dependent on the export of rubber and tin. Since then, we have broadened our economic base by diversifying into other export products including palm oil, cocoa, pepper, hardwood, timber, crude oil and more recently industrial products. In terms of primary commodities Malaysia supplies 42 per cent of the world's natural rubber, 36% of tin, 80% of palm oil, 20% of hardwood timber and 33% of pepper. We are proud of these achievements, but diversification into these primary products has not solved our economic problems adequately. Commodity exports are vulnerable to the rapid fluctuations of international market prices, determined by market forces which often consider the producers as irrelevant.

Naturally, like other developing countries and newly industrialising countries, Malaysia has no alternative but to diversify into manufacturing. Of course, the easiest way for us to start is to establish import-substituting consumer product industries. Due to our small population however, such industries soon become fully extended. To supplement our earnings as well as to reduce our dependence on primary commodities, we have decided to go into manufacturing. With our vast natural resources and a pool of

highly trainable and educated labour force, we do have decided advantages in a number of manufacturing industries. Thus it was that we decided to go into the production of microelectronic components early in the seventies. Our workers and engineers soon became so skillful that they not only produce the microchips but they even design and produce some of the finished products as well. For example, in 1983 Malaysia's total export of microchips and related products was RM3,882 million or US\$1,658 million.

But the production of microchips taps only our skilled personnel. We have other resources such as rubber, tin, palm oil, timber, etc. We are very keen to add more value to these raw materials before we export. We cannot do this all by ourselves. We need the expertise in manufacturing and marketing which are available in foreign countries. We are therefore encouraging foreign investments in Malaysia. This is not a new policy. We have always welcomed foreign investments. But we now want them in a particular area — the exploitation of our natural resources as a base for manufactured products for export.

In order that foreigners will invest we are prepared with a number of incentives in the form of tax-holidays and others. But we want to be honest about it. We are not doing this entirely for the benefit of foreign investors. We want to reap some of the benefits. And so there are certain conditions for foreign investments. They are not onerous. Indeed they are negotiable. We are prepared to examine sympathetically each and every case and you can be rest assured that we will try to accommodate you as much as possible.

From what I have just said you can conclude that Malaysia is a very liberal country when it comes to foreign involvement in its economy. We have always had this attitude. We are consistent and predictable. I am sure this predictability is a plus for those of you who have had experience in investing in foreign countries. What is more, Malaysia is in South East Asia, an area of growth that cannot be matched by any other region in the world. And even by South East Asian standards, Malaysia's political, social and economic performance has been outstanding. The great corporations of Midamerica will find in Malaysia the kind of environment and economic advantages that can contribute to their success. Malaysia can help you overcome the comparative disadvantages caused by your high interest rates and the very strong dollar that is pricing American products out of the international markets. You can be protected at home but not abroad.

I understand that 20% of your industries are related to foreign trade. In most of these, I believe, you have lost your competitive edge, some to Japan, Korea, Taiwan and the Eastern European countries. These countries are no longer producing handicrafts and imitation goods. They have even moved into high technology and their products are tailor-made for their markets and attractively priced. The arguments that American goods are always superior no longer hold water. Indeed but for your tariff and non-tariff barriers, i.e. your protectionism, you will find yourself hard put to sell your own products at home.

The American market is huge and you have all the raw materials and the manufacturing skills to produce all your needs. In other words you can, with impunity forget the rest of the world while keeping the whole of the American market to yourself. But

isolationism had not worked politically for you. There is no reason to think that economic isolationism can be successful. Indeed the world today is much more interdependent. Even the United States must depend on others for some of your needs. And certainly you will need foreign markets. That being so, you will only open yourself to counter — measures if you adopt wholesale protectionism. In other words, you have to trade with the rest of the world and you have to maintain an open market.

This reality can mean that even for your domestic market you may have to manufacture abroad. In the microelectronic field you are already doing this. What we are suggesting is that even for some finished goods and sophisticated products you may need to do this. Clearly whether it is for the domestic or foreign markets you will need to invest in manufacturing facilities abroad. This is not new to you of course, since American companies have been manufacturing in other developed countries for a long time. You have also invented the multinationals to maximise profit by taking advantage of the cheapest manufacturing or sourcing locations. But now you have to do this merely to remain competitive.

Malaysia believes that once again it can provide the kind of environment to enable you to have the competitive edge. The success of the electronic components industry can be repeated in many other areas. We have some ideas ourselves which we are willing to examine with you. Of course, if you have ideas of your own we are prepared to entertain them.

You are motivated by profit. We are motivated by a need to develop fast. The two are not necessarily incompatible. We have various formula for apportioning benefits so that even though you make profits you will not exploit us. And so we welcome you to Malaysia, a land of great promise where enlightened materialism co-exist side by side with enlightened nationalism.

Seeing is believing. Do not just hear about or read about Malaysia. Come to Malaysia and see things for yourself. Talk to all Malaysians freely. Talk to those who have invested in Malaysia. Talk to the Malaysian Industrial Development Authority - the special agency for investors. At the very least you will enjoy a business-cum-holiday experience. The chances are that you will change any impression of Malaysia gained by reading the occasional article or news item that you may have accidentally come across in a newspaper or magazine. And, of course, that visit can help you decide whether it is worthwhile to invest in Malaysia.

We will not pretend that we have no problems or that we are perfect. No country can claim that. But the risks will be less in Malaysia than in other places.

Malaysia welcomes the corporations of Midamerica to examine it as the location for your next investment. To emphasise the sincerity of our invitation I have come not only with the officials but also a number of Malaysian businessmen. I am sure that they will be able to enlighten you more, or alternatively to arouse your curiosity sufficiently about Malaysia. We hope to see you in Malaysia in the near future.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE INAUGURATION OF THE 30TH. COLOMBO PLAN
CONSULTATIVE COMMITTEE MEETING
KUALA LUMPUR
5TH. NOVEMBER, 1984**

It is indeed a great pleasure for me to be able to deliver the inaugural address on the occasion of the 30th. Colombo Plan Consultative Committee Meeting. I would like first of all to extend a warm welcome to all delegates and observers attending this Meeting in Kuala Lumpur.

In the thirty-three years since its launching in 1951, the Colombo Plan has provided a framework for international cooperation in support of countries in Asia, particularly South and South East Asia, and the Pacific in their development efforts. In the process this organisation has also brought about closer cooperation between donor and recipient countries.

The Plan has provided a focal point and an important channel for technical co-operation which is not limited to the provision of assistance from developed to developing countries but include cooperation among developing countries in order to promote self-reliance through the exchange of relevant experience, pooling and sharing of resources and development of complementary capabilities.

I am pleased to note that the Plan was one of the forerunners of the concept of Technical Cooperation among Developing Countries or TCDC. I am also pleased to note that member countries recognise that the Plan should continue to promote such activities as TCDC in view of the major objective of fostering economic cooperation among developing countries and thus reduce their dependence on the developed countries.

In this regard, Malaysia, while still requiring technical assistance in a number of fields is prepared to share its development experience by providing technical assistance on a modest scale to other developing countries. As an expression of our desire to cooperate in this direction, the Malaysian Technical Cooperation Programme was launched in 1980. This Programme includes the provision of fellowships and scholarships for studies and training at various institutions in Malaysia, study visits and practical attachments at various Government agencies and also the secondment of experts.

As we are all aware human resources development either through training, educational exchange or sharing of experience is the major concern of developing countries.

The Colombo Plan has traditionally attached the highest importance to this area and accordingly this aspect has been made one of the elements to be discussed in the Special Topic Paper. Developing countries feel that there is an urgent need to move quickly towards improving efficiency in mobilising their resources and acquiring skills to achieve a higher level of economic and social advancement. It is hoped that such mobilisation would enable developing countries to achieve greater self-reliance and resilience to prepare themselves to meet the challenges of the post-recession era.

It is disheartening to see that sometimes, under pressure of national, social, economic or political conditions, some Governments make decisions within a domestic framework which consciously discriminate against developing countries and also undermine international cooperation. We are deeply concerned that some developed member countries are practising this undeclared antagonism when formulating their education policies. The charging of high tuition fees and imposition of restrictive quotas for students from abroad are examples of this short-sighted trend. I would like to remind the affluent members that their short-term gain in terms of fees etc. cannot offset their long-term loss of goodwill. I would urge developed member countries to give due attention to these considerations when formulating policies on training and educational exchange.

This Meeting is being held at a time when there is a great deal of uncertainty in the world's economic environment. Although there are signs of an upturn, we are not sure whether it can be sustained. Here I would like to draw attention to the metamorphosis that is going on in the developing countries.

For decades and even centuries they have been the producers of raw materials which were exported to the developed countries for processing and final manufacturing. A fair amount of these products are then reimported by the developing countries. Now the developing countries have the know-how to process some of their own raw materials so that they can export them with greater added value. Unfortunately the great advocates of free trade among the developed countries have now decided that free trade is not so good after all. Not only that, some of them have ganged up into economic communities whose sole intention is to deny access to goods from developing countries. And all the while the trading in primary commodities is still controlled by them through exclusive marketing clubs.

The mere production of primary commodities will never ever transform developing countries into developed countries. The metamorphosis can only come about if they go into processing and manufacturing. But the measures taken by the developed countries will prevent early metamorphosis and condemn developing countries to permanent poverty.

This fear and consequent discrimination against developing countries should stop. The developing countries will never ever displace the role of the developed countries as the major producers of manufactured goods. They are going to be confined to the less sophisticated, mainly labour-intensive industries. As such they will complement

the industries of the developed countries. But there is a chance that they will become richer and will most certainly become better customers of the developed countries. Therefore the developed countries should not only accept the metamorphosis that is going on in the developing countries but should actually assist in the process.

There must be a substantial increase in the resources devoted to scientific and technical education and training. By increasing the level of 'absorptive capacity' of developing countries through vigorous scientific and technological manpower training programmes, I am convinced that even as late starters, it is possible for developing countries to 'leap frog' a few stages of the development process and apply some of the latest technologies in their industries. This will help them to become more competitive and will in fact contribute towards lower living costs even in developed countries where wage levels and other costs have made the production of certain items no longer economic.

I would also like to stress the importance of developing an indigenous R & D base as a necessary pre-requisite for successful assimilation of technology from the industrialised developed countries. In the absence of such a base, I strongly believe that imported technologies cannot be effectively utilised, adapted and improved to suit the requirements of developing countries.

In the developed countries, most of the R & D activities are financed and conducted by the private sector, especially in the research laboratories of their multinational corporations. The position is reversed in the case of many developing countries. Whatever little R & D activities that take place in some developing countries occur in research institutions of the public sector, and in many instances are devoted to basic research, limited in their scope and industrial applications. It may be a step in the right direction if Governments of developing countries work closely with the private sector to gear their R & D activities in areas where there are extensive potentials to be commercially applied.

In addition, it is perhaps useful to make it mandatory for joint-venture agreements in specific industries to include R & D. The advantages of such an approach is well illustrated by the experience of some countries. Indeed, in these countries, successful transfer of technology in many of the industrial fields such as the electronics, ship building, and the chemical industries were accomplished through ensuring that joint-venture agreements contained mandatory conditions on the establishment of R & D facilities.

While still on the subject of technology development, I would like to stress the need for forward and backward integration in our development strategy. As we are aware, many of the developing member countries have abundant supplies of natural resources. To increase their earnings they have gone into processing up to various stages in order to add value. Their efforts can be frustrated by developed countries through the imposition of higher tariff on processed raw material, as for example palm oil, and also through the control of freight rates, shipping and insurance or through

quota. Despite this unfair trading practices the developing countries must persist and reduce their cost as much as possible in order to compete with the products processed in developed countries.

I am happy to note that the primary-secondary sector linkage is also an important aspect contained in the Special Topic Paper.

While much has been achieved, much more remains to be done and on a larger scale than in the past. There still exist wide disparities in the economic situation of the Colombo Plan developing member countries, with some countries having per capita GNP below US\$100. Besides this there is a substantial gap between the developed member countries and the very poor developing ones. As long as there are large disparities in the levels of socio-economic development between nations, the work of the Colombo Plan cannot be deemed to be over. While each member country sets its own priorities in achieving economic and social development, all member countries I am sure, recognise the need for close cooperation and sincere sharing of the responsibilities involved in the creation of a more equitable economic and social order.

In concluding I would urge that all member countries should endeavour to create a favourable international environment for rapid and sustained economic growth. Such an environment should, amongst others, seek to provide continued access to markets by developing countries, relatively stable and remunerative commodity prices, stable international monetary conditions, facilitation of capital and technology transfer, and an effective process for international adjustment.

Malaysia reaffirms its commitment to the Colombo Plan and its spirit of international friendship, mutual cooperation and understanding. Malaysia is convinced that this cooperation for economic development is as necessary and as beneficial today as it was when the Plan began thirty-three years ago. We pledge continued support of the objectives of the Plan.

I hope that in the spirit of cooperation and informality that has always characterised the Colombo Plan Consultative Committee Meeting, you will have a most fruitful Meeting. I believe that through a frank exchange of views and drawing from your invaluable wealth of experiences, the Meeting will be a success. With these words, I now declare the 30th. Colombo Plan Consultative Committee Meeting open.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE GLOBAL COMMUNITY FORUM MALAYSIA 1984
KUALA LUMPUR
3RD, DECEMBER, 1984**

I feel honoured to be asked to address this international conference on South East Asia and the Pacific Age organised by the Association for the Promotion of International Cooperation of Japan and the Institute of Strategic and International Studies of Malaysia.

The presence of so many distinguished participants from Europe and other parts of the world at this gathering must give cause for much satisfaction for the organisers, as it must to the people in this region who are anxious to learn from all continents. At the same time it affords the world an opportunity to know of the problems, hopes and aspirations of the people of this region. No country or community can just be concerned only with the area or region that they are in. Whether we like it or not, we have all become citizens of the world.

Permit me to say a few words about South East Asia and the Pacific Age - the theme of your conference. The Pacific is nobody's lake. It is a vast ocean that for centuries divided two of the biggest land masses — Asia and the Americas. For a very long time the peoples of the two continents knew nothing of each other.

But the wonders of modern communication have made the Pacific more of a lake than the Mediterranean was to the conquering Romans. Today aeroplanes criss-cross the Pacific in a matter of hours, while voices can be heard and scenes viewed the very instant they happen. And so it is no longer strange to talk of Pacific Rim countries or even to propose a Pacific Community. So far we have not gone beyond the stage of talking. And for a long time we will only talk. But it is a subject worth talking. Imagine a community united by a vast ocean instead of by a continent. It may seem a little far-fetched except that the physical obstacles are no longer there. What remains are political and cultural obstacles. Yet compared to Europe in the first half of this century and before, there are less political obstacles in the path of a Pacific Community. But cultural obstacles remain and they are powerful and for the moment conclusive.

The fact is that the Pacific Rim is peopled by people of differing races and cultures, and different stages of development. Unlike Europe which is relatively homogeneous, even the Asians in the Pacific Rim are different from each other. For a long time they know nothing of each other. Naturally they are prejudicial against each other. Such is their difference that even a minimum programme of cooperation is impossible at the moment. And so for a long time there will be no Pacific Community.

But this does not mean there isn't or there will not be a Pacific Age. The fact is that for very different reasons each and every Pacific Community has exhibited vigorous growth in the past twenty years or so. Such is the economic achievement that they have largely outstripped Europe — the centre of modernisation in the last two or three centuries. The indicators show that their growth is likely to continue even if there is no institutionalised relationship between the countries of the Pacific Rim. It pays, therefore, to recognise that growth and to study the effect on both the countries within and the countries outside the region. It may be just an academic exercise which influences not at all the Governments concerned. But such studies may still provide greater understanding to the mechanism, the successes and the mistakes that human societies and communities make. It may provide posterity with a model that they can emulate or avoid as the case may be. In any case, it is far better to make contemporary observation than to have future historians deduce, influenced as they must be by their own contemporary environment and bias.

So much for the Pacific, the Pacific Rim, the Pacific Community and the Pacific Age. But we are interested in South East Asia, a component of the Pacific Rim that is reputed to be dynamic and growing in importance every day. It is not quite correct, of course, to say that the whole of South East Asia is dynamic, economically speaking. Several countries in the South East Asian region are actually stagnating or even regressing. The Indochinese Peninsular is still involved in a debilitating war from which it can only emerge weaker and more subservient to foreign powers. Political ambitions and outdated ideas of racial hegemony have led to the expansion of vast amounts of man, money and material in a futile war of conquest. The immediate effect is to make the ambitious conqueror itself a client state and a vassal of a foreign power. In the long term it will impoverish the whole of the peninsular, once the seat of some of the greatest of ancient Asian civilisation.

Indochina excepted, the rest of South East Asia tells a different story. Although there may be temporary setbacks, on the whole the countries of South East Asia, excluding Indochina, are doing extremely well. Politically they are stable i.e. when compared to the other newly independent countries. Economically they all adhere to a free-market system, where home-grown entrepreneurs have brought about economic growth that is remarkable even by developed world standards. Thus through the seventies and eighties while the United States of America and Europe grew by an average 2.9% per annum, the growth for the ASEAN countries averaged 6 to 8 per cent. In the last decade domestic investments grew by 1.9% per year in the United States of America and 3.1% in Japan. In the ASEAN countries growth in domestic investment ranged from 7 to 14 per cent.

It may be coincidental but the ASEAN countries comprising Indonesia, Malaysia, Singapore, Thailand and the Philippines, seem to have done well since the formation of their association. Yet ASEAN is far from being an economic community. It was regional politics that prompted the setting up of ASEAN. Out of the ashes of confrontation ASEAN rose like the proverbial phoenix. It should really be an economic animal but, try as the members might, they have not really succeeded in the field of economic

cooperation. Instead they have been politically more cohesive, consulting and working with each other not only on regional matters but even when dealing with global affairs. Indeed their political cohesiveness is one of the most important aspects of ASEAN.

Even though economic cooperation has not been remarkable, the fact is that the members of ASEAN have each been economically dynamic. With the admission of Brunei into the membership, the group's combined economic performance must be among the most remarkable in the world today. Even the world economic recession has failed to bring the kind of disasters experienced by other developing countries.

What is the reason behind this performance? Economic cooperation may be minimal, but there is ample evidence that the ASEAN countries tend to learn from each other. When the open economies of some of the members proved beneficial to economic growth, narrow nationalistic socialism with attendant nationalisations were abandoned. Foreign investment was encouraged, with each country devising a set of incentives in order to attract the highest amount of foreign capital.

Domestically, private enterprise began to replace Government enterprises - particularly when losses became unbearable. Today the process of denationalisation has progressed to a point where privatisation has not only become respectable but has become a by-word in the Association. In Malaysia privatisation has been made possible by the emergence of a group of indigenous entrepreneurs who have benefitted from the New Economic Policy.

Government expenditure on infrastructure and administrative reforms attracted the attention of all the ASEAN Governments. While there are still a lot of weaknesses there is no doubt that the Governments of ASEAN countries have become more efficient and outward-looking, at least by comparison to the state of affairs before the emergence of ASEAN.

No one can deny that great strides have been made by all the ASEAN countries. Such is their achievement that ASEAN has become the second most effective regional grouping in the world, next to the EEC.

Perhaps the ASEAN experience could provide a guide for greater Pan-Pacific cooperation. ASEAN has become a successful and effective grouping not tied together so much by the dictates of contractual obligations and treaty undertakings as by a strong sense of community and what we in ASEAN call the "ASEAN spirit". ASEAN is not premised on any grand design. There is no great economic or political blueprints. But the spirit of partnership continues to be nurtured even as we continue to give priority to each of our national interests. Over the course of time, and because of the broadest range of shared discussions, shared activities and shared decision-making, there has arisen cooperation and partnership for progress, interdependence and a mutuality of interests.

Grand economic designs were disregarded at the inception of ASEAN. To expect too much would have resulted in achieving nothing. If ASEAN had started out to become another EEC, it would never have got off the ground. People and nations cannot get on together until they know each other. If there is going to be some quantum leap in cooperation between the countries of the Pacific, then the appalling ignorance even among neighbours in the region must be overcome.

It follows that if the Pacific Rim countries are interested in some form of association, a grand economic design should be the last thing that they should think of. Instead, they should try to get to know each other better. As a start discussions of non-controversial issues of interest to everyone, such as meteorology, rescue operations, charting the seas and oceans and the like could be held. Over the course of time, more and more subjects could be discussed and new areas of cooperation embarked upon. All the time, the numerous contacts, formal and informal, multilateral or bilateral, will stimulate a greater knowledge and appreciation of each other. In time, a sense of community will emerge that will make mutual help and cooperation almost second nature. If in the meantime deliberate programmes of studies and exchanges such as this Global Community Forum are organised, the process can be considerably accelerated.

Today it seems to be fashionable to talk in terms of the global citizen, the global community and things that are global in nature. While it is a noble concept that ought to be pursued and at the same time a very good academic exercise, nevertheless we should not lose track of the more immediate problems facing us today. While we are gathered here, exchanging ideas and thoughts on how we can work globally, there are many others elsewhere who are working and even scheming to make the world anything but global. I refer to those countries who have now become more inward-looking, and are only thinking of their own selfish interest. We see states forming groupings or exclusive clubs to keep others out of their combined markets. World bodies and organisations are ignored. Much work now tends to be done outside the framework of the United Nations. Far from showing greater concern for the developing countries, the advanced North have introduced tariff and non-tariff barriers to hinder and frustrate the economic advancement of the developing South. The developed countries have also come out with other measures under the guise of assisting domestic industry and stimulating domestic economic growth. In reality, they are nothing but protectionist measures to deprive the entry of products from developing countries.

Of course, the developed countries by virtue of their economic strength and control of the world's economic systems can go on doing this. They can continue to influence the world markets to their advantage. They can continue to deprive the legitimate interests of the South. They can also continue to carve their spheres of economic influence. But these developed nations must surely realise that in the end there will be a price to pay. We are really interdependent and even the developed must one day bow to the developing. We saw the results of the prolonged exploitation of the oil producing countries. Surely we do not want to see that repeated in other areas even if it be on a lower scale.

The inequities in our shrinking world must be reduced and the developed countries cannot dismiss these inequities as irrelevant. The collapse of the financial systems in some developing countries carries a lesson for all. As much as the developing countries must be responsible, the developed countries must also stop shirking their responsibilities.

It is also disheartening to note that there are those who still believe that if you want peace, you must prepare for war and that the only guarantee of stability is the creation of balances of military power. In the past it may have been logical for a peace-loving nation to be so well-armed for defence that no one will dare to attack it. But in these days of enormously expensive star-war weapons, such a notion is ridiculous. No sooner have you invented a weapon to defend yourself against the latest in weapons of mass destruction when the other side will come up with a weapon to render ineffective your defence system. And the same is true the other way round. The result will be an escalation of expenditure on defence and offence that will pull the rest of the world along with them. We are seeing it happening now. The Global Community which sounds so good may only mean global destruction if the idea of preparing for war in order to avoid it is carried to its logical conclusion.

We, in Malaysia, believe that the first line of defence of any country is not its military capabilities. The first line of defence lies in its national resilience and in shaping a strategic environment where threats are minimised. It lies in the policy of making friends with those who want to be friends with us. This Global Community Forum I hope will be part of this exercise in making friends.

I must thank you for this opportunity to say my piece on the subject you are going to discuss — South East Asia and the Pacific Age. I am sure that in any case you are all going to have a highly stimulating academic discussion. If you have any time at all, spend it in having a look at one of your subjects — Malaysia - an ASEAN showcase and showpiece.

I now have much pleasure in declaring this Forum open.

**SPEECH BY THE PRIME MINISTER
Y.A.B. DATO' SERI DR. MAHATHIR BIN MOHAMAD
ON THE OCCASION OF THE OFFICIAL DINNER HOSTED
BY LIBYAN ARAB JAMAHIRIYA FOREIGN MINISTER STAFF
MAJOR SALAM JALLOUD, TRIPOLI
8TH. DECEMBER, 1984**

May I begin by saying how delighted I am to be here tonight at this dinner reception so graciously hosted by Brother Jalloud in honour of my visit to the Socialist People's Libyan Arab Jamahiriya. This sumptuous dinner reception only underscores the warm and brotherly hospitality that has been accorded to us since our arrival in your country. On behalf of my delegation I would like to take this opportunity to thank you Brother Jalloud and the people and Government of your country for the excellent arrangements that have been made for our visit.

Libya is an ancient and respected nation with a rich and varied historical tradition infused with Islamic, Arabic and Mediterranean cultures. Libya is also a modern country whose people enjoy a high standard of living. I have heard much about the new development strategies that have been introduced in Libya and I am delighted to have this opportunity to study it first hand.

With regard to our bilateral relations, I am pleased to note the close and cordial relationship that exists between our two countries. Over the years we have set up the necessary framework for on-going cooperation and the exchange of visits. My current visit and the useful and informative discussions we have had on a wide range of issues will, I am sure, contribute to better understanding and even closer relations.

It is very heartening to note the very real progress that Libya has achieved in the field of socio-economic development. In the next few days I hope to learn more about these strategies and to view its relevance to our own developmental model. We in Malaysia wish you well in your endeavours and we pray you will achieve even greater success in the years to come.

Socio-economic development is also my Government's priority. To this end we too have had to take bold initiatives to change our outlook and aggressively seek out new methods and techniques. Though we have achieved much success, more needs to be done and we look towards our brothers of the Islamic 'ummah' to give us their support. Malaysia is considered an attractive and profitable investment centre in the heart of one of the world's fastest growing regions. We hope our brothers would give careful and favourable consideration to this.

At the same time, my Government is mindful of the fact that material well-being alone cannot bring peace and happiness. Therefore we have sought to emphasise spiritual upliftment through active support of Islam. In this connection I wish to record my appreciation for the assistance provided by Libya in various religious projects. Our goals must also be to foster greater unity not only amongst Islamic Governments but among all Muslims everywhere.

Malaysia and Libya are brother Muslim countries and active members of the Organisations of Islamic Conference. We therefore share a common commitment and obligation to ensure that the Islamic "ummah" becomes a dynamic force for peace and spiritual and material well-being that our Prophet meant it to be. If we are to achieve this sacred task, we must move decisively to meet the many challenges that confront us.

In this connection, Excellency, I believe that our most important challenges is to strive for Islamic solidarity. Without solidarity and unity all our tasks become doubly difficult. There are no quick solutions to this problem but I would like to add my voice to the growing chorus of appeal from our brothers all over to seriously begin the search for ways to strengthen our solidarity. We must all search our own hearts and find it within us to strengthen the sometimes frail bonds of friendship and unity. The interest of the "ummah" must prevail. We have within the 'ummah' most useful and effective organisation, the Organisation of Islamic Conference. Perhaps we should exploit fully the many opportunities for cooperative and unified action which this organisation affords.

Another issue of grave concern to us in the 'ummah' is the still unresolved issue of Palestine. As Muslims we cannot but share the anguish of our brothers in West Asia. The repeated and blatant acts of aggression committed by Israel against the Palestinian people and the Arab countries threatens not only to destroy a brave and a valiant people but to plunge the world into a wider conflict. We therefore believe that a just and durable peace in the region can only be established on the basis of the restitution of the right to establish their own independent and sovereign state under the leadership of the PLO, the total Israeli withdrawal from all occupied Arab territories and the unconditional return of Jerusalem to Palestinian sovereignty. Your Excellency is no doubt aware of Malaysia's role in the Geneva Conference on Palestine. We are proud to have been given the honour to contribute in a small but tangible way to the search for a solution to this long-standing problem.

The continuing war between Iran and Iraq is also a cause of deep concern to us. It is vital that this conflict be brought to an end, not only for the sake of the people of both countries but also for the sake of peace in the region and the world. The continuation of the war undermines the solidarity and unity of Islamic countries. Malaysia is deeply concerned over this tragic situation and as a member of the OIC Peace Committee, is committed to work with other members towards achieving a peaceful and durable solution to the conflict which have caused so much suffering, hardship and destruction.

Another issue of great concern to Islamic countries is Afghanistan which was a member of the OIC and has become the victim of foreign intervention. We deplore this situation and fully support the resolutions of the OIC, the Non-Aligned Movement and the United Nations for the restoration of the independence and sovereignty of Afghanistan and of its Islamic and non-aligned character.

In our part of the world, Malaysia and its partners in the Association of South East Asian Nations or ASEAN are committed to regional cooperation not only to uplift economic and social standards but also to ensure peace and stability in the region. It is for this reason that Malaysia in concert with its partners, has been striving to establish the Zone of Peace, Freedom and Neutrality in South East Asia, free from any foreign interference. However, the Kampuchean problem is a serious obstacle to the realisation of the Zone of Peace, Freedom and Neutrality in South East Asia. We cannot accept foreign military intervention in Kampuchea or anywhere else in the world as a means of settling problems. The issue must be resolved quickly in accordance with the declaration of the International Conference on Kampuchea and other relevant UN resolutions that have been endorsed and supported by the international community.

Finally I take this opportunity to wish you Brother Jalloud and the people of the Jamahiriya continued good health, happiness and prosperity.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
ON THE OCCASION OF THE OFFICIAL DINNER HOSTED
BY HIS EXCELLENCY PRIME MINISTER KAMAL HASSAN ALY
OF THE ARAB REPUBLIC OF EGYPT
KAHERAH, 11TH. DECEMBER, 1984**

Please allow me, on behalf of my wife and members of my delegation, to express my sincere appreciation for the very warm, friendly, and brotherly welcome that Your Excellency, and the Government and people of the Arab Republic of Egypt have extended to us on our arrival today in this ancient and historic city. We are also appreciative of the very generous hospitality that you have accorded us. I must say that we are deeply impressed by the excellent arrangements that you have very thoughtfully made to ensure that my delegation and I will have the fullest opportunity not only to discuss matters of common concern but also to feel the pulse and tempo of Egypt's industrial and cultural life.

As you know this is not my first visit to your great country as I had the pleasure of visiting Egypt in 1977. Nevertheless, I must say that I have looked forward to this visit to Egypt, a nation with a long and ancient history, a tradition as a centre of Islamic scholarship and a dynamic state in West Asia. Quite apart from this, I believe that a meeting between our two countries at the highest level would pave the way for greater cooperation. It therefore gives me great pleasure to be back in Egypt today.

Malaysia and Egypt have always enjoyed very close and cordial relations that even pre-dated the independence of Malaysia in 1957. Since the establishment of formal diplomatic ties, our relations have progressed in quantum leaps free of any real problems. There have been many exchanges of visit between our two countries so much so that our respective leaders and officials are no stranger to each other. Our two peoples also enjoy wide-ranging exchanges through educational, religious and trade and economic contacts.

The most important challenge facing all developing countries is the need to enhance socio-economic development. This is particularly so when we are faced with an international economic order that is manifestly unfair and biased against the developing countries. I know that Egypt has always been a great champion of the struggle to bring about a fundamental revision of the international economic system. But even the best of efforts cannot bring about this much needed reform unless there is some response on the part of the developed countries. Therefore if we cannot seek redress from the developed countries it is our bounden duty to search for other ways to fulfill the aspirations of our respective peoples for socio-economic progress.

Malaysia and Egypt have in their own unique way chartered a path towards economic development. Perhaps the time has now come for us to jointly seek out new and wider avenues for economic cooperation so as to complement our respective economic development programmes in the spirit of South-South cooperation. I look forward to exploring this idea further with you and your officials.

Our two countries too have had a long tradition of contact in the field of education. Indeed, for many decades it has been the ambition of every aspiring Malaysian Islamic scholar to study at the world famous Al-Azhar University. Through scholarship at Al-Azhar and exposure to the Egyptian way of life, generations of Malaysian scholars have returned to Malaysia with rich experiences. Today Egypt plays host to several hundred Malaysian students. We are indeed appreciative of this.

As Your Excellency is no doubt aware, Malaysia, in its desire to contribute to the advancement of Islamic scholarship, has established the International Islamic University in Kuala Lumpur with the support and assistance of our brothers in the Organisation of Islamic Conference. With the establishment of this new university, Malaysia will now be able to welcome students from Egypt as well.

I am happy to note that the excellent cooperation that exists between our two countries extends from bilateral to international relations as well. Our two countries have cooperated actively at the United Nations and in the Non-Aligned Movement, in pursuit of peace and stability. Malaysia highly values the support you have given us with regard to the situation in Kampuchea where foreign forces have made a mockery of the high principles that has become the cornerstone of peaceful relations between neighbours. The support of a highly respected non-aligned nation that helped give the world the 'principles of peaceful co-existence' is a particular source of comfort for Malaysia and its partners in ASEAN in its quest to achieve lasting peace through the establishment of a Zone of Peace, Freedom and Neutrality in South East Asia. In addition, we are appreciative that you share our concern with regard to Antarctica which must be recognised as the common heritage of all mankind.

Malaysia has always been committed to Islamic solidarity, seeing in it our greatest strength in facing the many challenges that confront the Islamic "ummah". In this connection my Government is delighted to welcome Egypt's readmission into the Organisation of Islamic Conference. It is our earnest hope that our Islamic "ummah" will close ranks and strive still harder to resolve the problem of Palestine where our Palestinian brothers are valiantly struggling for justice against Zionism; to bring an end to the tragic war between Iran and Iraq, and to free Afghanistan from the yoke of a foreign invader so that it may take its rightful place in the Islamic "ummah". In my view, Egypt's readmission into the OIC is as timely as it is beneficial. I am convinced that Egypt can contribute much to the Organisation.

Finally, may I take this opportunity to wish Your Excellency and Madam, and the people of Egypt continued good health, prosperity and happiness.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE STATE BANQUET HOSTED BY
HIS EXCELLENCY PRESIDENT MOUSSA TRAORE
MALI, 17TH. DECEMBER, 1984**

I am indeed honoured and privileged to be here in Mali today. Mali is an ancient land with a rich and historic culture and in its own time has contributed much to Islamic civilisation and learning. Indeed the ancient city of Timbuktu was once the repository of Islamic education and art. Above and beyond this, I have long desired to meet with your Excellency and establish a personal link that would add to the already strong bond of friendship that has evolved in the few short years since we mutually decided to upgrade our bilateral relations to more meaningful levels.

Since our arrival in Bamako, we have been greatly touched by the very warm and brotherly welcome that Your Excellency personally and the Government and people of Mali have extended to us. It is most evident that you have spared no effort to make us feel at home. On behalf of my wife and members of my delegation, I would like to thank Your Excellency and the Government and people of Mali for this warm and sincere welcome and hospitality.

I also would like to take this opportunity to convey to Your Excellency and Madam Mariam, the best wishes and greetings of their Majesties the King and Queen of Malaysia.

Although Malaysia and Mali are separated by vast distances and even by culture, history and language, we nonetheless share a great deal in common. Perhaps the most important of these shared bonds is our common commitment to Islam and, springing from this, our commitment to peace, justice and socio-economic well-being that gives dignity to man. We are also both small developing countries and members of the Non-Aligned Movement and the Organisation of Islamic Conference. I am confident that these common bonds will propel our bilateral relations to new and even greater heights in the years to come.

I know it will not be an exaggeration to say that we are now living in an era when socio-economic development has become our topmost priority. Having won our political independence, we developing countries have now dedicated ourselves to uplifting the socio-economic well-being of our respective peoples so as to give substance to our political independence. Nowhere is this trend more evident than on the continent of Africa. However, it has not been an easy struggle. We have had to cope with the divisive impact

on our societies as a result of years of colonial divide-and-rule policies. We have had to cope with an economic system that geared our respective economies to provide the raw materials to the industrialised nations often on exploitative terms; and we have had to cope with the interference and and extraneous influences which seek to establish or re-establish forms of control over us. In addition these problems have sometimes been compounded by some of the worst natural calamities in history.

It was in these circumstances that Malaysia, Mali and other developing countries called for a re-examination of the fundamental premises of the prevailing international economic order within the context of the North-South dialogue. Unfortunately this, like many other important Third World initiatives, have suffered because of the lack of political will on the part of the developed countries. Therefore, even as we persuade the developed countries to commit themselves to the New International Economic Order, we must find ways to tackle the massive developmental problems we face on our own.

In this respect I am convinced that cooperative efforts amongst ourselves to share experiences and pool resources within the context of South-South cooperation offers the best hope. It was precisely with this in mind that my Government launched the Malaysian Technical Cooperation Programme or MTCP in 1980. Our objective was simply to promote meaningful cooperation amongst developing countries to lessen our dependence on the developed countries. Being a small country with no territorial ambitions and no desire to manipulate or control the destiny of other nations, we have sought only in a modest way, and to the limit that our own developing economy could afford, to help encourage national resilience.

Under the MTCP, Malaysia has offered its hand in friendship and cooperation to several countries including the Republic of Mali. I am confident that the cooperation between our two countries will grow in the years to come. The Joint Commission on Economic and Technical Cooperation which we have just concluded will act as a catalyst to achieve more meaningful cooperation to our mutual benefit.

My Government is deeply aware of the immense economic and social difficulties that years of drought have inflicted upon your country. We share your sense of despair at the set-back to your national development efforts that this natural calamity has caused. Nevertheless, I know that with your wise leadership and the determination of your people, this set-back will only be but a temporary obstacle. For our part I assure you that the Government and people of Malaysia will do whatever it can to assist you. Though we ourselves are a small developing nation, we possess some expertise in specific areas and some ability to assist you in other areas. We ask that you do not consider our help as assistance in the usual sense but rather that you consider it as a small token of our desire to share with you the fruits of our experience and labour in the spirit of solidarity and friendship between our two countries and our two peoples.

On a wider level, I am pleased to note that our two countries now have a tradition of good cooperation on a number of international and regional issues based on shared perceptions, ideals and beliefs. We have joined together on several occasions in such

diverse fora as the United Nations, the Organisation of Islamic Conference and the Non-Aligned Movement in pursuit of initiatives designed to strengthen world peace and stability.

Malaysia highly appreciates Mali's support on such issues as Kampuchea and Antarctica and we have benefitted from the consultations and joint approaches taken on such important issues as Palestine and Afghanistan.

As Your Excellency is aware, Malaysia has also been greatly distressed by the injustices that have been inflicted on Palestine and the Palestinian people. We join the international community in condemning Israeli aggression. My Government views the Palestinian question as the core of the West Asian problem and only through its just solution can durable peace be promoted and assured in that region. We are also convinced that the Palestinian question cannot be solved without the exercise by the Palestinian people of their inalienable rights of self-determination and the establishment of an independent Palestinian State. In our support for the Palestinian cause, we will continue to make every effort to solicit concrete international action for the solution of the Palestinian question.

We in Malaysia also take a keen interest in developments in Africa. We have unfailingly supported the initiatives of the African states to bring about a peaceful settlement of the Namibian issue and to end the inhuman and racist policy of apartheid which continues to be perpetrated by the South African regime. You may recall that Malaysia successfully took the lead in calling for the expulsion of South Africa from the Commonwealth because of its apartheid policies. Malaysia also participated in the United Nations Peace-Keeping Force in the Congo, as it was then called, in 1960. It is our hope to widen the scope of the economic and political cooperation with the nations of Africa. We believe that South East Asia and Africa can and should be partners in the struggle for a better international, political and economic order.

Your Excellency, may I once again thank you for your warm and brotherly hospitality. I am confident that exchange of visits such as this will lay the foundation for greater cooperation between our two countries and allow for very useful exchanges of views on a whole range of bilateral relations as well as regional and international issues of mutual concern.

Finally, I would like to take this opportunity to wish Your Excellency, Madam Mariam Traore and the people of Mali continued happiness and prosperity.

SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT A DINNER IN HONOUR OF H.E. MR. JAVIER PEREZ DE CUELLAR
SECRETARY GENERAL OF THE UNITED NATIONS
KUALA LUMPUR
2ND. FEBRUARY, 1985

On behalf of the Government and people of Malaysia I would like to extend a very warm welcome to Your Excellency, and to Madam de Cuellar, on the occasion of Your Excellency's official visit to Malaysia. I have already had the pleasure of meeting Your Excellency in New York when I addressed the United Nations General Assembly in 1982 and recently in October 1984. It is, therefore, an honour and pleasure for me to be able to play host to Your Excellency during your three-day visit to Malaysia. As this is Your Excellency's first official visit to Malaysia, we sincerely hope that your stay here, albeit a very brief one, will leave a pleasant imprint on your mind that will constantly urge you to make more visits to Malaysia.

The dinner that I host tonight in Your Excellency's honour is the expression and appreciation of Your Excellency's untiring efforts to promote peace and stability in the world in line with the principles of the UN Charter. We are indeed honoured to be graced tonight by the presence of an illustrious son of Peru, whose wide experience as a diplomat and an international civil servant has served him well in his present office and whose dedication to the cause of world peace, international understanding and cooperation and the promotion of harmonious relations between nations is deservedly acknowledged and esteemed by all member states of the United Nations. As Head of the Community of Nations, Your Excellency's task is by no means an easy one, faced as you are by a deterioration in the world situation and an array of international problems whose early solution through peaceful negotiations remain Your Excellency's main preoccupation. That Your Excellency has been able to find the time to extricate yourself from your many responsibilities in New York to acquaint yourself at first hand with the problems of our region and to personally meet and discuss with leaders of the region is a matter of much gratification to us and, I am sure, to the peoples of South East Asia.

Mr. Secretary-General, your visit to South East Asia is both timely and significant from the point of view of regional peace and stability. Your Excellency's special interest in seeking an early political solution to the Kampuchean problem brings fresh hope to ASEAN's own efforts to solve a problem which has troubled us for six years now. Vietnam has time and again demonstrated its lack of commitment to the principles of the Charter by its stubborn refusal to heed the call by the international community or the total withdrawal of its forces from Kampuchea. Its current dry-season offen-

sive along the Thai-Kampuchean border which have resulted in untold misery and sufferings to the tens of thousands of Kampuchean refugees, once again underlined that country's single-minded pursuit of a military solution and belie its protestations of peaceful intentions and desire to seek a negotiated settlement of the problem.

Mr. Secretary-General, we have had this morning a useful and stimulating exchange of views on the outcome of your recent round of discussions with Thai and Vietnamese leaders on the Kampuchean problem prior to your visit to Malaysia. I am convinced that these negotiations will give impetus to current efforts to seek a comprehensive political solution to Kampuchea and that ASEAN can look to some forward movement. It is imperative that the United Nations continue to be seized with this problem in order to prevent a further escalation of the conflict and the involvement of super powers, and to eventually restore peace and stability in the region so that ASEAN can set about realising its long cherished dream of establishing a Zone of Peace, Freedom and Neutrality in South East Asia.

Moving nearer home, I would like to draw Your Excellency's attention to another security problem which we are facing in Malaysia. I am referring to the problem of drug abuse which is currently plaguing the youth of our country. In Malaysia the drug problem manifests itself as a political and security problem as we recognise that drugs, by enslaving our youth, can undermine the social fabric and productive capability of the nation and thus weaken our economic well-being and national resilience. In view of this grave danger, the Government has not hesitated to impose very severe penalties on drug traffickers and offenders. We make no apologies to anyone for this.

Owing to your very tight schedule in Malaysia, it will not be possible for Your Excellency to take a closer look at the work of some of our agencies in combatting drug abuse. This notwithstanding, we hope that Your Excellency will understand the seriousness with which we in Malaysia view the drug problem. We hope Your Excellency will support and promote our efforts at the UN to obtain wider acceptance by the international community of our views on drug abuse and the need for worldwide cooperation in the eradication of this menace. It is well to remember that much of today's violence as well as petty crimes are linked to the abuse of drugs.

Mr. Secretary-General, I have no intention of turning my dinner speech into another General Assembly plenary statement by bringing up substantive issues. My intention is merely to draw Your Excellency's attention to some of our security problems as I am aware that Your Excellency too is deeply committed to solving another security issue which affects the world in general - that of nuclear weapon proliferation and the possible outbreak of a nuclear war. We cannot but identify ourselves with the contents of Your Excellency's statement at the General Assembly last year that a nuclear war is not winnable but would "fall equally with grim justice on the initiator and the victim alike."

This year, the United Nations will celebrate its 40th. anniversary. It will commemorate a historic event four decades ago when the United Nations was born.

Ironically, this occasion also celebrates the 40th. anniversary of Hiroshima and Nagasaki. Relations between nations have evolved by leaps and bounds since then, but so has the danger of nuclear war that now threatens us. The 40th. anniversary of the UN is, therefore, a sobering opportunity for all nations alike to reflect on security, past and present, and to reiterate our commitment to supporting the United Nations and its responsibility as the custodian of world peace and stability.

I would like to take this opportunity to pledge Malaysia's unwavering support for the UN and our continuing commitment to contribute to the achievement of its goals and objectives. I would also like to express Malaysia's deep appreciation for the contribution made by the UN agencies in Malaysia in assisting the development and social programmes of the country.

Your Excellency, it remains for me to express once again our deep appreciation that you are able to visit Malaysia inspite of your preoccupation with so many other pressing problems. We would like to wish you a pleasant and successful tour of the Asia-Pacific region and that your endeavours for the sake of peace will be rewarded by success.

May I now invite those present here tonight to join my wife and I in a toast to the good health and well-being of His Excellency and Madam de Cuellar.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF THE SEVENTEENTH MEETING OF
THE ASEAN ECONOMIC MINISTERS
KUALA LUMPUR
7TH. FEBRUARY, 1985**

Iwould like first of all on behalf of the Government and people of Malaysia to extend a warm welcome to all of you to Kuala Lumpur, Malaysia. I sincerely hope that your stay here will be both fruitful and enjoyable.

The foundation of cooperation among the countries of ASEAN was laid more than a decade ago by the Bangkok Agreement and the Bali Concord. Today we can be proud that ASEAN has made considerable progress as a regional grouping. Internationally, ASEAN has attained political prominence and credibility. Within the member countries themselves ASEAN consciousness is palpable. Our political cooperation and common stand on many international issues are expected and accepted by the international community and we have gained considerably by this. It is no coincidence that the member countries of ASEAN are politically stable and that the region has consistently registered economic growth well above world average.

While ASEAN has made significant achievements in the fields of political, cultural and social cooperation, in the field of economic and trade cooperation the achievement has been mediocre or worse. I would therefore suggest we now reflect on what has been achieved in this field thus far. Since the historic Bali Summit in 1976, there has been a proliferation of committees; all of which were set-up with the common objective of enhancing ASEAN's cooperation programmes. Countless meetings have been convened. The ASEAN Economic Ministers are now meeting for the 17th. time. Undoubtedly all the above inputs were aimed at achieving our ideal of increased trade and economic cooperation. The ASEAN Preferential Trading Arrangement, or PTA, now include an impressive list of more than 18,000 items. Other areas of cooperation such as food, science and technology, energy, health, transport and communication have also been laboriously discussed at meetings after meetings. However, the fact remains that trade among ASEAN countries is still relatively small accounting for only about 20% of ASEAN's global trade. It is even smaller if the entrepot trade through Singapore is excluded. ASEAN's trade covered by the PTA represent only a fraction of total intra- ASEAN trade. This is indeed an unsatisfactory state of affairs.

I am aware that similarities in our economic structures have to a certain degree made us potential competitors rather than partners. Furthermore, the difference in the economic conditions in our countries rule out any common-market-type arrangements.

But there are many areas where we can achieve some degree of complementarity. I believe that we should now seriously examine the areas for common endeavour. We need a new and more serious commitment to developing our economic co-operation.

In order to assist us in intensifying further our cooperative efforts we should try to know each other better. Perhaps we should begin by exchanging more information on trade among ourselves. Research and analysis based on this information could possibly identify the items which we can literally exchange. I am not suggesting barter or counter-trade but surely there must be quite a number of items which each one of us needs but which we obtain from outside ASEAN. Yet there are members of ASEAN currently producing these items. The volume that we buy from each other can be counter-balanced. That way no one would be the loser, yet total intra-ASEAN trade would gain. The ASEAN Secretariat should consider setting up a data bank covering such areas as export and import items in addition to economic indicators, tariffs, tax structures, non-tariff legislations, etc. The Secretariat could play a pivotal role in this regard and should give intra-ASEAN trade top priority.

It would not be complete to talk of economic cooperation without touching on commodities. Here I would like to define commodities as being not only naturally produced agricultural and mineral products but also undifferentiated manufactured products. This definition is necessary because the developing countries are being persuaded more and more to buy and put up plants which produce manufactured commodities in excessive quantities. The plant fabricators make a lot of money up front while excessive production ensure that the particular commodity floods the market with the expected results.

There is no doubt that commodities will continue to feature as an important component of our economies especially from the view point of contribution to export earnings. In recent years, commodity prices have been adversely affected by structural changes and recessionary conditions in the world economy. As a result commodity producers faced problems of achieving reasonable returns. Indeed in some instances the more we produce the more we lose. But faced with closure and unemployment and the overwhelming need to earn foreign exchange, we have no choice but to continue producing. Our only consolation is that in a recession even the most sophisticated products can suffer the same fate.

While effective world-wide commodity agreements are worth pursuing, intra-ASEAN cooperation on commodities should not be ignored. The combined production of certain commodities by the ASEAN countries is such that the voice of ASEAN carry considerable weight in commodity agreements. I am not suggesting the formation of cartels but there is no reason why we should not use our combined strength to influence our trade. The developed world is doing the same when they talk of market forces. Those forces are located in their countries and are controlled by them. ASEAN cooperation in commodities would actually be defensive. Divided we will succumb one by one. United we will stand a reasonable chance.

I would like to point out here that although the Japanese, the European and the American Governments seem to be fighting each other over trade, their big manufacturers are actually collaborating with each other. Indeed in a book by Kenichi Ohmae of Mackinsey Business Consultants, which will be published soon, it would appear that the three powerful northern economies have actually divided the international market place among themselves with South East Asia going to the Japanese, West Asia and Africa to the Europeans and Central and South America to the United States of America. How do we fight this if we compete against each other excessively in the international market-place?

Despite our appeal to the developed consumer countries to work together with the south in the spirit of economic interdependence, it is the efforts of producers themselves which will ultimately determine the fate of our commodities. Whilst the required effort may be too burdensome for any one producer, by grouping together as Producers Association, we can tackle the problem more effectively. It is for this reason that Malaysia attaches a lot of importance to the establishment and strengthening of producers associations like the ANRPC and ATPC. We are glad that ASEAN colleagues have in the spirit of solidarity and mutual benefit joined us in this endeavour. Now that we have established these bodies, there is the even more challenging task of ensuring that these bodies and others like them fulfil their objectives.

Turning to the international economic arena, it is evident that the world economy has become increasingly interdependent. This has brought both prosperity and problems for the developing countries, including ASEAN countries. The developed countries are the main sources not only of machinery and equipment, but also of technology and know-how so essential for the economic progress of the ASEAN countries. The developed countries are also important for ASEAN not only in terms of markets for exports, both primary products and manufactures, but also as a source of investment. However, the recent global recession has witnessed developed countries resorting to inward-looking, domestically palatable policies, affecting both market access and investment capital. There has emerged, of late, what I would refer to as 'free traders of convenience' who frantically proclaim themselves as the standard bearers of free trade, except in situations which affect them adversely. There has been a spate of increase in protectionist measures by developed countries. Their unilateral protectionist actions as exemplified by recent trade measures and devising criteria to exclude some of our products from GSP benefits, the concept of 'Graduation', countervailing duties, and the more recent stringent trade legislations are all manifestations of the lack of political will of developed countries to honour their commitments to developing countries whose markets and resources they continue to exploit.

An area that we have missed before is the invisible trade. Freight and insurance, travel and education abroad have either negated or worsened our trade balance. The 40.40.20 ratio in freight, for example, has been ignored and we find great difficulty in securing landing rights.

We do not believe in cartels and ganging up but if the ASEAN countries fail to coordinate our approach in dealing with the developed countries, we will never be able

to redress the imbalances. There is no need for me to stress the effect of these imbalances on our domestic development.

ASEAN's economic relations with its dialogue partners constitute an important element of ASEAN economic cooperation. In fact, the ASEAN region represents a significant and growing export market for our dialogue partners and is among their fastest growing markets. While ASEAN's cooperative efforts with third countries and international organisations have led to some progress in certain areas, meaningful results have yet to be achieved in others. In the key area of improved market access for ASEAN's exports for example, the dialogue partners have not responded positively so far. This is most regrettable and partly may be attributed to ASEAN's inability to harness its strength and act in concert to enhance our trading interest. Our six ASEAN nations presently represent a market of well over US\$70 billion. This makes our purchasing power about half of Japan's or equal to that of Canada's. The region's population of about 270 million with a progressively increasing per capita income provides a ready market for all kinds of products and services. ASEAN's imports grew faster than most other group of countries in the world. The increasing number of trade missions from the developed countries to the ASEAN region is a reflection of the fact that the centre of gravity of global economic activities is now shifting from the Atlantic to the Pacific. ASEAN is considered the bright spot in the turbulent world of today. Even in a recession we have largely managed to maintain economic growth. It is time that ASEAN undertakes a review of her dialogue programmes. Our dialogue partners should be made to realise that it is in their enlightened self-interest to establish a mutually beneficial relationship and take more seriously the dialogue with ASEAN countries.

In our efforts to promote economic cooperation amongst ASEAN countries, we should also harness the vital inputs of our private sectors. Their contributions in translating cooperative ideals into tangible results are imperative. Concerted efforts by the ASEAN private sectors are essential for undertaking measures to enhance intra-ASEAN trade. The private sector should act as an important linkage to supplement and complement the efforts of the Government in attracting the flow of capital and investment. New efforts must be made by the private sector with the ASEAN Chambers of Commerce and Industry as the spearhead. They should not be too discouraged by their lack of progress or their frustrations in dealing with six different bureaucracies. The Governments for their part should be more accommodating and should put ASEAN interest in the forefront. The success of ASEAN will mean the prosperity and well-being of each member country. If we fail to support each other, we will end up making the rich developed countries richer.

That ASEAN is a tangible and successful grouping of nations is acknowledged by all. As is usual this success is not welcome by some. Of late there has been oblique attempts to sour relations between ASEAN countries and, in particular, their leaders.

We have been particularly careful never to publicly criticise each other. We are not perfect and before we throw stones, we usually look at our own glass houses and

decide otherwise. This has enabled us to get along with each other. But others are now coming up with dubious quotes which are calculated to sour relations between ASEAN partners.

We must resist the temptation to react. Outsiders do not have the interest of ASEAN at heart. Indeed they would like to destroy it. Whether they succeed or not depends upon us. If we get uptight then we have only ourselves to blame.

It is my earnest hope that this Meeting will succeed in its endeavours and provide valuable inputs for the strengthening of ASEAN economic cooperation. With these words, I hereby declare this 17th. ASEAN Economic Ministers Meeting officially open.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER IN HONOUR OF
HIS EXCELLENCY MILKA PLANINC
PRIME MINISTER OF THE SOCIALIST REPUBLIC OF YUGOSLAVIA
SRI PERDANA
11TH. MARCH, 1985**

I am pleased to have this opportunity to extend to Your Excellency, Mr. Plannic, and members of your delegation our warmest welcome to Malaysia. It is my sincere hope that you will have a pleasant and enjoyable stay in Malaysia. I am reminded of the kind hospitality accorded to me and my wife by the Government and people of Yugoslavia during our visit to your country in May, 1983. It was a most interesting and memorable visit.

My visit to your country gave me the opportunity to have an extensive exchange of views on both bilateral and international issues. Your Excellency presence in Kuala Lumpur provides us with yet another opportunity to continue the meeting we have had in Belgrade in May, 1983.

Since the establishment of diplomatic ties between Malaysia and Yugoslavia in 1967, our relation have over the years progressed smoothly and satisfactorily. Economic cooperation and trade ties between our two countries have been intensified after my visit to Belgrade. The Joint Commission set up under the Economic and Technical Cooperation Agreement between Malaysia and Yugoslavia has had its sectified new projects for cooperation. While there is already meaningful cooperation between our two governments, firms in Yugoslavia and Malaysia too should seize the opportunities offered in the fields of trade, joint ventures, and investment. I am happy to note that an exhibition and seminar on Yugoslav technology and industry is to be organised by Your Excellency's government in Kuala Lumpur in April this year. I am confident this would create a greater awariness of Yugoslav products and technology among our people, especially the business community.

Our relations have always been based on the strict adherence to the principles of respect for national sovereignty, territorial integrity, non-interference in the internal affairs and the rejection of the use of force in the settlement of disputes. Our pollicy of non-alignment has reinforced the foundation of our relations.

Malaysia and Yugoslavia are both members of the Non-Aligned Movement. We share similar hopes and aspirations for a free, peaceful and progressive world society that is not allied to any power blocs. We are both committed to the upholding of world

peace, justice and cooperation, the elimination of apartheid, and all forms of foreign domination. In the past two decades, the Non-Aligned Movement has played an influential role in international affairs and has taken a number of important initiatives in the economic field with the ultimate objective of bringing about a more just and equitable New International Economic Order. Malaysia is, however, concerned that lately the movement has shown a tendency to move towards radicalism and covert alignment. This has been one of four main concerns at the last Non-Aligned Summit in New Delhi. I am glad that our two countries share the same concern and have voiced our strong desire to see the movement brought back on to its original objectives and principles.

Malaysia is confident that Yugoslavia, as one of the most respected founding members of the Non-Aligned Movement, will do her utmost to ensure that the original guiding principles of the Movement shall remain. It is only pursuing a truly non-aligned course can the credibility of the Movement be maintained. The positive role played by Yugoslavia, especially by the late President Tito, towards the progress, development, and unity of the Movement will always be acknowledged and cherished by all member countries.

The situation in Kampuchea, where foreign troops continue to occupy the country, remains a matter of great concern to Malaysia and her ASEAN partners. In this regard we are mindful of the enduring support of Your Excellency's Government in our quest to achieve a political settlement to the problem. We are appreciative of the endorsement of the Yugoslav Government of the Coalition Government of Democratic Kampuchea under the Presidency of His Highness Prince Norodom Sihanouk. The need for a secure and guaranteed peace in South East Asia becomes all the more imperative because of the intensification of military action lately. The national sovereignty and territorial integrity of Kampuchea has been violated with impunity resulting in a threat to peace and stability of our region.

As Your Excellency is aware Malaysia has given priority to regional cooperation as manifested by our membership in ASEAN. Within the ambit of ASEAN cooperation, Malaysia has proposed the establishment of a Zone of Peace, Freedom and Neutrality or ZOPFAN in South East Asia free from any form or manner of external interference. Malaysia's proposal of ZOPFAN, is similar to your Government's role in urging the implementation of the conclusions in the Final Documents of the Conference on Security and Cooperation in Europe and lasting peace and security in the world.

Malaysia shares Yugoslavia concern over the question of increased armaments in Europe that not only poses a danger to peace and security to the continent but also to the world. While enormous amounts of money and resources are channelled towards the developments and production of both conventional and nuclear weapons, poverty and hunger still afflict hundreds of million of the world's population. All states should renew their commitment towards a comprehensive programme of general disarmament.

Concerned as we are with issues directly affecting our regions, Malaysia has not and will not remain apathetic to threats to world peace emanating from other parts of

the world. The plight of the Palestinian people comes immediately to mind. Long since uprooted from their homeland, the Palestinian people have experienced untold sufferings and incalculable hardships for some 40 years. But that has not deterred them from pursuing their struggle to recover their just and legitimate rights so that they may have can call all their own. Malaysia will continue to support the Palestinian people for we believe no people must allow their sovereignty, their honour and their basic rights to be trampled upon.

The situation in Afghanistan too remains unchanged. Afghanistan, a small non-aligned Islamic country, is being continuously subjected to foreign military occupation and aggression, in flagrant violation of the United Nations Charter and Resolutions as well as those of the Non-Aligned Movement. We condemn the occupation of Afghanistan and call upon the international community and the UN to continue to exert serious efforts to obtain the withdrawal of foreign troops from Afghanistan and for the Afghan people to regain their independence and sovereignty free from foreign interference and coercion. In this regard we support all efforts especially that of the United Nations Secretary-General, to achieve a political solution based on the principles contained in the United Nations Resolution of Afghanistan.

The continuing war between Iran and Iraq, two members of the Non-Aligned Movement, causes profound anguish to the Movement. The conflict has serious and wider implications including that of foreign intervention. Malaysia will continue to support efforts to bring peace to that peace to that region and will play an active role in this regard.

Another area of concern to my Government is Antarctica. It is my Government's view that the whole world has a legitimate right to that continent. Its location, vastness, fragile, eco-system, rich marine and possibly mineral resources have a direct significance for international peace and security, economy, environment, scientific research and so on. These are matters of global interest. In this regard we are appreciative of Yugoslavia's support on the issue of Antarctica at the Non-Aligned Summit and at the UN. I wish to express the hope that as a leader in the non-aligned group of nations, Yugoslavia will play a positive role in promoting greater international co-operations in ensuring that Antarctica is governed and managed in the interest of all mankind.

The economic recession that is besetting the world shows no sign of an early recovery. The high interest rates, the high level of foreign debt coupled with the difficulty in market access, have all made it more difficult for the developing countries to cope with the crisis. Despite the adverse situation affecting the developing countries and the monumental tasks ahead, the developed countries continue to adopt economic and trade policies that seriously disrupt world economic relations. Malaysia feels that the various trade barriers are not only restricting the flow of trade but are deliberately erected to protect their own inefficient industries in face of the healthy competition from the products of developing countries. These steps are contrary to their pronouncements on free trade.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER IN HONOUR OF
THE BRITISH PRIME MINISTER MRS. MARGARET THATCHER
AT SRI PERDANA, 5TH. APRIL, 1985**

I have much pleasure in once again welcoming you to Malaysia. I hope you will find your stay here fruitful and enjoyable. You will certainly find a number of things in Malaysia which are familiar to you even though you have never been here before. That is because of our past association. We also have historical associations with the Portuguese, the Dutch, the Arabs, the Indians, the Chinese and others. They too have left evidence of their presence here.

Malaysians do not deny history. Indeed we have taken pains to preserve the relics of history. In the heart of Kuala Lumpur, for example, we have preserved that typically English scene consisting of a cricket ground, a club (in mock Tudor) and a church.

We preserve all these not because of our sentimentality. The world is now not very much moved by sentiments. We preserve them as reminders of our past, so that Malaysians will not forget that they were once colonised by various European powers. If they do not wish to be colonised again, in whatever form, they must learn to manage their affairs better.

Although our past has been linked with many countries in the East and the West, it is with Britain that the association is longest. Britain gave us a Malaysian identity where once there was identification only with the little states where we lived. Britain also inspired our system of government and left the rudiments of an administration which we have built up with great enthusiasm, although perhaps unwisely.

I can go on listing British contributions to Malaysia in various fields but I think what I have said will suffice to indicate the strong links between Malaysia and your country.

Malaysians are by nature sentimental, and they value friendship and common history even though some episodes may not be palatable to them. But almost 28 years of independence have also taught Malaysians a great deal. The lesson that they have been forced to take to heart is that the world really cares very little for sentiments. Over and over again this lesson has been hammered into our heads. Indeed even now we are being taught that sentiments, friendship, past associations and the rest have very little to do with the relationship between nations or groups of nations. In other

words we live in a pragmatic and rather calculating world and Malaysians, like everyone else, must appreciate and apply pragmatism if they are to prosper or, at least, to survive.

Malaysia became a member of the Commonwealth on achieving independence. The word Commonwealth implies a certain sharing of wealth between members. We took it quite literally at first. But we have since found out that the Commonwealth has nothing to do with wealth commonly owned. If any member wants anything he has to pay for it, one way or another. If non-members are prepared to pay more, then they have priority. The fact that the poor cannot pay as much, has nothing whatsoever to do with the wealth available in the Commonwealth.

It is because of this that Malaysia has relegated the Commonwealth to fourth place in order of priority in its foreign relations. We appreciate the ambience created by the knowledge of a common language. We do feel comfortable in surroundings which are often familiar. But beyond that there is really very little.

I am not saying this as an appeal to resuscitate the Commonwealth and its ideal. The Commonwealth as originally conceived is a creature of the past. We will, however, continue our membership if there is no objection. But let us not pretend that there will be a sharing of our common wealth. Each member has its own wealth or poverty, as the case may be, and it is absolutely free to do what it likes with either.

These things apart, I am glad to observe that your country, Madam Prime Minister, and mine get along very well, indeed. There are occasional hitches and glitches, of course, but these are no more than the usual ones found in the relationship between two sovereign independent countries. We have the usual machinery for negotiations and Malaysia will not resurrect past associations in order to influence the results of any negotiations.

Your visit here has afforded us an opportunity to know you better. As a Malaysian conservative I have admired you from a distance. Your tenacity and single-mindedness of purpose are qualities that we need for ourselves here. We are a developing country and to develop we must face many challenges within and outside our country.

Learning from you we will persevere. We will not be deterred by adverse criticisms of our industrialisation programme, or of our political system or of our economic policies. In the final analysis it is the hard-headed executives who make the decisions, not the self-appointed experts. We have found that despite unfavourable reports about us, there is no dearth of foreign entrepreneurs to invest or bankers to lend. Indeed the banks are forever asking us to borrow. There are not too many good borrowers these days. We run a tight economy here and we intend to live within our means. We do not want to be obliged to anyone. In the world of today no one owes anyone a living. We do not think the world owes us a living, under-developed though we are. By the same token we do not owe anyone a living. What we do for ourselves, including the cultivation of friends, will in the final analysis, be in the interest of our nation.

I note that positive efforts have been made in the last few years to improve trade between our two countries. I refer in particular to the mission to Malaysia led by Lord Jellicoe, and the visits by Mr. Kenneth Baker and Lord Bellwin. In time there should be increased trade and more British investments in this country.

But in the meantime, there has been little change in Malaysia's share of the British market for several years. In 1983 Britain ranked as the eighth largest trading partner accounting for 3.1 per cent of Malaysia's global trade. Britain accounted for 2.7 per cent of Malaysia's total exports while Malaysia's imports from Britain constituted 3.5 per cent. There is obviously a need to redress this imbalance.

Another matter of concern to us is the question of invisible trade. In July last year I had the occasion to address a seminar on invisible trade organised by the British Invisible Exports Council together with the Council on Malaysian Invisible Trade. I dwelt at length on that occasion on the importance of invisible trade to the Malaysian economy. In the face of rising deficits in the services account serious and sincere efforts must be made by both countries so that the trade deficit should not be worsened by the invisibles for Malaysia. We do not expect trade to be balanced between every country but continuous and substantial imbalances should be corrected.

Recently the Malaysia-British Society was inaugurated in Malaysia and the British-Malaysia Society in Britain. These organisations formed on the initiative of the businessmen of the two countries should contribute not only to greater business interaction, but also to a better understanding between Malaysians and the British. Hopefully the organisations would play a role in overcoming the glitches and the hiccups that may occur, indeed to prevent them.

In the sphere of education, I am happy to note that some British universities have responded favourably to our scheme to lessen the number of Malaysian students seeking places in their institutions. They are receptive to the idea of recognising courses for the early years of university education to be conducted in Malaysia. This way the students will need to study for a lesser period of time in Britain, thereby lessening the burden both to the British and Malaysian tax payers. This cooperation by British universities is much appreciated.

We have had useful discussions this afternoon and clearly there is a substantial commonality of views between our two countries. In particular, your support and endorsement of our position on the issue of Vietnamese occupation of Kampuchea is deeply appreciated. If Vietnam can invade, subjugate and occupy a weak neighbour with impunity, and retain the prize of its aggression, then the security of countries in the region will be greatly threatened. Such actions will establish an ominous precedent, as do the present dangerous situation along the Thai-Kampuchean border and within the Thai territory itself. The declaration of the International Conference on Kampuchea address itself comprehensively to a concrete programme which will permit the Kampuchean people to choose their own Government. Malaysia will continue to support vigorously all efforts to restore peace and stability in our region - a pre-

requisite of which is the recognition of the rights and aspirations of the Kampuchean people. We look forward to your continuing support in this regard.

The situation in Afghanistan remains unchanged. Time and time again the United Nations General Assembly has called for the withdrawal of the Soviet forces, respect for Afghanistan's right of self-determination, restoration of Afghan independence and non-alignment and the return of the Afghan refugees to their homeland in safety and honour. Malaysia has firmly endorsed successive UN resolutions for a negotiated settlement in Afghanistan and will continue to do so. As in Kampuchea, we cannot accept the invasion of a weak neighbour in order to install a puppet regime in Afghanistan.

In West Asia the intransigence and increasing brutality of Israel is a cause of much concern to us. Despite the repeated killing of innocent people, and recently of two newsmen, by Israeli soldiers, the Palestinians are still being pictured as the villains of the peace. It is this biased view of the West Asia situation that had made it an intractable problem. The West need to understand that the Palestinian problem is not of their own making. It was not their choice to be made refugees over and over again. It was because their plight was ignored that they were forced to take to arms and violence. The West should understand that justice and fair play would do more for peace than the desire to atone for past anti-Semitism.

We are seeing today an unprecedented arms race involving nuclear weapons. Enormous sums of money and resources are channelled towards the development and production of horror weapons. Having polluted the land and the sea, we see now an attempt to pollute outer space even before we have learned to use it for the progress of mankind. Against this backdrop, we are somewhat relieved that the Strategic Arms Reduction Talks are underway once again in Geneva.

Another area of concern to the Malaysian Government is the question of the future of Antarctica. It is our view that all mankind has a legitimate interest in that continent. It is manifestly unjust that a small group of countries have arrogated to themselves the management and exploitation of that continent. Malaysia is ready to cooperate with the member states of the Antarctic Treaty Consultative Parties (ATCP) with a view to finding an acceptable manner in which all nations may join hands in the peaceful administration of Antarctica and in keeping it as a preserve for the good of one and all.

Once again I would like to express our pleasure at having you and your delegation with us and I trust when you return home you will bring with you fond memories of Malaysia and the friendliness of the Malaysian people as well as their readiness to come to terms with the realities of modern diplomacy.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER GIVEN BY HIS EXCELLENCY OLOF PALME
PRIME MINISTER OF SWEDEN, STOCKHOLM
9TH. APRIL, 1985**

I would like to thank you, on behalf of the members of my delegation, for the warm welcome and generous hospitality accorded to us during our visit to your beautiful country. I have looked forward to this visit to Sweden and I believe that this visit will foster better understanding as well as strengthen the existing close relations between our two countries.

Earlier we have had the opportunity to have a very useful exchange of views on a wide range of bilateral matters as well as on regional and international issues of mutual concern to us. I am glad to note that we share a common will to expand the scope and substance of our bilateral relations, and we appreciated each other's perceptions and points of view on international issues. I have no doubt that the rapport that exists between our two countries will further contribute to create a mutually beneficial relations between Malaysia and Sweden.

It has been quite some time now that Malaysia and Sweden have established relations with each other. The development of these relations has been smooth and steady. This is not surprising, considering the fact that we share many similarities. Malaysia and Sweden are both constitutional monarchies whose major priorities are to strive towards the welfare and continued prosperity of our peoples. Both our countries adhere to the free enterprise system. Within our respective regions we are each committed to policies of close regional cooperation between like-minded neighbours. Moreover, the friendly relations between our two countries are further reinforced by our common commitment to the ideals and aspirations of the United Nations.

I am, therefore, optimistic that my visit will provide the opportunity for both countries to build upon this sound basis for further cooperation. In this regard, there exists considerable scope for us to expand our collaboration, particularly in the economic field. As a country that is still in the process of development, Malaysia is fortunate to possess considerable amounts of natural resources and it is a producer of a variety of raw materials. While these are the necessary elements for economic development, they are incomplete without an able workforce and higher level of expertise to utilise them efficiently. An important aspect of my visit to your country is therefore that Sweden has achieved in various sectors. I am certain there is much that we can

learn from Sweden, and many areas that we can cooperate with you. In this regard, we are appreciative of the support and willingness on your part to provide opportunities for Malaysians to come here and study specific aspects of Swedish technology and for the assistance that Sweden has extended to us.

Genuine friendship, however, cannot be one-sided. While looking towards Sweden for its expertise and advanced technology, Malaysia also has a lot to offer to your country. As a fast developing nation, Malaysia provides many opportunities for those who have the know-how and the means to participate in our economic development. We are also situated in the centre of a region that is consistently achieving a high level of growth and there are many possibilities for joint collaboration for goods and services for the South East Asian market. Increased participation in Malaysia will also mean that Swedish products will be more familiar to Malaysians. Several Swedish products are already well-known in Malaysia. Indeed, in our bilateral trade Sweden enjoys consistent trade balance in her favour. I might add here that this is one aspect that both countries must try very hard to rectify.

In this context, allow me to touch on a persistent problem that Malaysia faces in the effort to improve her trade balance with industrialised countries. I am referring to the problem of trade barriers. Much of our effort to search for new markets are frustrated by tariffs, quotas and other restraints that hamper free trade. In many areas goods from countries like Malaysia do not provide competition for the higher technology goods from industrialised countries. Since free international trade is the vehicle of growth for all countries, Malaysia will always be in favour of dismantling trade barriers on a world-wide scale. Sweden's trade policy as well as its efforts to eliminate trade barriers within the context of GATT and UNCTAD is, therefore, especially welcomed and appreciated by us.

Malaysia, like Sweden, plays an active role in the effort to develop close regional cooperation with her immediate neighbours. Our partners in the Association of South East Asian Nations or ASEAN share a common goal in our efforts to achieve economic development and assure the continued prosperity of our peoples. Similarly, within your own region, Nordic cooperation is an active vehicle for close relations between the governments and private enterprises across national borders. We note the many facets of your cooperation that has evolved over several years. Such cooperation as Sweden and her Nordic partners have achieved, provides a valuable example for other countries and regions to emulate and contributes towards regional stability and resilience.

In this regard, Malaysia and her partners in the ASEAN countries are still faced with the unresolved problem of Kampuchea. The Kampuchean issue is a serious obstacle to peace and stability in the South East Asian region, as well as to the realisation of what ASEAN is trying to establish in our region, namely, a Zone of Peace, Freedom and Neutrality or ZOPFAN-free from foreign interference. Malaysia is convinced that the only durable solution to the Kampuchean problem is through a comprehensive political settlement, and we will continue to be resolute in our efforts to

search for such a political solution. Your support of Kampuchea is therefore deeply appreciated.

Just as the question of peace and stability is important to us in South East Asia, we appreciate that it is equally important to Sweden to continue its efforts to promote detente between East and West, which also takes into account the interests of smaller countries. Sweden's policy of neutrality has indeed contributed to the process of detente. This is evident from Sweden's active role in the Conference of Confidence and Security-Building Measures and Disarmament in Europe which has enabled that forum to achieve considerable progress. This also contributes towards the lessening of tensions not only in Europe but the world at large. In this connection, Malaysia is glad that the strategic arms reductions talks have been resumed in Geneva. Malaysia shared the concern felt by all countries over the suspension of the talks on arms reduction, and hopes that the resumed talks will continue until agreement on a comprehensive disarmament is reached.

Malaysia has for some time now addressed itself to the problem of drugs, which has become international in character and knows no national boundaries. It is a creeping menace of alarming proportions that permeates every level of society and threatens to destroy the social fabric of that society. The threat of drugs gives rise not just to problems of a criminal nature, but also has security ramifications that can undermine the survival of a nation. For this reason, Malaysia has legislated harsh laws to curb the drug menace. However, no country can hope to tackle this problem on its own. It requires serious and concerted effort at the international level by all countries and international agencies concerned. Malaysia therefore would like to call on all countries to cooperate in a concerted effort to prevent the production and trafficking of drugs.

Another area of concern to Malaysia is the question of Antarctica. It is the last unsettled frontier in the world and it remains our view that all mankind has a legitimate interest in the continent. Antarctica should not be the exclusive preserve of only a few nations. Malaysia is ready to cooperate with the member states of the Antarctica Treaty with a view to finding an acceptable system wherein all nations may cooperate to preserve that vast cold continent and sustain its environment until such time when exploitation of its resources can be done without pollution and damaging the ecological system.

Allow me to say once again that it is indeed an honour and a pleasure for me to make this visit to your country. I am certain you share my conviction that the future holds many opportunities for deep and lasting cooperation and friendship between our two countries.

Distinguished guests, ladies and gentlemen, may I invite you to rise and join me in a toast to the good health of His Excellency Olof Palme, Prime Minister of Sweden, and to the continuing friendship between Malaysia and Sweden.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER GIVEN BY HIS EXCELLENCY
DR. FRED SINOWATZ, FEDERAL CHANCELLOR
OF THE REPUBLIC OF AUSTRIA, VIENNA
12TH. APRIL, 1985**

On behalf of the members of my delegation, I would like to thank you for the warm and friendly welcome extended to us since our arrival in Austria. We are happy and honoured to be here in your beautiful country, which is so rich in history and culture. I would also like to thank you for the kind words you have expressed just now.

I am gratified that relations between Malaysia and Austria have been characterised by much warmth and understanding. The fruitful discussions we both had, points to our commitment to further enhance bilateral relations between Malaysia and Austria for our mutual benefit. The fact that we are able to reach an understanding so readily on all the issues we discussed indicates the goodwill and the desire between our two countries to cooperate further for the common good of our peoples.

There are tremendous opportunities and potentials for greater cooperation between Malaysia and Austria in a variety of fields, particularly in trade and investment. During the course of my programme today, I had the opportunity to address the Austrian business community. I am pleased to observe the great interest of the delegation to explore the possibilities for mutual cooperation. I am sure that both sides will take full advantage of the occasion of our visit to establish contacts and contribute towards strengthening our bilateral relations.

In our efforts to attain greater economic development and industrial progress, we in Malaysia attach great importance to trade and investment. Like Austria, Malaysia places emphasis on an export-oriented economy. Malaysia has so far been fairly successful in the effort to modernise, but we are ever aware that we need to diversify our markets and to acquire specialised knowledge and expertise in many fields. We, therefore, encourage foreign participation in our development efforts through liberal term for investment and attractive business opportunities. The signing of the Investment Guarantee Agreement is a further demonstration of the mutual readiness of both countries to promote and facilitate further our economic cooperation.

This year marks the 40th. anniversary of the end of the Second World War in Europe as well as the 30th. anniversary of signing of the State Treaty between Austria and the four Allied Powers by which Austria regained her independence and sovereignty. Within this period of time, Austria has emerged as a leading industri-

alised country in Europe. In fact, far from being a hindrance, your strategic situation on the East-West Divide has through your prudent and pragmatic policies - been instrumental in promoting peaceful co-existence and cooperation between European countries with different social and political systems. This is a tribute to your country's wise leadership and to the hard work, industry and determination of the Austrian people. As your nation commemorates these important landmarks of your history, the Malaysian Government and people join me in extending our warmest felicitations and best wishes for the continued peace and prosperity of the Government and people of Austria.

In our part of the world too, we view with importance the coming 30th. anniversary of the Afro-Asian Bandung Conference which brought together like-minded countries concerned over the plight of the third world, a large part of which was then still under colonial bondage, domination and exploitation. The 10 principles of Bandung governing the code of conduct between nations are as valid today as they were then.

I believe that the cooperation and interaction among the neutral and non-aligned countries of Europe of which Austria is a very keen and active member, is based on similar principles. There is, therefore, much in common between countries like Austria and Malaysia. Our common concern for peace and security, of staying clear of big power politics and rivalry, and in working for complete and general disarmament provide us with a ready-made agenda for more active cooperation and more effective coordination of our efforts. Indeed, our positions on these vital questions of peace, security and disarmament are similar.

The need for more active cooperation and coordination of our efforts is all the more necessary as the international situation is fraught with growing dangers of the unrestrained use of force by the strong against the weak and in total defiance of the principles and objectives of the UN Charter which all of us are committed to uphold. We see it happening in Kampuchea where the Vietnamese forces continue to illegally occupy that unfortunate country. Their actions pose the biggest threat to peace and stability in our region. I have stressed repeatedly that there can be no military solution to the problem in Kampuchea and that the only recourse is through a negotiated political settlement. Your country, through its chairmanship of the International Conference on Kampuchea, is playing a constructive role in helping to solve the problem. I sincerely look forward to the day when peace can prevail and all the countries in the region can see to the realisation of the Zone of Peace, Freedom and Neutrality in South East Asia.

The Palestinian problem continue to be the most important issue facing the international community today and yet has defied solution for a long time. A number of bloody wars have been fought there and we have witnessed the uprooting of the Palestinian people from their homeland by the aggression committed by the Israelis. We note that Austria has been and is still actively engaged in the search of a solution and supports fully the UN position that the PLO is the legitimate representative of the Palestinian people and that the restoration of their legitimate national rights, including

their right to establish their own state is a prerequisite to a just and comprehensive settlement of the conflict. The untiring efforts that Austrian leaders, including you yourself, Excellency, have made is evidence of Austria's constructive role in the search for a lasting solution to the problem. Indeed, Austria's contribution has not been restricted to the political aspect of the problem, but has extended to humanitarian assistance to the unfortunate victims of the conflict.

Another area of concern to Malaysia is the question of Antarctica. It is the last unsettled frontier in the world and it remains our view that all mankind has a legitimate interest in the continent. Antarctica should not be the exclusive preserve of only a few nations. Malaysia is ready to cooperate with the member states of the Antarctica Treaty with a view to finding an acceptable system wherein all nations may cooperate to preserve that vast cold continent and sustain its environment until such time when exploitation of its resources can be done without pollution and damaging the ecological system.

In the field of international trade, which is so crucial for all countries for growth and development, the record is not one we can be proud of as the gap between the industrialised countries and the developing countries continue to widen. The position of the last developed countries is deteriorating rapidly. Others have had to contend with declining prices for their commodities, protectionist measures and barriers to the free flow of trade so essential to us all. The recession, the inflated dollar and high interest rates have made matters worse.

Here again Austria has set a good example by having a liberal import policy for goods from countries like Malaysia with no imposition of quotas or other restrictions. I sincerely hope that other and richer industrialised countries will also follow the lead taken by Austria.

I would like to conclude my remarks by thanking Your Excellency, the Government and people of Austria for the honour you do us in hosting this dinner.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER GIVEN BY H.E. KALEVI SORSA
PRIME MINISTER OF FINLAND
HELSINKI
15TH. APRIL, 1985**

It is indeed an honour and a pleasure for the members of my delegation and I to be present here tonight at this dinner. I wish to thank you for the warm welcome accorded to us during our visit to your country. I have heard how beautiful this country of yours is, of its many lakes and forests and of its friendly people and I am delighted to be here in Finland to see all these things for myself.

Malaysia and Finland established diplomatic relations only since 1973 and therefore we can be considered as relatively new friends. Part of the reason for this is that we are separated by geographical distance, and we have had different historical backgrounds and experiences. Notwithstanding this, we share a common desire to establish and maintain friendly relations with all countries, irrespective of their Governmental systems and based on the principles of respect for the independence, sovereignty and territorial integrity of nations. At the same time, we both pursue a peace-oriented policy of neutrality and non-alignment to promote international cooperation. It was on this basis that we took the step to establish bilateral relations with each other.

Since the establishment of relations between our two countries, our bilateral cooperation, particularly in the economic field, has increased significantly in scope. In the last few years, we have witnessed the rapid growth of cooperation in the economic and technical fields, in investment and in joint-ventures. Our ties have been further consolidated by the Economic and Technical Cooperation Agreement concluded in 1981, which provided for the establishment of a Joint Commission between both countries. The Joint Commission has achieved considerable success in identifying various areas of cooperation relating to trade, investments and joint-ventures, and economic and technical matters. With this Joint Commission to monitor the progress of our economic cooperation, I am certain that bilateral relations between our two countries will continue to be strengthened for our mutual benefit.

The most noticeable growth in our bilateral relations has been in the field of trade, which has increased significantly in quantum and value. However, a substantial part of this increase has been due to the bigger volume of imports of Finnish products into Malaysia. On the other hand, the Malaysian share of the Finnish market has not

improved to any significant degree. While this is perhaps a tribute to the success of your entrepreneurs in penetrating the Malaysian market, I would urge that we both face the matter squarely and work together to achieve a more equitable balance of trade. In this regard, I welcome the formation of the Finnish-Malaysia Trade Association here in Helsinki. The Association will be of valuable assistance to entrepreneurs from both countries to improve our links in commerce.

It is also for reasons of trade that I have brought with me prominent members of the Malaysian private sector, among them are representatives of leading business houses in Malaysia. I am certain that they will not miss this opportunity to establish commercial links with Finnish firms and industries. The establishment of such links should also result in the expansion of direct bilateral trade between our two countries, for our mutual benefit.

Malaysia, like most nations in the world, is striving to achieve economic development and progress so that its people can enjoy an even higher standard of living. However, progress and development can only be achieved in a climate of peace and stability. Malaysia and Finland, and indeed all responsible nations share the view that military conflict is the greatest threat to peace and stability. Within our own region of South East Asia, Malaysia, together with her partners in ASEAN is trying to establish a Zone of Peace, Freedom and Neutrality, free from any foreign interference. However, the Kampuchean problem remains the single most serious obstacle to peace and stability in the region. Despite efforts by ASEAN and the international community, the situation in Kampuchea remains unchanged. The Kampuchean issue must be resolved peacefully and speedily in accordance with the declaration of the International Conference of Kampuchea and other relevant United Nations resolutions that have been endorsed and supported by the international community.

The crux of Malaysia's foreign policy remains the development of friendly relations with all countries based on the principles of mutual respect and non-interference in each other's affairs. In this respect, we in Malaysia are aware of Finland's active role and unceasing efforts to promote the cause of detente, disarmament and peace not just in Europe, but also its endeavours in striving towards non-proliferation of nuclear weapons. It was Finland's initiative and contribution towards the efforts to promote the cause of detente that led to the commencement of the historically significant Conference in Security and Cooperation in Europe in this city in 1975. It was fitting that the signing of the Final Act of the Conference was also done in Helsinki. The existence of this document and the fact that the process that was begun in 1975 is still ongoing and is now in fact a larger process is testimony to your country's commitment to the ideals of peace and cooperative endeavours in Europe.

Another area of concern to Malaysia is the question of Antarctica. It is the last unsettled frontier in the world and it remains our view that all mankind has a legitimate interest in the continent. Antarctica should not be the exclusive preserve of only a few nations. Malaysia is ready to cooperate with the member states of the Antarctica Treaty with a view to finding an acceptable system wherein all nations may cooperate to preserve

that vast cold continent and sustain its environment until such time when exploitation of its resources can be done without pollution and damaging the ecological system.

I am confident that in the future the bilateral relations between our two countries will continue to expand for our mutual benefit. The fact that we have reached across continents to bind this friendship further is indeed an example of how mutual cooperation between nations can and should be fostered.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
TO NORDIC FINANCIAL INSTITUTIONS IN HELSINKI, FINLAND
17TH. APRIL, 1985**

I am very honoured to be invited here tonight to address this distinguished gathering of Nordic bankers and financiers in this beautiful city of Helsinki. Despite the cold weather, I am already impressed by the warmth of your hospitality and the vigour of your national economy. Almost unique amongst the European economies, the Nordic economies have grown by 3.5% in real terms in 1984, while average growth in the rest of Europe was about 2.3%. Modestly, I must claim that we did slightly better, achieving 7.3% growth in real terms, as against 5.9% in 1983.

When I was invited to address the Nordic bankers, I asked myself what we both had in common, and I was pleasantly surprised to find we share very much a common sense of destiny. We are all highly open and outward-looking economies, the Nordic countries with one-third to one-half of national income derived from exports, while half of Malaysia's income is derived from exports. You still have abundant forests and hydro-electric power, as well as oil and gas resources in the North Sea. Over three-quarters of our country is still covered with virgin jungle, and we are the largest exporter of tropical hardwoods in the world. In addition, we have vast hydro-electric power potential, which we have not yet even begun to tap, while we also have oil and gas resources offshore.

Even in the area of banking, I believe we are thinking along the same lines. I am told that as your banking system has become more and more sophisticated, your monetary authorities are moving towards greater deregulation, to promote further financial liberalisation and efficiency through competition. We in Malaysia are also on the same threshold; to improve the mobilisation of resources to finance our high rate of investment, we are reviewing not only in depth our financial policies to increase competition amongst the financial institutions, but also introducing the conditions through which they can innovate without compromising the tenets of sound and prudent banking. I would certainly welcome you to visit Malaysia and talk to your counterparts on what we are doing in this field. The exchange of experience in this field will be useful for all.

I wish to spend some time this evening, however, to discuss the possible areas of co-operation between our countries, especially those of finance, trade and investments. The Nordic countries today have reached a high state of technological development, and are seeking new markets, new partners and new challenges. Technologically we are behind you but we too are seeking new markets, partners and challenges. As you

are aware, Malaysia is the world's largest producer of rubber, palm oil, tin, tropical hardwoods and pepper. By the end of the century, we will be one of the largest exporters of cocoa. Much less known is the fact that we are the world's largest exporter of semi-conductor chips, supplying both the United States and Japan with a significant proportion of their electronic components. We are more than self-sufficient in energy, producing about 450,000 barrels of oil per day, with three times as much natural gas reserves as we have oil, and as I have mentioned earlier, abundant hydro-electric power potential. We are on the threshold of industrialisation, with a young population and a growing domestic market. In the last decade, we have established our own shipyards, steel and cement plants, a liquefied natural gas plant, and coming on-stream a pulp and paper mill, an ammonia and urea plant, two hot-briquetted iron plants and a national car complex. All these we have established with either foreign direct investment, in partnership or with their technology and know-how.

With a liberal exchange control system and a stable, freely convertible currency, we have always welcomed foreign investments from as diverse a source as possible, in order to ensure that we get the best technology and expertise available, and that we would have access to different markets. I believe sincerely that with Scandinavian technology, superb design flair, and uncompromising quality, combined with Malaysian raw materials, skillful workforce and good infrastructure, we will be able together to bridge the markets of the East and the West. As bankers and financiers who understand the potential of the ASEAN market, and the window to the greater markets of Asia, I am sure you can play a significant role to bring about the partnership in ventures which we hope to establish between our countries.

The tradewinds that once brought your pioneer traders to the East in search of spices are now blowing in the reverse direction. We are now coming to your markets, to open the avenues of trade for our goods, just as we have opened our markets to your quality products. We have much to learn, particularly in product design, quality control and marketing. Because we are all small trading nations, we understand full well the need for open markets, with as little protectionism as possible. Unfortunately, the world market has become increasingly divided into blocs of power, each building barriers of one form or the other, loading voluntary restraint, market quotas, and now countervailing duties against the exports of the developing countries. For a long time to come, the developing countries will be dependent on the industrial nation for the technology and the capital to improve their standard of living. In the true spirit of free enterprise, if it still exists, the developing countries do not seek hand-outs, but a fair chance to sell their products without handicaps and barriers of one form or the other.

As enlightened and pragmatic businessmen, you will understand that in this interdependent world, we cannot live in isolation. We cannot have it both ways. Having made many developing countries into debtor nations, the large industrial nations cannot force the adjustment process only on one party, requiring the debtors to tighten belts and increase exports, while lender countries continue to restrict market access. This beggar thy neighbour approach must be doomed to failure. Our assessment of the balance of the 1980s lead us to conclude that unless we take the initiative to bring

our products to your doors, to show you what we can produce, at competitive prices and in qualities and quantities that meet your needs, we will still be subject to the vagaries of the international trade cycle. We can be competitive and efficient, and we have certainly taken significant steps in this direction, by halving our fiscal deficit and our balance of payments deficit in the last two years, and promoting privatisation and greater public-private sector co-operation in the spirit of Malaysia Incorporated. But all this is not enough. Unless we have the market access, our products cannot be sold to generate the additional foreign exchange to produce more growth. We will continue to be subjected to the uncertain, inconsistent and sometimes erratic policies of the major industrial countries, which could slowly choke off market access by introducing countervailing duties in the name of fighting against unfair trade practices, while being unable to deal with their own structural problems of low growth and high unemployment.

However, to throw protectionism into reverse gear is not enough. The international monetary system is at the cross-roads. The structure of floating exchange rates, hastily built to replace the cracking fixed exchange rate system of the 1960s, has not worked as well as expected. We see before us today a monumental confusion, with wild swings in capital flows and exchange rates clearly pointing towards the need for radical reform. This can only come about if we recognise that we live in a common world, where domestic policies of the large nations have wide international repercussions, and that we must jointly work hand in hand to solve these common problems. The Nordic nations have always produced far-sighted statesmen who see above parochial and regional issues, and have worked for world neutrality, peace and harmony. I commend you on your foresight, and hope that we can work together to make ours a better world to live in.

On that note, I thank you for your hospitality and hope that you will have the opportunity to visit Malaysia and taste a little bit of our warmth in return.

SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT TRINITY COLLEGE, OXFORD
19TH. APRIL, 1985

My speech is entitled: Holier Than Thou – a Mild Critique. It springs from the need for a leader from the Third World to say a few words about the First World, some of whose leaders and many of whose commentators and analysts continue to be patronising and unduly critical of us in the developing world. From their high pulpits they sermonise. From their comfortable armchairs they preach. And in the columns of their newspapers and in the pages of their books they lecture, expound, declaim on all that is wrong with the Third World.

In my address I will more than imply that those who are without sin should cast the stones, that those who live in glass houses should ponder the state of their walls before they venture forth. Those who hurl abuse at the Third World ought to make sure that they speak from premises that are fair, assumptions that are correct, knowledge that is grounded in fact, understanding that is not steeped in ignorance and arrogance.

Jean Paul Satre wrote in 1961: "Not so long ago, the earth numbered two thousand million inhabitants: five hundred million men and one thousand five hundred million natives. The former had the Word: the others had to use it. The European elite undertook to manufacture a native elite. They picked out promising adolescents: they branded them, as with a red-hot iron, with the principles of western culture. After a short stay in the "mother country" they were sent home, whitewashed. These walking lies had nothing left to say to their brothers; they only echoed. From Paris, from London, from Amsterdam we would utter the words... and somewhere in Africa or Asia lips would open. It was the "golden age".

He continued: "It came to an end; the mouths opened by themselves; the yellow and black voices still spoke of our humanism but only to reproach us without inhumanity. We listened without displeasure to these polite statements of resentment, at first with proud amazement. What? They are able to talk by themselves? Just look at what we have made of them! We did not doubt but that they would accept our ideals...." Jean Paul Satre exaggerated. But by how much? The world that he talked of was the world of Western domination, then of decolonisation, of the previous hundred years and of the first quarter century after the Second World War, which witnessed the greatest period of liberation in the history of the world. I do believe that we have now seen the second great wave of decolonisation, mental and psychological decolonisation, when the Third World has already begun to think not only for itself, but also to evolve its own systems, and its own values, drawn from the wisdom of both east and west, from deep within its indigenous soul as well as the external intrusions.

I hope that the second wave is reflected in this speech, a speech I have been advised not to deliver, for fear of the international press, for fear of the international trade union movement, for fear of the strength of the strong in today's commonwealth of nations. What I say will, I fear, be distorted, taken out of context, misquoted and misconstrued. I will please neither the Right nor the Left. I will please neither friend nor foe. I will not please the First World, certainly. And I will not please even the Third World.

So why do I enter the lion's den? Why do I deliver this speech that is so unpalatable. I believe I must because it is time for the First World to come to terms with the new Third World - something it cannot do from high among the clouds. For me it is part of the breaking of the chains of steel that cabin the minds of most Third Worlders and that crib our character and our faith in ourselves. I believe that this Oxford University is a good place for the exchange of some home truths.

Let me make certain things clear from the start. Let me make plain the point of departure, the context in which my remarks are set. Let me stress that I am no apologist for the Third World, of which my country is a member. I make no defence of the obscenities that take place in many developing countries, the failure of many of their governments, the profound weaknesses of many of their societies. I am no admirer of the Second World. I am deeply committed to the free enterprise system as a means for uplifting the multitudes from the indecency of poverty. And I fully believe that the West has given much to this planet in terms of political culture, in terms of the techniques of production, in terms of civilising values whose relevance and importance will conquer much that lies in their path.

No critique of the West should start without such an acknowledgement. But there is much that the West will try to give to us that is not altogether relevant, that is inferior. There is also much that the West can learn from the political culture of others, from the techniques of production of other societies and from the civilising values of the East and the Third World.

In 1978 there appeared a book of outstanding accomplishment, written by Edward W. Said called "Orientalism". It was a work which analysed the ways in which the West discovered, invented and sought to control the East. "Orientalism", Said argues, "is, among other things, a style of Western thought and a baby of Western belief, conventional wisdom and prejudice contributed to by innumerable Western poets, novelists, statesmen, philosophers, administrators, political theorists, economists, social scientists and intellectuals in general over the ages to the present day."

Central to Orientalism is the idea of European identity as a superior one in comparison with all the non-European peoples and cultures. Let one Malaysian now mount a minor assault against this bastion of conventional assumption, a conventional assumption that is the more pernicious because it is an assumption that is still dominant in many countries of the Third World itself.

The Orientalism that Dr. Said so meticulously chronicled in his book consisted of the sin of half truth added to half truth, misperception heaped on misperception – to yield in some instances total untruth and complete misperception. There are elements of this in the Neo-Orientalism of our times about the Third World. You all must know, of course, of the Third World that is generally a place of teeming millions, of mass poverty, of rampant corruption, of totalitarianism, arbitrary rule, authoritarianism, of anti-democratic regimes, of leadership by the few over the many, of oppressive exploitation, of chronic instability, of ethical degradation and moral decadences.

But do you know that there are more Whites than Blacks in the Third World? Rich people are never called "teeming masses" of course; there are in fact more people per square foot in New York's Park Avenue or some of Paris' choice places of residence than in the slums of Calcutta. There apparently are no "teeming millions" in Japan although Japan has more people per square mile than does India, with all its "teeming millions". Many countries in the Third World have higher per capita incomes than Britain or the United States. There are increasingly large numbers of citizens of the Third World who see more and more countries of the First World as the residence of ethical degradation and moral decadence.

When I think of some of the present conventional wisdoms about the Third World, I am reminded of what Lord Cromer said of the Oriental and of the Oriental mind. In the thirty-fourth chapter of his two-volume tome which sets out the majestic record of his awesome experience and magisterial achievements, entitled "Modern Egypt", Lord Cromer quotes Sir Alfred Lyall as having told him once that "Accuracy is abhorrent to the Oriental mind. Every Anglo-Indian should always remember that maxim."

Cromer concurs. He says: "Want of accuracy, which easily degenerates into untruthfulness, is in fact the main characteristic of the Oriental mind." So please bear this in mind, ladies and gentlemen, as you listen to me.

In stark contrast, Lord Cromer says: "The European is a close reasoner; his statements of fact are devoid of any ambiguity; he is a natural logician, albeit he may not have studied logic; he is by nature sceptical and requires proof before he can accept the truth of any proposition; his trained intelligence works like a piece of mechanism". Admittedly this remarkable piece of wisdom is from the good old days and is fashionably discredited by the West now. But it still influences and afflicts the Western mind.

Let me interject that we in the colonised world were indeed fortunate that not more Europeans studied logic. What would the world have been had all Europeans gone to Oxford to study logic! Let us savour more of the wisdom of Lord Cromer, of whom Balfour said: "Everything he has touched he has succeeded in". Cromer, who emerged as the paramount Consul-General of the British Empire of his time, continues: "The mind of the Oriental, on the other hand, like his picturesque streets, is eminently wanting in symmetry. His reasoning is of the most slipshod description."

Although the ancient Arabs acquired in a somewhat higher degree the science of dialectics, their descendents are singularly deficient in the logical faculty. They are often incapable of drawing the most obvious conclusions from any simple premises of which they may admit the truth. Endeavour to elicit a plain statement of facts from any ordinary Egyptian. His explanation will generally be lengthy, and wanting in lucidity. He will probably contradict himself half-a-dozen times before he has finished his story. He will often break down under the mildest process of cross-examination".

I quoted Lord Cromer at some length so that you will understand why my reasoning will be of the most "slipshod description", why my explanations will "generally be lengthy and wanting in lucidity", why I will contradict myself half-a-dozen times before I am through and why I will break down under the mildest cross-examination. My simple proposition to you is that the moral voice of the West, the legitimacy of its preachings, would be of a different order if it were not guilty of many of the crimes and many of the vices for which it has lashed and will continue to berate the developing societies of the Third World.

For example, the Third World is constantly being criticised for their systems of inequality, for their unfair distribution of wealth, for the non-egalitarian character of their states. I concede that many are guilty on all counts. But is the West quite as innocent of these charges as it makes out to be? Let me take the example of the United States, a proud country which has many things to be proud about.

In the United States, one estimate is that one fifth of one percent of the American population own almost 60 per cent of the wealth of America. The super-rich, less than two per cent, own 80 per cent of all stock, 100 percent of all state and municipal bonds and 88 percent of corporate bonds. In the United States there are some sixty billionaires and more than 100,000 millionaires. Two hundred companies account for some 80 percent of all resources used in manufacturing. If you will allow me to quote Newsweek, not one of my favourite magazine, "the top 20 percent of Americans owns 80 percent of all that can be privately owned in the United States and the bottom 25 percent owns nothing (many of them, in fact, have debts that exceed their assets)." It is true that many Americans own shares. But the many own very few and the very few own a great many.

If there is constant talk that in Third World countries a few families corner massive wealth, and massive political power, something that is of course unjust, let us not forget that the DuPont family in America controls eight of the forty largest defence contractors and grossed over US\$15 billion in defence contracts during the Vietnam War. The DuPonts are said to control ten billion-dollar corporations including General Motors, Coca Cola, Boeing and United Brands. Over a million Americans work for the DuPonts, who are said to be the biggest contributors to Republican presidential campaigns.

Even more powerful than the DuPonts are the Rockefellers. They are said to control five of the twelve largest oil companies and four of the largest banks in the world. At one time or another the Rockefellers or their close associates have occupied

the offices of the President, Vice-President, Secretaries of State, Commerce, Defence and many other cabinet posts, the Federal Reserve Board, the governorship of several states, key positions in the CIA, the U.S. Senate and the House of Representatives.

I do not agree with the Marxists who believe that bourgeois democracies are merely systems in which parties and parliaments provide camouflage for capitalist rule. But just as it can be no surprise that trade often follows the flag it can be no surprise if political power often follows economic wealth.

How about the poverty and the income gap that we hear so much about in the preachings of those who are holier than thou? The University of California completed a study in 1975 which showed that one million American babies and young children were suffering from brain damage from malnutrition arising out of extreme poverty. Black Americans, who only form 13 percent of the U.S. population make up some 40 percent of those below the officially designated poverty line. To quote Newsweek again, in 1977 the richest 10 per cent of American households received 26.1 per cent of total American income while the poorest 10 per cent received only 1.7 per cent. Lest the British say "we are different", let me just add that in the U.K. the bottom 10 percent earn 2.1 percent of total income, while the top 10 percent earn some 25 percent of all income. In the United States, Blacks generally earned 69 percent as much as Whites; women who worked full time earned only 56 percent as much as men. In a land of plenty, almost one out of every ten Whites and nearly one out of every three Blacks, Puerto Ricans and Chicanos lived below the poverty line.

To be sure, poverty and income gaps in most developing countries are generally a great sight worse, but the top ten percent of all U.S. households received 15 times as much income as the bottom 10 percent. Lest other states in the First World look askance at the American situation, the ratio for Japan was 10, the ratio for West Germany 11. And the honour for the highest degree of inequality among the industrialised countries went to France.

The question that I would like to ask is what are you doing for your poor? Why are you spending so much on prestigious projects and weapons?

Let me now turn to the hallowed ideal of equality under the law, and the rule of law, principles that rightly are hallowed and that are violated in many Third World countries. Let me ask of the First World, how often is crime defined, in a continuous fit of absent-mindedness, as something which the have-nots commit against the haves? In how many countries is legal service something which best serves those who can best pay for it? Who gave preventive detention to the Third World? And how many of the civilised countries of the West would introduce it if the conditions demanded it? Is there preventive detention in Northern Ireland? And let us not forget that twice, in two World Wars, the British (in my view, justifiably) suspended general elections.

What happened to Nixon and his band of merry men? Resignation was enough punishment for the leader. Herbert Kalmbach, Jeb Magruder and John Dean were

handed sentences of between four to six months. Richard Kleindienst, once Attorney General, the highest legal officer in the land, who was guilty of perjury before a Senate committee was given a thirty-day suspended sentence and a US\$100 fine and a commendation for distinguished service from an American court. By and large the high and the mighty are spared.

Having caused so much offense thus far, let me now tilt at the towering windmill of the Western media whose power over the minds of the entire world is so massive and so utterly pervasive. As a Third Worlder I ask: Why must this entire planet be seen from the Western, Orientalist perspective? Why must the Third World be judged day in and day out only according to the self-righteous values of the West and its media? Why must so much sheer arrogance and sheer ignorance wreak so much havoc on the Third World? Is Freedom of the Press, a value which I have been taught to treasure, nothing more than the right of a few editors and a few owners to censor and to decide what we all should read, listen to and watch?

Let me turn your mind to the bastion of the Freedom of the Press, the United States. I have read in a book published in 1977 no doubt it is an exaggeration – that five New York banks own controlling shares in America's three national television and radio networks: NBC, CBS and ABC. I have also read – and no doubt this too is an exaggeration – that the magnificent five are also powerful shareholders of the New York Times, Time, Columbia Pictures and Twentieth Century Fox. In 1972, only four percent of American cities had competing newspapers under separate ownership. The trend is ever downward.

Another writer, this time writing in 1983, argued that twenty American corporations control more than half the 61 million daily newspapers sold every day; twenty corporations control more than half the revenues of the country's 11,000 magazines; three corporations control most of the revenues and audience in television; ten corporations in radio; eleven corporations in motion pictures. In this no doubt jaundiced view fifty Americans control more than half the information and ideas that reach 220 million of their country men. It has been argued, no doubt wrongly, that the primary function of the media is to make money for their owners.

One must of course never forget the thousands of professionals who actually do the editorial work. To forget and insult them is to risk the gravest consequences. They are the men who vet, headline and determine the slant. They can literally make or break people and organisations. Indeed whole Governments can be brought to their knees by the people who determine what and how events should be presented in the media. Incur their wrath and you will pay a very high price indeed.

Why, one wonders, did it take a year and a half for the My Lai massacre story to see the light of day? Could it have anything to do with the fact that two wire services, several American magazines and news weeklies, one TV network and several major newspapers in Boston and New York turned down and simply were not interested in the dull story of how hundreds of defenceless old men, women and children were

slaughtered in a village in Vietnam. I shall not tell you about the objective views of the Western media on the Arabs since we all know that they consider them as a bunch of shiftless and untrustworthy malcontents.

Having offended the Right, let me now turn to offending the Left and making some remarks about Freedom. Personal freedom is of course a value of all peoples, Brown, Black and Blue. As someone who struggled against the British, as someone who spent many years in the political wilderness, I need no lecture on freedom. Many colonial peoples need no lesson from our former oppressors. But it surely ought not to come as a surprise to you that there are hundreds of millions, indeed billions, who believe that an Economic Bill of Rights is even more important than a Political Bill of Rights. It ought not to come as a surprise to anyone that to those who hear the growls in their stomach and who feel insecure, prosperity, development and order come before being able to go to the polling booth every few years, writing letters to newspaper editors, raising voices in the air and assembling under the trees, newsworthy though some of these things are.

Let me also say that freedom from oppression is more than freedom from the tyranny of the Government; it must also mean freedom from the tyranny of particular interest groups and movements, and sometimes the tyranny of the minority. Governments need to be checked and put in their place. Power cannot but have a corrupting tendency. But Governments cannot contribute when they are cowed and intimidated. In how many countries in the West are governments cowed by the power of the military-industrial complex, intimidated by the big money men, brow-beaten by trade union leaders, harassed and terrorised by the Press - so intimidated in fact that they are deflected from doing what is necessary and what is just. After 1933, the majority of the Governments of Western Europe knew that war was on the horizon. Why did they not re-arm, thus possibly preventing a mad man from bringing untold misery to the world? They were defeated by public opinion largely preformed by the media and the knowledge that the steps that were necessary would not be approved by their electorates.

Let me now turn to the really big one: the constant criticism that the Third World does not practice democracy and the constant pressure for all of us to adopt the system of "participatory democracy". Let me state quite categorically that I am in favour of democracy, of Government of the people, by the people, for the people. At the same time, I believe that in practice, each nation must seek its own path to democracy. Neither the British form of democracy nor the American form of democracy - two distinct and different forms of democracy - can be exported whole and installed, ready made, in a very large number of countries. What a hue and cry there would be in Britain were the Americans to force their particular brand down British throats. What a big shake-out and a big shoo-in at the top of the civil service every time a new President is elected? Judges to be chosen by the people? Non-members of the Commons to be chosen as Ministers of the Crown? A clear division of powers between the Executive and the Legislature? An end to party discipline? Heavens.

Harvey Wheeler, in his book, *The Rise and Fall of Liberal Democracy*, published by the American Centre for the Study of Democratic Institutions, wrote: "During the nineteenth century, America made a great commitment to a special, and indeed historically unique form of democracy. It backed its gamble with some of the most indigent governmental and political institutions known to history. Today, these institutions of populism and progression have been all but dismantled. They appear embarrassingly Victorian in retrospect like those monuments of Victorian architecture we are now busily tearing down.

"However, it is harder to eliminate beliefs and institutions than buildings. We still carry the participational commitment in two ways. First, a few of the institutional arrangements we developed to facilitate democratic participation are still with us, though often atrophied or modified. The direct primary (election) is the most prominent example".

"Second, and more important is the fact that even though in one part of our minds we realise that our participational experiment has failed, and even though we sometimes ridicule it, nonetheless as a nation we still hold to it, myth though it is".

"Participational democracy is the only really distinctive contribution America has made to politics and we seem fearful of admitting its failure. When we state the basis of our opposition to Communism, it is that Communism does not provide for democracy as we have understood it, and therefore is not a "true" democracy.

"But the democracy we force on others is one we ourselves no longer have. Despite our inner knowledge that our own participational forms no longer work, we continue to base our cold war on the claim that the non-Western World should adopt these forms forthwith, and when we look at the political systems of the newer democracies in the underdeveloped areas of the world, one of our chief criticisms is that they are not sufficiently participational as in our special Victorian sense."

It may surprise you, but I do believe that Wheeler overstates. But let us look at voting in the U.S. primaries, one of the few remnants of what he calls participational democracy. It is by no means unusual to find less than 20 per cent of registered voters turning out to vote. Let us take the U.S. Presidential elections: This time around, 89 million Americans out of a total voting population of 174 million went to the polls, i.e. around 51%, a drop from 1980's 53 percent. Out of the 89 million, President Reagan won 52.6 million votes. Since the population of the United States was 235 million, this means that only 25 per cent of the American people actually and actively chose Mr. Reagan. If these figures appear exceedingly low, it should be noted that voter turnouts for Congress are substantially lower, and turnouts for elections at the lower level are very much lower again.

To what extent can a government be said to be elected by the people when so few go to the polls? And what do we find when we break down the ranks of the electors? In the 1980 presidential election there was a 33 percent difference between the percentage of high school certificate holders and degree holders who voted. In all the

Western democracies, the main abstainers are the working class, which is the way most Western commentators, with their love for participatory democracy, prefer it to be.

To what extent can Government be said to be of the people when the costs of running for office are so high that it must be out of reach of the common man? In 1968, it cost an estimated US \$100 million to elect a President from beginning to end. Were Lincoln alive today, he would be in his log cabin tweedling his thumb.

To what extent can government be said to be for the people when wealth and money are so important and when pressure groups, which generally cost so much money, play such an important part in the functioning of the modern Western democratic political system? A most major flaw in the pluralist democratic heaven of the West is that the heavenly chorus sings with a strong upper class accent. The pressure system is what determines most political outcomes and the vast majority of the people of the Western democracies do not have the money to get into the pressure system. The unorganised and the disorganised have a say once every four or five years, and as we have pointed out in many countries in the West, most choose not to have that say. For the most part, in these countries, the bargaining is between a presidium of elites.

Please allow me to end by outlining to you one or two thoughts on good Government, good leadership and good political systems. I do agree that the real virtue of democracy lies in the fact that despite its awesome imperfections it is generally better than other systems, whose imperfections are generally even more awesome. Raymond Aron is right when he says that it is impossible to conceive of a regime that is not oligarchic in the sense that decisions cannot be taken by all but by the few. What makes a democracy different from other systems of governance is that in a democracy the governing oligarchy regards those whom they govern as their sovereign. It is a singularly important difference.

The type of democracy that is right for a particular country depends of course on the particular conditions that pertain. If in the United States the Republicans and the Democrats worked on the basis of strict party discipline as the parties of Britain do, Government would only be able to function effectively if the man in the White House were to be of the same party as the one that has a majority in Congress. The American system only works, to the extent that it does, because the Republicans and the Democrats are not disciplined parties in the British sense. On the other hand, if a British Cabinet were to function in the context of undisciplined parties, as the American Executive does, you can imagine how much attention will be devoted to courting every Member of Parliament and how little attention will be given to the task of governing. There will be many more opportunities for ambitious men to apply for the job of Prime Minister, as Governments come and go, although it would be somewhat naive to believe there would be a drop in the number of applicants.

The much touted two-party system can only work if the adversaries are agreed on the basics and are not poles apart. Imagine the chaos that would result from the vacillation from a rampantly socialist party to a rampantly capitalist party and back again.

Imagine the dislocations that would take place if every four or so years a country would have to veer from being an absolute theocratic state to one utterly secular. I should also point out to you that democracy and authoritarianism may not only live in peaceful coexistence. In fact many authoritarian regimes have been the expression of the democratic will, freely exercised. Many authoritarian Governments have been elected by the will of the people, who want strong, no-nonsense administration.

The real challenge to all who believe in democracy is how to balance between the procedures of democracy and its content, between the differing competing wishes of the people, between what the people want and what needs to be done. The real challenge also lies in preventing the tyranny of the majority and the tyranny of minorities. How are political rights to be balanced against economic rights? How are rights like personal freedom to be harmonised with such community rights as order and security? The moral, just and effective way in which these challenges are to be met must vary according to the givens of the given systems.

In this world today there are ultra-stable societies, ultra-unstable societies and those societies which have been stabilised in various states of potential stability. On the criterion of task, there are also essentially three types of societies: maintenance-needy societies in which the main business lies in ensuring business as usual, reform-needy societies in which there is a need for reform over a broad front, and revolution-needy states where there is a need for system transformation of the most fundamental kind over the most comprehensive front. To insist that the requirements of leadership within ultra-stable and ultra-unstable states are the same must verge on insanity. To insist that leadership forms, style and content in revolution-needy and maintenance-needy states must be identical or even similar is ludicrous.

There is no denying that there are evil men, evil forces in many countries today. But there are many more good men grappling with difficult problems in impossible situations. It is not becoming of the comfortable to afflict the afflicted, to scorn the efforts of many men in many lands who are trying their level best, in the best way that they know - how, to pull their people up by their bootstraps.

Ladies and gentlemen, you have listened patiently to this lengthy, unclucid, contradictory presentation of views. I am now ready for your cross-examination.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER GIVEN BY H.E. KAARE WILLOCH
PRIME MINISTER OF NORWAY
IN OSLO, NORWAY
22ND. APRIL, 1985**

On behalf of the members of my delegation, I would like first of all to thank you, the Government and the people of Norway for the warm and friendly welcome and generous hospitality accorded to us since our arrival here. I have looked forward to this visit to your beautiful country. I would also like to thank you for the kind remarks which you have just made.

The active bilateral relations between Malaysia and Norway is a fairly recent development. In the past, we have not had much contact with each other, except in the United Nations and other international fora, when we have cooperated over issues of common concern to us, and in the field of trade. Nevertheless, most of us in Malaysia do know about Norway and its fjords, its famous sea-farers, the Vikings, and its "midnight sun", a phenomenon that is inconceivable to us since we come from the tropics. Your myths and legends, coupled with tales of the exploits of the Vikings, bring forth to mind images of a romantic land of sea, snow and mountains.

Thus you can see that while for many of us this would be our first visit to Norway, it is not a country that is completely unfamiliar to us. We therefore feel that we are among friends here. To my mind, it is a good way and a good reason to strengthen our bilateral relations. I observe also that there are many similarities between Malaysia and Norway. Both are parliamentary democracies. Both countries are about the same in area and with relatively small populations. Our two countries are also fortunate to have considerable natural resources, the most important of which is petroleum. In the political field, we each place major importance to developing close regional cooperation with our immediate neighbours. I am certain you will agree with me that such similarities form the firm basis for good bilateral relations between our two countries.

The cooperation between Malaysia and Norway is most active in commerce and in the economic field. The volume of our bilateral trade, while still small, is steadily increasing. It is my belief, however, that the best potential for cooperation between our two countries lie in the fields where Norwegian technology can usefully combine with Malaysian resources to establish joint projects for our mutual benefit. Malaysia is now entering a stage in her industrial growth where emphasis is being placed on the development of heavy industries as well as high precision engineering, electronic and

electrical industries. We, therefore, welcome Norwegian interest to participate in the areas that would be most beneficial for both countries. As you are aware, I have brought with me the representatives of Malaysia's leading industries and business houses. I am certain that they will take this opportunities to establish contacts with their Norwegian colleagues.

On global affairs, both Malaysia share basically similar perceptions on many international issues, with strong adherence to the principles of the Charter of the United Nations. We in Malaysia are aware of Norway's active role in establishing the United Nations Organisation. Your country's participation and contributions to that world body go further than most countries. Norway's firm belief that the United Nations as a guarantor for peace and security of all states is evidenced by the material and financial support for the peace-keeping operations of the world organisation. Such unselfish contributions towards the United Nations as Norway has given, strengthens the organisation and provides an example which other nations can emulate.

One of the central tenets of Malaysia's foreign policy is her commitment to regional cooperation with her neighbours, as manifested in the Association of South East Asian Nations, or ASEAN. Since its inception in 1967, ASEAN has successfully developed close regional cooperation among the members. I am glad to say that our Association has been growing from strength to strength with close cooperation in many different fields.

In this connection, Norway being a member of the Nordic Group of states also developed close regional cooperation and integration in many fields. The coordination of policies between the Nordic states through this Nordic cooperation is indeed advanced. You have utilised your common background of language and culture to your best advantage and have managed to form a closely-knit group in such diverse fields as parliamentary and legislative cooperation, labour market, travel across Nordic frontiers, customs regulations, trade cooperation and regional developments. The scope of Nordic cooperation is too numerous that it suffices for me to remark that these collaborations among the Nordic countries are an achievement and an outstanding example of the extent to which regional cooperation can be fostered.

As for Malaysia and her ASEAN partners, our cherished goal in regional cooperation is to establish a Zone of Peace, Freedom and Neutrality in our region of South East Asia, free from any foreign interference. It is important for us to achieve peace and stability in our region so that our efforts can be directed towards achieving rapid growth and development for our respective countries and our peoples. However, the conflict in Kampuchea and the continued presence of foreign military forces in that unfortunate country form the biggest threat to regional peace and stability. It threatens all of us in the region with the unwanted possibility of big power interference in our affairs. Malaysia therefore looks to her friends for their continued support to resolve the Kampuchean issue speedily in accordance with the declaration of the International Conference on Kampuchea and other relevant United Nations resolutions that have been endorsed by the international community. We are appreciative of

Norway's support for our endeavour to find a political solution to the Kampuchean problem. We are gratified that Norway has also given considerable aid to the Kampuchean refugees to alleviate their plight.

Just as the question of peace and security is important to us in South East Asia, we appreciate that it is equally important to Norway to work for detente and stability in Europe. Malaysia has followed closely the various talks and negotiations on questions of security and arms reductions that are ongoing in Europe. We are aware that Norway plays an active role in the question of arms reduction. This issue is of concern not just to the superpowers and the countries in Europe, but to the whole world as well, because they have such far-reaching consequences. Although realism dictates that the decision to disarm resides mainly in the hands of big powers, Malaysia does not believe that the rest of the world should resign their respective roles in the matter of disarmament. In Malaysia's view all countries should join together in the creation of conditions in which disarmament would be in the natural order of things.

Another area of concern to Malaysia is the question of Antarctica. It is the last unsettled frontier in the world and it remains our view that all mankind has a legitimate interest in the continent. Antarctica should not be the exclusive preserve of only a few nations. Malaysia is ready to cooperate with the member states of the Antarctica Treaty with a view to finding an acceptable system wherein all nations may cooperate to preserve that vast cold continent and sustain its environment until such time when exploitation of its resources can be done without pollution and damaging the ecological system.

Allow me once again to say how appreciative my delegation and I are for this opportunity to visit your country and for the hospitality extended to us.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
TO INDUSTRIALISTS IN OSLO, NORWAY
23RD. APRIL, 1985**

It is indeed a pleasure for me to be here today and to have an exchange of views with you all. As you have witnessed a presentation on Malaysia as an investment centre I shall not explain further the basic factors that make Malaysia what it is, except to say that we are a multi-racial, multi-religious country practising parliamentary democracy, with a bi-cameral legislature and free elections every 5 years. Malaysia has a stable Government and the ruling party has been elected again and again since independence in 1957 despite the existence of very vocal opposition parties. This is perhaps the best testimony of the political strength and stability of Malaysia.

From a businessman's point of view a stable Government assures that policies will be predictable for a long, long time to come. Malaysia is a country where the international business community can plan their future with an easy mind.

The political stability that Malaysia has enjoyed through the past decades has laid a very strong foundation for the economic development of her natural resources. Today Malaysia prides itself as being the world's largest exporter of rubber, tin, hardwood timber, pepper and palm oil. All these were not given to Malaysia by nature on a silver platter. More than a hundred years ago there was not a single rubber tree in Malaysia, and the oil palm is not indigenous to the country. The rubber tree was imported into Malaysia and today we are the world's largest exporter of natural rubber. Likewise, oil palm was imported from Africa, initially for ornamental purposes. Today, we are the world's largest exporter of palm oil. Thus, as can be seen, it is the gifts of nature and the climate of the country, the dedication and sound management of the economy by the Government, and the endeavours of the people, that has placed Malaysia in the position she is today.

These same endeavours have in modern times created other world records for Malaysia - a country of about 15 million people. Some of you may be aware that in 1970 Malaysia did not have even a single 100 percent export-oriented manufacturing operation. Today we lay modest claim to be the world's largest exporter of electronic semi-conductors and the largest exporter of room air-conditioners after Japan and the United States.

I mention all these not so much to impress you but to assure you that Malaysia's economic environment provides you with a climate and the pre-conditions for profitable business activities. We realise that much of our efforts and the fulfilment of our aspirations would not have succeeded without the help of foreign investors, whose technological contribution, management know-how and, of course, access to export markets have been crucial.

In our drive to accelerate economic development and industrialisation, the Malaysian Government has introduced the Look East Policy and the Malaysia Incorporated and Privatisation concepts. The Look East Policy is a framework for learning and adapting to our needs the expertise and values, such as good work ethics and discipline, of successful Eastern nations. Malaysians are being encouraged to emulate these good values so as to bring about a qualitative change in their attitude towards work. I would like to emphasise here that the Look East Policy is not designed to give these Eastern nations favourable treatment in the consideration of project approvals or in the granting of tenders for major development projects. They are considered on the merit of each case and the total benefits that Malaysia will obtain. We will do business with any company that is prepared to give us the best deal for the money we spend and the incentives and facilities we offer. In fact, the Look East Policy will benefit all industrialists doing business or setting up projects in Malaysia in that the attitudinal changes taking place within the workforce in Malaysia, in terms of loyalty to the organisation, hardwork and striving for higher productivity, will be beneficial to every aspect of economic activity in the country. In brief the policy calls for a more hardworking, disciplined and efficient Malaysian workforce.

The Malaysia Incorporated concept is an expression of the Malaysian Government's commitment to work with the private sector, both local and foreign, so as to ensure success and profitability. Malaysian Government officials have been urged, and they have responded favourably, to assist businessmen to run their operations effectively without undue red-tape and administrative delays. We, in Malaysia, believe that much can be achieved and gained if the public and private sectors work closely together for the ultimate benefit of all.

The Privatisation concept underlines the Government's confidence in the private sector being the main thrust of economic growth in Malaysia. Based on the philosophy that "Government has no business to be in business" and that business activities are best handled by private entrepreneurs, the Government is hiving off traditional areas of Government activities to the private sector. Activities such as highway development, those relating to telecommunications and posts, and aircraft and railway maintenance, to name a few, are being privatised. The response to our Privatisation programme has been encouraging.

For far too long Malaysia, like many other developing countries, has been contented to be an exporter of primary commodities. With depressing commodity prices, over which we have no control, there is no great merit to being a glorified plantation or mining site for the world. We are therefore intensifying our efforts in the manufacturing sector giving value added to our natural resources which Malaysia is well endowed with.

Malaysia is also giving priority to the electrical and electronics industries and the high precision engineering industries. The backward and forward integration of the electronics industry is another direction which will lead to the movement of high technology to Malaysia. In addition, our priorities include ancillary and supporting industries,

engineering and of late heavy industries to strengthen the base of our industrial growth.

When you look at Malaysia and our population of about 15 million and although this population represents one of the highest purchasing powers in the region, I recognise that for many industries even this market may be too small to justify an integrated manufacturing operation. In this context, I would like to urge you to look not only at Malaysia but also at the Association of South East Asian Nations or ASEAN and its 250 million people who make up one of the fastest growing economic regions in the world. Already investors from America, Japan and other European countries have recognised the potential that ASEAN offers and have established various economic links with the region. I would like to urge all of you to look at Malaysia as a doorway to the ASEAN market. The ASEAN Governments have worked out various schemes of economic cooperation which enterprising companies can take advantage of, in tapping the market of ASEAN beyond that of the individual nations.

We are very much aware of the conservative business approach towards investment which is 'first trade and then invest'. This is the practice that most investors have adopted. I would like to point out that the success some countries have had in our region, was due to them reversing this approach. In the case of these countries, investment came in first, and this was followed by trade with import of machinery, equipment, component parts and raw materials to supply established industries.

Malaysia, and for that matter other developing countries too, are nations in a hurry. Malaysia has various opportunities to offer you. We welcome you as an equal partner in our development and industrialisation. However, we cannot hold our breath and wait indefinitely. We are willing to work and cooperate with you for our long-term mutual benefits.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER GIVEN BY HIS EXCELLENCY POUL SCHLUTER
PRIME MINISTER OF DENMARK IN COPENHAGEN
25TH. APRIL, 1985**

I would like, at the outset, to extend the sincere thanks of the Malaysian delegation to the Government and people of Denmark for the very warm and generous hospitality extended to us since our arrival in your charming capital city. I would also like to extend my gratitude for the kind remarks you have just made.

Relations between Malaysia and Denmark have been close and cordial. There exist an inherent goodwill on both sides and our Governments have rightly seized the opportunity to forge a mutually beneficial relationship. Indeed Denmark is a country familiar to many Malaysians, since several well-known Danish business houses have been established in Malaysia for a long time. The closeness between our two countries may also be attributed to a certain similarity that exists between us. I am reminded especially of your geographic and strategic situation which has played a predominant role in your country's perception of the international situation and which has guided your policies and positions on specific world issues.

Indeed our discussions today were based on our respective perceptions of international issues and given the fact that Malaysia too is situated in another strategic area of the globe, not surprisingly our views coincide on the most outstanding problems that plague the world arena. The discussions have been more than fruitful and judging from the commonality of our positions on issues of common concern, I have no doubt that my visit will help further the cause of Malaysia-Denmark relations.

A matter of particular satisfaction to my Government, Your Excellency, is Denmark's consistently positive attitude towards the developing countries, like Malaysia. In this regard, the initiative undertaken by some Danish citizens to establish an ASEAN Business Club here in Copenhagen in 1982 with the express intention of forging close business links with the ASEAN member countries is indeed a commendable move for it provides yet another avenue to foster and pursue Malaysia's interest in Denmark and vice-versa.

It is not surprising therefore that the emphasis in our relations with Denmark has been in the spheres of trade and economic cooperation. Denmark remains Malaysia's second largest trading partner among the Nordic countries. In 1982 and 1983 total trade between our two countries amounted to RM172.6 million and RM119.1 million respectively. For the first ten months of 1984, total trade registered was RM132.6 million. It would be noted that there appears to be a fluctuating trend in our

bilateral trade. With the fostering of increased bilateral relations between our two countries, I am confident that a more balanced trade will become established, one that should show an ever increasing trend.

In my view a lot more can be achieved in increasing the existing bilateral trade between our countries. Denmark with a total population of 5.2 million is arguably a small market in terms of size. But we Malaysians are cognisant of the fact that small though your market may be, the Danish people are sophisticated, high-income purchasers. Furthermore, your geographic location in Northern Europe makes Denmark a natural centre into the Nordic countries of some 23 million high-income people from Continental Europe. It is therefore pertinent for our respective entrepreneurs and investors to consider these facts carefully for herein lies the key to furthering the existing bonds of friendship and cooperation for our mutual benefit.

In the spectrum of investments, towards the end of 1984 a total of 18 projects with Danish participation have been approved and out of these 12 companies are currently already in production. I am happy to note that Danish investment in Malaysia has increased significantly in the last few years, to about RM70.8 million in 1983. The figures do not bear out the real potential in the field of investment, but nevertheless we hope that there will be more Danish participation and investment in Malaysia in future. We, on our part, have sought to achieve this through regional seminars on investment opportunities in Malaysia that were held here in Copenhagen and also in Aarhus in collaboration with the Confederation of Danish Industries. I must add that Malaysia would welcome Danish investments coupled with some transfer of technology particularly those pertaining to high technology industries for which Denmark is internationally renowned.

In the area of international issues, there exists a remarkable coincidence of views between our two nations. I had referred earlier to Denmark's strategic location and the effects that has on your perception of the world situation. Precisely because of your situation, the question of detente, security and East-West relations remains major priority items in your foreign policy options. Denmark was one of the early exponents of a European Security Conference and your Government played an active and constructive role in the Conference on Security and Cooperation in Europe. Your participation, albeit as an observer, at the current negotiations on Mutual and Balanced Forces Reduction (MBFR) speaks of your commitment to disarmament as an indispensable prerequisite to a durable world peace.

Malaysia fully endorses the Danish position on disarmament. As a nation that is still striving for growth and development for its people, we find it disheartening to witness the vast sums of money spent on developing more and more lethal weapons. If we, the peace-loving nations of the world, do not voice our fears and do not take constructive measures to halt this blind race towards a nuclear catastrophe, we would be guilty of failing in our duty to future generations. It is in this context that Malaysia welcomes the resumption of the Geneva Talks on Strategic Arms Reductions, for herein lies that little ray of hope which may bring into fruition a complete and comprehensive disarmament.

Unfortunately, it is not just the danger of the development and deployment of nuclear weapons alone that plagues us all. The prevailing international situation continues to be wrought with conflicts and contentious issues.

The situation in Kampuchea is a cause of serious concern. The independence, hopes and aspirations of the Kampuchean people have been denied to them with scant regard for the principles enshrined in the United Nations Charter. No responsible and right-minded nation can stand idly by to witness and accept this gross violation by brute military force of a country and the rights of the people. Malaysia is deeply concerned for the welfare and future of the Kampuchean people and will continue its untiring efforts to find a durable political solution so that the Kampuchean people may once again be free. In this regard, Malaysia in particular, as well as the other ASEAN member states are appreciative of the very positive role played by Denmark at the UN and other international fora towards the solution of the Kampuchean problem. Let me express the hope that with the constructive and positive role of our friends we may yet find an acceptable political solution to the Kampuchean problem within the provisions of the relevant resolutions of the UN and the International Conference on Kampuchea.

The problem in the Middle East and the future of the Palestinian people remain as intractable as ever. For some 40 years the Palestinian people have been allowed to suffer the indignity and the ravages of war. It is manifestly clear that we have the responsibility to assist in the search for a solution to the Middle East crisis so that the Palestinians may regain their legitimate homeland. Indeed self-determination for the Palestinians is the crux of the issues at hand.

Another area of concern to Malaysia is the question of Antarctica. It is the last unsettled frontier in the world and it remains our view that all mankind has a legitimate interest in the continent. Antarctica should not be the exclusive preserve of only a few nations. Malaysia is ready to cooperate with the member states of the Antarctica Treaty with a view to finding an acceptable system wherein all nations may cooperate to preserve that vast cold continent and sustain its environment until such time when exploitation of its resources can be done without pollution and damaging the ecological system.

Allow me once again to say how appreciative my delegation and I are for this opportunity to visit your picturesque country and the hospitality extended to us.

**SPEECH BY THE PRIME MINISTER
Y.A.B. DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER IN HONOUR OF MR. CONSTANTIN DASCALESCU
PRIME MINISTER OF ROMANIA
AT SRI PERDANA
10TH. MAY, 1985**

I am happy indeed to welcome Your Excellency, Madam Dascalescu, and members of your delegation to Malaysia. I trust you will have a pleasant and enjoyable stay. I recall my own visit to Romania in May 1983 and would like once again to extend my sincere thanks to Your Excellency and members of your Government for the kind hospitality accorded to me and members of my delegation.

Your visit to Malaysia is most timely as it affords us the opportunity to continue the useful and extensive discussions we had in Bucharest in May 1983. Indeed your visit to Malaysia is a manifestation of your Government's desire to further strengthen our bilateral relations and expand the scope of cooperation between our two countries.

Since the inception of diplomatic ties between Malaysia and Romania, our relations have always been warm and cordial. It has steadily progressed over the years and I am delighted to note that economic and trade cooperation between our two countries have been intensified with the very active high level exchange of visits in the recent past. The Malaysia-Romania Joint Commission for Economic and Technical Cooperation and Trade has provided the vehicle for the realisation of the desire of our two Governments to cooperate meaningfully for our mutual benefit.

Geographical distances and socio-economic systems have not hindered the expansion of our relations. The desire of both our countries to widen relations with all countries irrespective of their socio-political systems on the basis of respect for national sovereignty and territorial integrity and the non-interference in internal affairs have all contribute to the growing relations between Malaysia and Romania.

As economic relations between our two countries is a relatively new phenomena there remains a certain amount of caution amongst our business sectors due largely to a lack of understanding of our respective economic backgrounds and policies. Therefore, it is necessary for us to find ways and means of better exposing our economic sectors to each other in promoting trade and economic cooperation successfully. The intensification of exchange of trade delegations, and the holding of exhibitions and seminars would contribute towards a greater awareness of each other's products and technology as well as capabilities. While there is already meaningful cooperation at the government level, enterprises in Romania should also seize the opportunities offered by the private sector in Malaysia in the fields of trade, and joint venture investments.

Malaysia and Romania are relatively small countries which believe in establishing friendly relations and cooperation among the countries in our respective regions. My Government's support of ASEAN as a viable economic organisation stands testimony of Malaysia's commitment towards regional cooperation. We firmly believe that regional cooperation would not only strengthen national and regional resilience but would also contribute towards international understanding. In this regard your Government's efforts at developing cooperation and friendly relations among the Balkan states deserve the fullest support of the international community.

We in ASEAN are conscious of the fact that for many decades this region has been an arena of superpower rivalry, with far reaching political implications to us all. Therefore, ASEAN has embarked on the creation of a Zone of Peace, Freedom and Neutrality or ZOPFAN in Southeast Asia to prevent all forms of external interference. However, the prevailing situation in Kampuchea poses a threat to peace and stability in our region and represents a retrogressive step in our efforts towards peaceful collaboration among all the states in the region irrespective of political ideology.

The blatant occupation of Kampuchea by Vietnamese troops is without question a violation of Kampuchea's national sovereignty and territorial integrity. So also is the encroachment into Thai territory by Vietnam. Malaysia and her ASEAN partners are appreciative of the unequivocal support of Romania to the Coalition Government of Democratic Kampuchea under the Presidency of His Highness Prince Norodom Sihanouk. Romania's support has strengthened the resolve of the ASEAN countries to further intensify efforts towards a political solution so that the independence and non-aligned status of Kampuchea could be restored and our quest for a durable peace and stability becomes a reality.

While being preoccupied with the situation in the region, Malaysia is not oblivious to developments elsewhere in the world. Malaysia shares Romania's concern of increased armaments in Europe as we believe the instability in the continent would also have wider political implications. The enormous sums of money and resources being allocated to the development of both nuclear and conventional weapons could better be used to serve the cause of humanity.

All states should renew their commitment towards a comprehensive programme of general and complete disarmament. In this regard Malaysia hopes that the present negotiations between the United States and the Soviet Union in Geneva will culminate in an agreement that would prevent the escalation of the arms race. We also hope that the Stockholm Conference on Confidence and Security-Building Measures and Disarmament in Europe, which Romania is actively involved in, would contribute to the strengthening of security in Europe.

Let it be remembered that the security of the world or any continent is not the concern only of the big powers. The small countries whose security is the subject of

negotiations also have a role to play. They must be given the right to voice their thoughts and ideas so that the security of the big powers will not be at the sacrifice of the smaller nations.

The plight of the Palestinian people remains the crux of the problem in West Asia. The years of untold suffering and enormous hardship have not deterred the Palestinian people from continuing their just struggle to achieve their national aspirations and rights. I wish to reiterate once again Malaysia's support for the Palestinian cause. Only a comprehensive solution to the Palestinian problem, taking into account the right of the Palestinians to self-determination, including their right to establish their own homeland, could guarantee a just and lasting peace in the region.

The war between Iran and Iraq, continues with no immediate signs of the cessation of hostilities. The war has already caused great human and material losses to both countries. The recent escalation of the fighting increases dangerously the possibility of foreign involvement. Malaysia together with the Islamic Peace Committee and the non-aligned movement will continue to work towards a negotiated settlement of the conflict.

Afghanistan, on the other hand, a non-aligned nation, is still being subjected to foreign military occupation. Malaysia supports the role of the United Nations in finding a political solution to the problem. The flagrant violation of national independence must be condemned by all nations which value world peace.

The situation prevailing in Antarctica is another area of concern to my Government. Antarctica, the last uninhabited continent on earth is a vast land with a fragile eco-system. Malaysia has no wish to exploit the resources of Antarctica or to politicise its status. But it is wrong that a few countries should lay claim to this vast continent to the exclusion of others. Such uninhabited land should rightly belong to everyone, to all humanity, whether capable or incapable of making their presence physically felt. There should therefore be a re-examination of the administration of this continent so as to find a more just and equitable system which will be acceptable to the whole world.

Malaysia too shares Romania's concern at the present world economic situation. The plight of all developing countries in having to cope with the problems of high interest rates, the high level of foreign debt, and the continuing trend towards protectionism are problems with which Malaysia is deeply concerned. The lack of commitment on the part of the developed countries to see these problems in their proper perspective have contributed towards the prolongation of the economic crisis. The recent Bonn Summit Meeting has not resulted in anything that can contribute towards the economic recovery of the world. In the face of this and the disappointing results of the North-South dialogue, it is imperative that the South promote greater South-South cooperation while each of us apply stringent measures to stabilise our domestic economic situation. In this regard Malaysia, within her limited resources, has extended technical and other assistance to other

developing countries through the Malaysian Technical Cooperation Programme or the MTCP.

It is always a pleasure to welcome friends to our shores. In the limited time that you have at your disposal, I do hope you will see for yourself as much of Malaysia, and take with you fond memories of your experiences here.

ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE INTERNATIONAL MONETARY CONFERENCE
HONG KONG, 3RD. JUNE, 1985

The subject of my keynote address is 'Outlook for the Pacific Region.' If I can stand here and tell you without equivocation, without any doubt, what exactly will happen in the Pacific region particularly the Asian side, in the years ahead, I would be a truly great sage or a charlatan. Even the man who knows everything about the past cannot predict the future ... because history does not travel in a straight line. Even complete knowledge of the present, were it possible, can only be suggestive, for tomorrow is not another name for today. Confucius is supposed to have said: "Prediction is always difficult especially if it concerns the future". He was right. It truly is best to tell the future after it has passed into the past, when one can have the benefit of hind-sight.

Since the future cannot be the past, the two terms being in contradiction, can the social sciences come to the aid of the poor souls who have to divine the future? From the field of politics we get the 'iron law' which states that in the affairs of men the only true constant is change. From the study of history has emerged the equally wise saying that the more things change, the more they remain the same. From the science of economics it is interesting to note that there never has been one-handed economists. Those who have had too active an interest in foretelling the future without hedging their prognostications to the point of rendering them highly useless are a rare breed indeed. In fact the current prolonged world recession has about killed the whole lot.

Since politicians are the only dare-devils left on this planet, I suppose it is fitting that I should be invited to stick my neck out – not only to talk about the future, but also to talk about the future of the whole Pacific region, and preferably in less than half an hour. The only thing I can do given what little I know, the great deal I do not know, and the massive amount that I cannot know, is to indulge in generalisations that often must descend to the level of caricature.

Let it be my central thesis that in the foreseeable future the continuities are likely to be greater than the changes, that there is justification for hope and confidence; but that the hope and the confidence can be damaged and destroyed by threats, a few of which already constitute a clear and present danger. I believe that in approaching the question of the future of the Asia-Pacific region there is every reason for optimism but no room whatsoever for any illusions.

What are the grounds for optimism? They are clear enough. The Pacific has been where much of the action is. It is most likely to remain a dynamic centre for world economic development. In the period from the end of the Second World War to

the end of the Sixties the economic centre of gravity and growth for this planet was in the North. Since then they have gravitated to the Pacific. Unless things go very wrong, the Pacific will continue to be the main engine for global economic advancement for the rest of this decade, for the rest of this century, and probably well into the twenty-first century.

At the very same time that one is optimistic, caution demands that our optimism must be of the sort that is stripped clean of illusions. Although for most Asia-Pacific countries the days ahead will continue to be good, they are going to be tough. For some, obviously, they will be tougher than for others. The time of wine and roses and easy growth is gone probably for good.

There will be many dangers to test us, to test our capacity to cope, our ability to roll with the punches, our capacity to take them on the chin, to fall...and to get up and fight back. There are the dangers of rampant protectionism, which is likely to get worse before it gets any better, if indeed it will get any better. There are the awesome dangers arising from the problem of foreign debts.

There are the dangers of a possible trade war between the two most important economist of the Pacific: Japan and the United States. Already we are arguably in the first phase of an Economic Cold War between these two very important economic colossi of the Pacific – a conflict characterised not only by bluster but also by the cutting edge of bitterness, involving not only open verbal acrimony but also concrete political action growing out of substantial, deep-seated animus.

There are fears with regard to the military build-up of the Soviet Union. Many also view the positive signs of development and modernisation in China with a mixture of enthusiasm and trepidation. The enthusiasm is based on hope and belief in expanding trade and investment opportunities. The trepidation is founded on the challenges and the threats – economic, political, and military – that China could pose should it fail...or should it succeed.

I shall not dwell at length on the good news. The impressive dynamism of the Pacific – the Japanese miracle, the amazing performances of the Asian Newly Industrialising Countries (NICs), the super evolution and growth of all the states of the ASEAN Community (with the Philippines becoming an exception only in very recent years) – have all been told and extolled. Permit me only to underline several common factors which explain why the Asia-Pacific countries have done so well, if only because these factors have predictive value in any examination of the outlook for the rest of the Eighties.

Perhaps the most important element in their success has been the adoption of a free enterprise system and the successful development of a dynamic and aggressive private sector. In the last decade especially, economic samurais carrying the passports of many nations under their belts have played a most important role in the transformation of the many societies in which they have been given relatively free rein.

It may not be true to say that we have seen the end of the age of ideology. It is nearer the truth to say that we have seen the end of extreme socialist ideology, the severe loss of faith in the efficacy of rigid, over-centralised state planning with its concomitant state enterprises and monopolies; we have seen the flowering of the ideology of free enterprise even among newly independent developing countries, free enterprise which seeks to reward to each according to his effort, to his contribution and to his ingenuity. Communism remains a wonderful system whose only fault lies in the fact that it simply does not work. What works is pure dictatorship in the name of that ideology. In as far as the lesson of free enterprise has taken very deep root and has become unshakable, there is every reason for optimism with regard to the future economic dynamism of the entire Asia-Pacific region.

A second factor for their success has been the fact that all the successful economies of the Pacific have put their faith in export-led growth and adopted export-oriented policies. Let there be no illusion that these strategies will escape unscathed in a world where fewer doors will remain wide open. Despite the rising tide of protectionism, this faith and these policies have been justified and therefore will continue. New doors will hopefully be opened and new markets created to sustain these export-based economies.

Third, all the successful economies of the Asia-Pacific have achieved high savings rates, which have facilitated high rates of investment, especially in the industrial sector. In Malaysia there are many number of 'tabungs' literally 'piggy banks' where all kinds of people, from serving soldiers to Muslim pilgrims, save and so provide the funds for the country's growth.

Fourth, most of the successful Pacific economies have been able to develop their agricultural capacity and productivity, even as they advanced on the industrial front. Indonesia with a population of 160 million now produces enough rice for its own consumption. So does Thailand, China and Japan. Malaysia's agricultural products are well-known and are still the mainstay of its economy.

Fifth, all the successful economies have been able to develop capabilities for rapid and dynamic adjustment policies. Indeed they have not been averse to copying strategies and approaches of successful countries or of each other. Consequently, they have developed the capacity to tighten belts when the going gets tough, to weather the storms of global economic turbulence, and to take full advantage of the situation when the world bounces back.

All these five factors which have underpinned our economic success are likely to remain in place in the difficult days ahead. Indeed the indications are that they will be improved upon to cope with whatever changes that may take place.

So much for the good news. How about the dangers which I have alluded to? Of all of them, the Soviet danger has been the one that looms most ominously over everything that happens in the region. But the Soviet bogey seems over-played.

No one who looks at the military build-up of the Soviet Union should be dismissive of this reality. I shall not belabour the details. Over the last two decades, the Soviet Union has without doubt steadily and relentlessly enhanced its military capabilities. But please note the words 'steadily' and 'relentlessly.' Over the entire period, the Soviet military build-up has not been responsive to any particular event, which would be the case if Moscow has any specific aggressive intent in any part of the Asia-Pacific region. This is not to say that neighbouring small states can be complacent.

If this argument is correct, if it is true that the Union of Soviet Socialist Republics has no specific intention to aggress in any part of the Asia-Pacific region, one might well ask why it is that the build-up has been so steady and so relentless. I believe that this is a most important question, which requires a most persuasive answer. I believe that to understand Moscow's actions one has to understand the seven task-oriented and three non-task specific reasons why there has been this massive deployment of Soviet military assets in the region.

It appears apparent enough that the Soviet military build-up in the Pacific is part of the global game of military balances. It is part of the central strategic balance of power between the United States and the USSR. Is it any surprise to find the Soviet Union deploying one third of its naval assets in the CINCPAC theatre if the United States deploys one half of its naval forces in the same area?

Second, Moscow apparently continues to feel the need to militarily counter 'The Yellow Peril'. Third, it apparently feels the need to have the military forces for the purpose of aiding Vietnam, from whom it gains both an ally and invaluable facilities. Fourth, the Soviets apparently feel the need to secure Siberia, increasingly being called 'The Treasure House of the USSR'. Fifth, the Soviet Union understandably feels the need to demonstrate military and political credibility to friend and foe alike, just as the Americans have to constantly demonstrate their own military and political credibility.

Sixth, and more controversial, it has been argued that Moscow feels the need to politically intimidate Japan. Seventh, it might be argued that bereft of the economic, ideological, cultural, political and diplomatic capabilities of its adversaries and faced by a steady and dramatic deterioration of the correlation of forces in its favour in the Pacific, a supremely uni-dimensional power, which only possesses military assets, has no choice but to respond militarily to prevent a further deterioration in and to improve its position.

At the more generalised, less task-specific level, it has been argued that the Soviet Union has a tremendous drive to achieve the status of superpowerhood, a status which it can only seek to achieve through the deployment of the only capabilities it possesses - its military forces. A super power by definition has to be in every nook and corner of the world. The Pacific is not a nook and corner. It is fast becoming the centre stage. To expect the Soviet Union not to have a very strong presence in the Pacific is to expect the Soviet Union to opt out of the game of superpowerhood. It is also arguable that having built up massive military forces, Moscow has to deploy them

somewhere. (There should be little doubt that if the European quadrant were to experience greater tensions, many of its military assets in the Pacific would be redeployed to the European theatre).

To cut the analysis short, it might be argued lastly that it is only natural for the Soviet Union to deploy its military forces in Asia and the Pacific because the Soviet Union is not only a European state but also an Asian and a Pacific state. Lenin said so. A series of Soviet leaders after him have said so. Three quarters of the Soviet Union is in Asia. A fast-growing twenty per cent of its population are Asians. The Soviet Union has 12,000 miles of Pacific coastline. Some have argued that it should not be surprising for the world's largest Asian state, with the longest Pacific coastline of any country in the Pacific, to be militarily in Asia and in the Pacific.

Let me be perfectly plain and state that it would be insane for any Pacific state to be complacent about the existence of so much Soviet firepower in the region. At the same time, it would be mad for us in the region to live in a state of continuous fear and to die of fright. It is more reasonable for us to expect the Soviet Union not to use its military capability to directly aggress against any state in the Pacific, unless it is seriously or foolishly provoked. And there are no signs that any Pacific state has any irrational desire to indulge in the medieval sport of bear-baiting.

I hope that you will not think that Malaysia has changed its views about the Soviet Union because of what I have just said. We still think the USSR is a bully and we condemn their actions in Afghanistan and in Eastern Europe. We certainly do not approve of their backing of Vietnamese aggression against Kampuchea. But we must make some effort to see their rationale for their actions.

Rather than be over-exercised by the Soviet threat, I would argue that a much greater threat to the entire Asia-Pacific region is the emerging Economic Cold War between the United States and Japan and the serious economic conflicts between these two states, conflicts which provide cause for concern not only to the two economic giants but also to their friends – in the Pacific and in the rest of the world.

The pattern of the past in US-Japan economic relations has been a far from healthy one, not only economically but also politically. It might perhaps be characterised as a pattern of "Hue and cry...and sigh..." In the first cycle, it revolved around the question of Japanese exports to the United States. In the present second cycle, the question is about imports into Japan, the issue of market access. Thus we saw a United States worried sick about excessive Japanese penetration of the American market. There was a hue and cry. The Japanese were forced to respond at the eleventh hour with a policy of voluntary restraint. There was a welcome sigh. Now there is a hue and cry about access to Japanese markets. Mr. Nakasone has responded with a series of moves to get the Japanese not to buy Japanese. We are still some distance from being able to sigh with relief. The question now is whether he can carry his own party, whether he can carry his own bureaucracy, whether Japanese importers and wholesalers will respond and whether the Japanese people themselves will respond.

The answers to these questions are by no means clear, for the full psychological "opening up" of Japan – like the opening up of China – is not merely a matter of structure and policy but also a matter of mental revolution on a massive scale.

Part of the danger lies in the fact that in the US-Japan economic conflict, there is some virtue on both sides, enough virtue for those who believe in "getting tough" to rationalise and justify their inflexibility. There is enough virtue on both sides so that neither can claim a monopoly on rectitude, yet both can climb on the high pedestal of self-righteousness.

Part of the clear and present danger is also the fact that there is insufficient realisation of the seriousness of what are euphemistically called "trade tensions" and the fact that time is fast running out. It is essential to note that the present tough situation can get very ugly unless effective actions are taken now to prevent conflict escalation, to attack the roots of the conflict and to achieve economic peace. In a sense, we have all been lucky that the latest round of conflict has taken place at the best of times, when the American economy has been quite buoyant, aided and assisted by the rest of the world. The near future for the United States economy cannot be anywhere near as good. The recent figures on the first quarter performance of the US economy makes this clear enough. US-Japan conflict in a situation of downturn and real American difficulties can be quite a different beast from the animal we have seen so far during what can only be counted as one of America's good times.

Those who cannot read the writing on the wall must eventually pay the price of their political illiteracy. Perhaps there is an element of poetic justice in this, although it is the kind of poetic justice that none of us want to witness. Unfortunately, there is not even a trace of poetic justice in the disastrous effects on us in the Pacific and in the rest of the world should the United States and Japan not be able to resolve their problems.

We have a saying in our part of the world that when two elephants fight, it is the grass that gets trampled. We have a vital interest in ensuring that we do not get trampled and that the two elephants who are both good friends of ours do no fight. There is a further twist to the elephant's analogy, however. Not only does the grass get trampled when elephants fight, it gets squashed when the elephants sit down to make love.

If the US-Japan economic conflict is not satisfactorily resolved, all the states in the Pacific and much further afield will be squashed one way or another. However, if the conflict is settled on a self-centered bilateral basis without consideration for the other states, if for example Japan and the United States settle their differences at the expense of their other economic partners, the repercussions could also be very serious for us. The dangers of the United States or Japan adopting a system whereby all are "most-favoured nations" but one or two are more "most-favoured" than others requires no emphasis.

One of the greatest dangers of the present American-Japanese trade tension, of course, is the driving impetus it gives to the forces of protectionism. The forces of pro-

tectionism are strong enough. They need no further reinforcement to become one of the greatest threats, if not the gravest threat, to the prosperity and thus to the peace, security and stability of the entire world.

Please allow me to end, ladies and gentlemen, with some words on China, with which you will be directly concerned in one of your sessions. Let there be no doubt that the revolutionary turn of events in the PRC has on the whole augured well for the Pacific, for Asia, for the rest of the world, and, of course, for China itself. The Chinese leadership has no illusions about the difficulties they will encounter as they seek with determination to make up for lost time, as they struggle to modernise their country, a preoccupation which the Chinese people have grappled since the nineteenth century.

Much will depend on what happens after China's second great revolutionary of this century, Mr. Deng Xiaoping, passes from the scene. Can the Dengist Revolution be sustained? The Chinese invented bureaucracy: will the Chinese leadership be able to win over the bureaucracy which can be expected to resist changes which threaten its role, position and power? Can the attitudes of the party functionaries whose importance in Chinese society is in the process of fundamental transformation be changed to full support, and kept that way? Will the problems of tremendous labour dislocations – possibly up to 160 million farmers in the countryside and tens upon tens of millions in industry – be affectively tackled? Can they be tackled?

Unemployment, under-employment, inflation, cultural pollution of the kind that saw an utterly incredible football riot in Beijing just two weeks ago, the weakening of social control, the classical problems associated with income disparities and the explosion of rising expectations – all these problems and more, justify the judgement that of all the countries in the Pacific it is probably with regard to his own country that Confucius's saying, which I quoted at the beginning of this address, applies most of all.

Having said that, let me add that in my judgement, the desire of the Chinese people for progress is so overwhelming that the Dengist Revolution will succeed to more or less the extent that the Maoist Revolution did thirty-five years ago. In a sense both are heroic leaders of their time, responding to the aspirations of their people in the only way they know how.

I started off with the argument that in discerning the outlook for the region it is important that we adopt an attitude of optimism without illusions. I end on China because it is with regard to China that many in and outside the region have the greatest number of illusions. I say the Dengist Revolution will probably succeed. But even if China does succeed, it will not justify the market illusions, the investment illusions, and the competition illusions that many now hold.

First the market illusion. Many believe that China is and will be a huge market for the world's exports. Not so. China's leaders will not be so naive as to encourage or allow for the free and massive importation of consumer goods, or for that matter capital goods. The country will produce its own consumer goods. China's industries will

not run on the capital goods of the West. China will buy a few machines, understand them, adapt them, copy them and manufacture their own. Remember the devastating effect on the West when Japan did the same.

Let us look at the facts: in 1981, China imported US\$22 billion from the rest of the world; the ASEAN states imported US\$72 billion. Which means that in 1981 the ASEAN market was three and a half times the size of the China market. Lest you think the situation has changed fundamentally since then, let me say that in 1982, the ASEAN market was four times the size of the China market. And it may come as a surprise to many that the United States trades as much with Singapore as it does with China.

How about the investment illusion? Those who have successfully invested in China will have no illusion. The fears of other countries that in the future massive investments will be diverted from their countries to China are unfounded. China lacks and will continue to lag behind with regard to much of the invisible as well as the visible infrastructure and incentives which investors find attractive. A system of rule of law, a judicial system and other infrastructure to the liking of the potential investor is not yet in place in China. There are other problems.

There are many in the Pacific, including in my own country, who fear China as an economic competitor not only for investment but also for markets. Such apprehensions are not groundless but in their overstated form they could be a large illusion. Much of the produce of China will be consumed internally. Much of the competition will be in products in which we no longer trade. Even when we are direct-product competitors, there should be no presumption that we cannot be more efficient producers. Most assuredly, I believe that most of the countries of the Pacific will be able to meet the coming Chinese challenge...if the rules of the game are fair. What we should have no illusion about is to presume that the rules will be fair, that for strategic reasons the rules of the game will not take into account - in the future the dictates of the development of the United States-Japan-China strategic coalition.

Some of you might find it surprising that in an analysis of the future of this region a politician of this region has almost exclusively concentrated on the economic questions. I have done so because in my judgement it is the economic factors, the economic dangers, the economic threats that will determine the future. Ideologies have lost ground now. At this stage in the development of the countries of the Pacific, economics is security, economics is politics, economic forces will decide whether in the concluding decades of the twentieth century we in this part of the world enter an age of Pacific dynamism or an age of Pacific conflict and stagnation. Our justified optimism must say that it will be the former. If we have no illusions, we must admit to ourselves that the path will not be paved with roses and the journey will not be without serious and sometimes severe obstacles.

This, ladies and gentlemen, is the outlook for the Asia-Pacific

SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE 18TH. ASEAN MINISTERIAL MEETING
KUALA LUMPUR
8TH. JULY, 1985

Please allow me to extend a very warm welcome to all the Ministers and delegates to this 18th. ASEAN Ministerial Meeting. I hope your stay here in the next few days will be both fruitful and pleasant.

We meet at a time of challenge and a time of opportunity. The challenges must be confronted by creative dexterity and iron resolve, with pragmatism guided by a clear strategic vision with regard to the dictates of our national interest and the demands of ASEAN's future development. The opportunities must be grasped with equal creativity, with equal resolve, with a pragmatism that is similar and guided by the same depth of strategic vision.

For a long time, to echo a phrase, 'we never had it so good.' To be sure, the seventies was a period of international economic turmoil; but it was also a period of economic opportunity. Many countries in other parts of the world did badly. Many others did even worse. We in ASEAN performed exceedingly well, generally emerging as the fastest growing region in the world. Economic historians will say that we were not part of the passenger carriages being pulled. We were part of the engine of growth of the entire Pacific Basin and of the global economic system.

We still are part of the engine of growth and the days ahead are by no means dark. But the skies in the rest of the eighties threaten much rain and many storms. The prospects for commodity prices in the short and medium term demand that we continue to strengthen our efficiency as world beaters. The productivity push must be taken to new heights. The tide of growing protectionism and more blatant commodity market manipulation demand that we act with resolve and where necessary in concert to keep the open doors from being closed and to break the stranglehold of institutions created by market manipulators for themselves. We appreciate all that is being done in Japan and the United States and elsewhere by those who believe in open doors. We strongly deprecate the actions of those who champion protectionism.

In a fast-changing international environment, we must continue to be quick of foot, able to respond at the Governmental level and in the private sector to market changes and product demands. We must make sure that the economic tensions between our friends - the United States and Japan - are not escalated, indeed that they

are dissipated. Above all we must ensure that the solution of their problem should not be at our expense. Then of course we must continue to find the means by which economic cooperation within ASEAN can be taken in new directions and to new levels. Malaysia, together with the other states of ASEAN, must continue to ensure that ASEAN remains the focus of our attention and the cornerstone of our foreign policy.

The biggest political challenge confronting ASEAN today, as in the recent past, is the Kampuchean question. Unfortunately, of late there has been a lack of response to the initiatives of ASEAN. We must continue to exercise patience. At the same time, we must continue to be proactive, to consider every possibility, and to work with determination and creativity in our tireless search for a just, productive, and viable political solution, a solution that will be just, productive and viable in the long term as well as in the short run.

It is Malaysia's view that for such a just, productive and viable solution the following imperatives will have to be met. Firstly the suffering of the Kampuchean people must be ended while Thailand's security must be ensured. This is basic. Then there must be a government of national reconciliation, and the Kampuchean people must be provided with the opportunity to exercise their right of self-determination and to ensure a state of Kampuchea that is sovereign and independent. This obviously means that finally foreign troops cannot be on Kampuchean soil.

The only guarantee of a viable solution to the Kampuchean problem lies in the reasonable accommodation of the vital interests of all the parties to the dispute, in creating a situation that all can live with and none will set about to undo. Those who neglect the lessons of history may be condemned to repeating it. Let us not forget Geneva. Let us not forget that true peace, true stability, true security are dynamic processes, which have to be sustained over time. As much as the other states in the Indo Chinese Peninsular and indeed everywhere else desire to live free and independent in their own homeland, so do the Kampuchean people.

For a settlement to be productive in terms of the long-term peace, security and stability of South East Asia, it is essential that we understand that our concern must not only be with the short run but also the longer-term future of the region. We should aspire to a solution that is provocative of no power. We should aspire to a political solution which establishes the ground rules for the game of peace in South East Asia, which establishes the principle that there must be respect for each other's independence and territorial integrity, which establishes the principle of non-interference in each other's internal affairs, and which establishes the principle of pacific settlement — the living rule that all disputes shall be resolved by peaceful means. We should also aspire to a solution that will enhance the prospects for the realisation of our common goal for a Zone of Peace, Freedom, and Neutrality in this region, where confidence and understanding can flourish and cooperation can prosper.

Such a just, productive and viable solution is, unfortunately not at hand. We in ASEAN must therefore continue to strive to bring it about. Clearly Vietnam must be

brought to realise the need to engage in meaningful dialogues with us and with the parties concerned so as to remove the impediments to peace in Kampuchea. It is time for Vietnam to respond constructively to the ASEAN approaches.

If the Kampuchean problem poses the biggest political challenge to our ingenuity, our creativity and our efforts, the problem of *dadah* or drug abuse and illicit trafficking poses the biggest social challenge. In your countries as in mine, we have undertaken great efforts to deal with this dreaded disease. We have sought to move our nations, to galvanise our society in the war against narcotics. It is time to take the fight to the international arena and to create a world concert against the abuse of drugs and the criminals who perpetrate this crime against humanity. In this context, Malaysia welcomes the timely call of the Secretary-General of the United Nations for the convening of a World Conference of Ministers to initiate a programme of concrete action. I would go further. Given the gravity of the situation and the universality of this grave menace to mankind, is there not a need to push most vigorously for a United Nations organisation similar to the organisation for refugees? I call upon you to impress upon all the ASEAN dialogue partners the necessity and the urgency of a concerted global war against a menace that recognises no boundaries and that threatens all societies in every part of the world.

I have mentioned what to me are the most serious economic, political and social challenges to ASEAN and to ASEAN's ingenuity and energies. Let me now dwell a little on the opportunities that ASEAN offers.

It might be argued that in the more uncertain economic situation that will confront us in the days ahead, the opportunity to take ASEAN economic cooperation to new frontiers will be more complicated. If anything, now is not the most opportune time. There may be some veracity in this. But let us ask ourselves: how often in the life of an organisation, as in the life of a man, does the 'most opportune time' come? When, in the life of ASEAN, will the most opportune time for economic cooperation arrive? Do we merely sit and wait? Or do we move to create the conditions and to mould the events that will allow us to achieve the breakthroughs we must have with regard to economic cooperation?

We have heard the saying that nothing is more powerful than an idea whose time has come. I am one who believes that it must be one of the fundamental tasks of true leadership to take a powerful idea and to make its time come. The opportune time, like good luck, may happen by chance. But it more often comes about by the sweat of our brows and by the courage of our convictions, by human effort allied to human determination. It is time for those of us who believe dearly in ASEAN, who see vast potential for economic cooperation, to stop being merely dreamers and to be doers. It is time for us who recognise the great opportunities to stop waiting and to start moving.

We now see our entrepreneurs and traders eyeing the 'vast' China market, but missing or dismissing the reality that is before their very eyes — the ASEAN market.

Statistics tell us what our deflected imaginations fail to grasp: that the ASEAN market is four times the size of the China market, that the ASEAN market is at our very doorstep, not in a far-away land whose business practices and systems are uncertain, and in some areas, still an unknown quantity. We now see some of our investors eyeing China as an attractive place for their investment, when vast opportunities exist in ASEAN in every area of business activity.

There are, no doubt, various obstacles to greater economic cooperation within ASEAN. But to the negative thinkers, let me pose this question: in what worthwhile human endeavour do we not encounter serious obstacles? To be sure, the economies of the ASEAN countries are generally competitive rather than complementary. But can we not seek the many areas of complementarity which are there in even the most complementary system, and exploit them to our mutual advantage? Is it not time for our private sector to know as much about the markets of each of the ASEAN states as we know about the markets of Japan, of Europe and of the United States?

Let not my remarks be misunderstood. ASEAN has been a resounding success. Even if we make little headway in the area of economic cooperation, ASEAN will continue to remain a vital institution. It will remain a vigorous and productive endeavour. If ASEAN did not exist, we would have had to invent it. But this year as in the past years we have an opportunity, indeed, an obligation to all our peoples not only to consolidate ASEAN, but also to strive to break new ground, to take each new challenge and to turn it into a new opportunity.

I now have great pleasure to officially declare open this 18th. ASEAN Ministerial Meeting.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL OPENING OF THE 5TH. ASIAN CONGRESS OF
PAEDIATRICS, KUALA LUMPUR
5TH. AUGUST, 1985**

I am extremely honoured to be invited to declare open this 5th. Asian Congress of Paediatrics. Although I am a renegade Doctor, I am still interested in forums such as this.

Politically the world is divided into many regions and countries but the mobility of people in our age has made boundaries quite irrelevant where diseases and health are concerned. Hence the usefulness and the need for international exchanges of information and ideas which are made possible by conference such as this one today.

Malaysia has long recognised the importance of the health of mother and child. Our public health activities and rural health programmes have grown out of what used to be called infant welfare centres. Maternal and child health care has been accorded the highest priority in our health programmes development, and the interest of the mother and child is always considered in all other related programmes. We have achieved a significant measure of success. I am sure our Malaysian participants to this Congress will only be too glad to share their experiences with those of you who may be interested to know more.

If children of the world were articulate and could express themselves, millions would be crying out why they were born at all. Deprived of adequate food, proper shelter and clothing, and exposed to dangerous biological and physical environment, millions die prematurely. Others, born in more affluent countries, have everything except the love that they need, for some parents in these countries have become selfish and no longer believe in the family as an institution. Millions of others are killed or maimed annually in violence or natural disasters. Helplessly these children stare wide-eyed as the adult engage in battles, the reasons for which they do not understand.

They are powerless against the inequities that they see around them, and they must be puzzled by the poverty and squalor in green fertile lands. They wonder why they must get their milk from bottles rather than from their mothers' breast, why even life-sustaining food and water are scarce, and why adults must speed or smoke themselves to death. Looking around they cannot find very much to be happy about. Though they constitute between 40 to 50% of the total population in many parts of the world, what they see is an adult-dominated world.

We will find it extremely difficult to explain how these phenomena came about, or to justify the actions that we have taken. Now and again our conscience is jolted by some tragic happenings in some distant land as and when the media choose to focus on them. Thus the famine in Africa has been going on for a considerable time while our attention was riveted on the goings-on in affluent societies, their intrigues and their petty struggles. The chances are that there are many more starving children in many more places. Indeed they are likely to be in our own backyard, indramatised until there is some political gain to be had. And if there is some political gain, starvation of children can be invented. This is the tragic fact of life which no child can understand whether he is starved of food or of love.

Considering the sad state of the world, why do we want to bring children into it. Wouldn't it be a kindness to stop producing children?

The problem is that hope springs eternal in the human breast. We still think we can create a better world for our children. Besides, human beings are gregarious. We need the company of our own kind. And nothing heightens up our dull moments and our old age than the sound of children's laughter and their innocent chatter.

Malaysia has decided to have a population of 70 million by the year 2100, that is 115 years from now. That means more than quadrupling our present population of 15 million. Knowing the misery they will be faced with, why do we want to do it?

The answer is that quite apart from our hopes for a better Malaysia, if not the world; apart also from our natural need for the company of our own kind, we think that the numbers will contribute towards less foreign economic and other domination. In other words we have a political and economic need to be more populous. It is the kind of thing that doctors and sociologists abhor but we think the reasons are good enough.

Numbers by themselves do not mean anything. There are countries with huge population which are extremely rich and others with the same population which are distressingly poor. The well-being of a people is not dependant on their numbers. It is dependant on their productivity. This in turn is dependant on the value systems that we bring up our children to believe in.

A hard-working, honest and disciplined society will prosper despite the most hostile environment. We see today many countries with little or no resources, buffeted by typhoons and earthquakes, yet prosperous and powerful. The answer lies in the value systems that the people adhere to.

Paediatricians are concerned with the physical health of the children. You many even be interested in their mental health. But these are not everything. The behaviour of children and the ethical values they absorb will determine what kind of future they will have. Indeed it will determine what kind of society or nation they will live in. If their upbringing is such that they absorb all the wrong values and ideas, they may end

up as burdens to the society in which they live. On the other hand if they are imbued with the right spirit and the higher values then not only will they be assets to the society, but they will help shape the success and glory of that society.

A few decades ago Dr. Benjamin Spock wrote a book on the upbringing of children. He believed that children must not be frustrated in any way. He believed in the independence of the tiny tots even though they act without any preconceived values and ideas. In fact they have only the jerk reactions to everything that happens to them.

The result is that whole generations grew up which give themselves up completely to their instincts. They do what they feel like doing instead of being in accord with the high values cultivated through centuries of civilisation. The family as a unit disintegrated. Indeed in many instances society disintegrated. Thus the Hippy phenomenon, co-habitations, free sex, homo-sexualism and communal families. Even the advent of AIDS has not jolted them and us to the deleterious effect of the wrong values that we have tolerated and indeed by default accepted.

I am not about to preach. But I do think that much of the ills of the world today is due to the abdications of parents as parents in the true sense. Children are no longer being brought up with the proper training and value systems that will enable them to cope with the problems that they must face in life. And this abdication is partly at least due to the thinking among paediatricians that their role is limited to the care of the physical and mental health of the children and not their development into good citizens of a civilised society.

It has been shown that one M.D. writing just one book can have such a tremendous effect on the character and development of a whole nation. Cannot there be another Spock, or indeed a number of Spocks who write books and guide families, and in particular mothers on the right way to bring up healthy children?

The mothers of today are a confused lot. Between their desire to discipline their children and their abhorrence of child bashing, they are completely lost. They just do not know how to handle the situation. Thus, children are likely to grow up into nothing more than adult imitations of the brats they once were.

Child bashing is a hideous crime. It should not be tolerated for one moment more than we can help. But the kind of light punishment for children who have been unduly naughty should not be classed as child bashing. The slight pain they experience will remind them that they live in a world still based on the premise that crime brings with it punishment. It will help them adjust to the world that accepts the relationship between crime and punishment.

But many mothers feel that children are too small to understand. They should not be punished because they are ignorant. And so they grow up as ignorant brats to populate this world and undertake responsibilities for which they have not been

prepared. Is it any wonder that we see today the children of many good families turning to drugs and crimes and a life-style that is wholly hedonistic, contributing not at all to the betterment of society?

These are many thoughts. I am sure there will be many who will disagree. But perhaps there will be a few who will agree and will write books that will change the attitudes of mothers and child-care. Indeed I hope there will be paediatricians who would consider changing the attitude and the role of paediatricians, to make them conscious that their role and indeed their duty goes beyond mere health care as we understand it; that paediatricians have a responsibility to help develop a child into a good citizen and an asset to society.

If I am not generous I would say that you have a need to atone for the wrongs done by one paediatrician to our society. But as I am generous and fair-minded I will not go so far. It would suffice if you would just give some thought to this important tale that I have elaborated upon.

Medical doctors do not make good politicians. They are too prone to lecture to people as they do to their patients. They think they know enough to tell everyone what they ought to do.

You will have to excuse me for this lecture on what you ought to do. It is merely that I am a doctor, though a renegade from the profession. I just cannot resist the opportunity to tell you what you ought to do.

Now that I have got this off my chest, I would like to bid you all welcome to Malaysia and to you a fruitful discussion on the subjects of your profession. Perhaps Asia will be better off because of your interest and your contribution. And when you are tired of the papers that are presented for your discussions, do take time off to visit some of the places in Kuala Lumpur and in other parts of Malaysia. We welcome you and we wish your stay here to be not only instructive but also pleasant.

Now, with great pleasure I declare the 5th. Asian Congress of Paediatrics open.

**KEYNOTE ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE WORLD PRESS CONVENTION, KUALA LUMPUR
18TH. SEPTEMBER, 1985**

I had intended to start my keynote address by saying "In the beginning, there was Individual Man, living in splendid isolation, doing "his own thing", behaving exactly as he pleased, unfettered by a single rule, regulation, or code of behaviour of any sort." In actual fact, from the beginning, there never was this Individual Man, born free- living completely unfettered in isolated splendour. From the beginning of time man lived in groups — first, the family, then the village, then the district, then the state — because he was instinctively gregarious and because he needed the security and the services and values that only living in a group could provide.

But living in even the most rudimentary group raised a series of problems. Obviously, the individual members could not do anything that might cause suffering or discomfort to another individual member. Thus a code had to be developed and imposed by common consent. Any code, any rule, any law could not but restrict individual freedom within a group or community. The more developed the society, the more formal and complex the code. Thus customs, traditions, laws, rules and philosophies became institutionalised within each human community.

But then, there arose the problem of enforcement. Even if there is a general consensus over the code of behaviour, there will be the inevitable breakers of the code. Obviously if the code breakers are numerous, the stability and integrity of the community and the well-being of other members would be threatened. The need arose for an enforcement authority; in other words, for the conferment of authority on an individual or individuals, on an institution or institutions, to deal with those who break the code. Authority means power and power corrupts, as we shall soon see.

The media, like the individual or groups of individuals, is an actor within a human community. In the modern world, however, such is the power of the media that it has often been called the Fourth Estate. In many countries, it has become a powerful force in society, so powerful in fact that kings and presidents bow and scrape before it. What is the proper place of the powerful media within human society? How should it operate? What should be its relationship to the rest of society and to the Governmental structure in society? I shall try to concentrate on these basic questions in this keynote address.

What is considered legitimate, proper and moral varies from system to system, country to country, and of course from time to time. Even the media practitioners themselves cannot agree on these items at any given time. It is also clear that in the last few hundred years there have been four basic philosophies, models or traditions

with regard to the concept of Press role and freedom. The first might be called the authoritarian model, the second the Communist model, the third the liberation model and the fourth the social responsibility model.

Each tradition has its particular set of assumptions and arguments about man, the role of the state, the position of the individual and his place within the community and the way the media should function within society. None are completely without virtue, not even the Communist model. On the other hand, none are without flaws of logic or relevance or legitimacy, not even the libertarian model that so many in the Third World, unable to break the shackles of psychological and intellectual neo-colonialism, sometimes inspire to with such wide-eyed enthusiasm.

My view is a simple one. First, it is essentially up to each country to choose for itself what is the proper system to adopt or the proper tradition to follow. If Democracy or Communism cannot be successfully transplanted unless the soil is right and the climate accommodating, nor can any particular media model. The hectoring and the lecturing from the pious and the powerful will not stop. But each society must have the courage of its convictions.

Second, the proper, appropriate system must depend on the objective condition of a society, its aspirations and stage of development. It will vary with time and place. I have no negative assessments about the curbing of Press freedom in Britain and the United States, through the introduction of censorship, during the First and Second World Wars — although I do believe that it is important to remind some of the more fervent but blind preachers what they did when the necessary had to be done. If man, however virtuous, is eventually and invariably reduced to the level of his circumstance, so too is the mass media. It ought to be plain to the inventors of the doctrine of 'clear and present danger' that there are many societies today that are under severe stress, that have no choice but to do what needs to be done. In many of these countries there is no ignorance about what is the ideal in ideal circumstances. To suggest otherwise is not only to be guilty of being unfair but worse, to be guilty of arrogant ignorance.

Let me not be misunderstood. I am no apologist for unnecessary repression, for the iron fist, for authoritarianism and for the abuse of Governmental power. I am a firm believer in the greatest freedom consonant with the vital interests of society. But there is no moral virtue in the comfortable afflicting the afflicted, in taking a holier than thou attitude.

Having said all this, and fully aware of its own deficiencies and dangers, let me state thirdly that for most countries most of the time the morally proper choice is the social responsibility model. Just as Democracy is not a perfect system for the Governance of man, simply the best of all forms so far invented by man for his Governance, the doctrine of social responsibility with all its imperfections is the best of all forms invented for the guidance of the practice of Press Freedom. The others are simply much worse.

Let me start off with the easiest models to demolish: the authoritarian and the Communist models. The authoritarian model is historically the oldest. For centuries in the history of man, it was regarded as fully legitimate, moral and proper. Its basic tenet is that the media is the servant of the Government. Full stop.

Plato had no reservations. In the 'Republic' he euphemistically recommended that all artists, philosophers and poets who offended against the rigid rules set down by those in authority should be 'sent to another city'. Socrates insisted on his individual right to deviate but recognised the necessity for obedience to authorities to enforce these rules. His solution was to accept the penalty. That penalty was death.

Under the authoritarian model, the media should support the policies of the Government in place so that the Government can achieve its objectives. In the history of the West, much of the media was allowed to remain in the hands of the private sector. But the media had to be controlled: through the granting of licenses or patents, through direct Governmental censorship, through prosecution before the courts, through control of raw materials, special taxes on media profit. In the course of time, other methods have been added: state participation in media ownership, state selection of editors and even journalists, the licensing of media practitioners and of course the carefully edited official press releases. Journalists are put on a secret payroll. Editors are alternately threatened with prosecution or seduced by favours. Unlike under the Communist model, the media was often not required to conform completely to the principles and policies of the ruling Government. Absence of criticism was often enough. Elizabeth I permitted and sometimes even encouraged a wide latitude of discussion, as long as her right to make the final decision was fully recognised.

There are many similarities between the Communist model and the authoritarian model, the first the most widespread today from the point of view of sheer population reach and the second the most pervasive system from the point of view of the number of countries practising it. Both the authoritarian and the Communist model believe that the mass media is a servant of the state. Both assert a monopoly of wisdom by those in authority.

However, the Communist model requires the mass media to be more active, positive tools for the use of the Government or the Party for the achievement of societal goals. Communist systems demand more than just non-obstruction and non-criticism and a little help now and then from media practitioners. The media must be constantly active propagandists, agitators, and organisers of public opinion — every day of the year and in every column inch. Secondly, the Communist model requires state monopoly of all the means of mass communication.

Under the Communist model, because there can only be one truth, the truth as defined by the Communist Party, the media must work assiduously to mould opinion to ensure a oneness of perception and thought. The existence of one view, 'the correct view' is the ideal. A diversity of content may be interesting and entertaining but it is not the job of the media to be interesting or entertaining. Variety of views is not only

unnecessary but immoral. Secondly, it is the task of the mass media to be an instrument of revelation rather than information per se.

News is not the latest events under the Communist model. It is only a means of interpreting contemporary social processes. Since the editor is a propagandist, agitator and organiser of public thought, he must select the current events to be published guided only by the need to illustrate and re-inforce the social process he is trying to teach his readers. Mass communications is a deadly serious business with no place for 'human interest' stories unless they are essential to the teaching of a particular lesson.

The weaknesses of the authoritarian and Communist traditions are too evident to require a lengthy exercise in criticism. The fact is that the state and its Government, society and its leaders are two separate things. Being of service to society and the state may require the media not to be of service to the powers that be. Because it is in the authoritarian and Communist state that abuses of authority and power are likely to be greatest, ironically it is essentially in the authoritarian and the Communist state that morality demands that the media be a check, that the media be in a confrontationist mode. The watchdog role of the media is needed most in Communist and authoritarian systems — where, of course, it is tolerated least.

All wisdom does not spring from a single source, truth from a single mind, even a collective mind made up of large number of intellectual giants. If nothing is to be published, broadcast or televised unless it has been approved by those in authority, power must always be the determinant of truth. Society cannot but suffer from a singleness of thought and a uniformity of content, and not only from boredom. If a community — whether it be a family, a village, a nation-state or a group of states — is to be dynamic rather than to decay, to develop rather than to stagnate, there must be a minimum level of informational diversity and debate.

If the authoritarian and Communist models or traditions are ethically improper and counter-productive of the needs and development of society, is the libertarian model the one that is morally and productively the best, in theory as well as in practice?

The libertarian model assumes that man is a rational animal. The individual is king. Society is his subordinate. The rights and fulfilment of the individual is the ultimate goal of man, society and state. Libertarian theory states that man is a supremely rational animal with an insatiable desire for truth; the only method by which truth can be grasped is by the free competition of opinion in the open marketplace of ideas.

To be fair, the libertarian theorists concede that in a free for all, much information reaching the people would be false and some deliberately so. People would be telling and spreading lies as well as truths. However, it was up to the people, not the state, to decide what is true and what is false. The people because they are inherently rational, must be able to digest and discard, in the final analysis ending at the destination called truth.

John Stuart Mill made a strong case for the free expression of opinion. First, he argued, if an opinion is silenced, we will never know if we are in fact silencing the truth. Second, a wrong opinion can contain part of a truth necessary for discovering the whole truth. Third, even if the commonly held view is already the whole truth, the public tends to hold it not on rational grounds but on the basis of prejudice unless it is forced to defend it against the attack of untruths. Fourth, unless the conventional wisdom is attacked from time to time, it loses its vitality and its effect on conduct and character.

A most fundamental requirement of the libertarian model is that the media must be completely free from government controls or interference. Another is the idea that it is the duty of the press to prevent government from overstepping its bounds. In the words of Jefferson, it must provide a check on government which no other institution can provide. It must thus be a political institution and political actor in its own right — but one which must regard government as an adversary, essentially an evil force, which will do evil unless there is a watchdog acting on behalf of the people. Unfortunately or otherwise, the libertarians do not say who is to watch the watchdog, beyond saying that it must not be the Government.

The advocacy of the media as an extra-legal check on the Government, the call for an adversarial relationship with regard to authority, is understandable on the part of libertarians in an age of authoritarianism. For centuries liberalism had to struggle against authoritarianism. The established Government was its greatest enemy. Is it always so today?

There are many things wrong with the libertarian model. First, it must be quite clear that man is as much an irrational animal as a rational one. It may sound patronising but it is true: the discerning of truth from untruth is a most difficult task for the ordinary man. Even the wisest of men have often consistently been led up the garden path. The idea that man spends most of his time, much of his time or even some of his time in the relentless search for truth is absolute and silly nonsense. Just ask yourself how many truth-seeking members of the very educated British public buy the News of the World or the People every Sunday in comparison to those who buy the relatively small circulation Sunday Times or Observer? How many truth-hung Britishers daily buy the Sun and how many buy the Guardian?

Second, is it right that truth, the whole truth and nothing but the truth, must always be told, at all times? Every society known to man in every era of man has distinguished between the lie and the white lie. History is littered with examples where it was justified not to tell the truth, the whole truth and nothing but the truth.

Third, the libertarian model in its unremitting advocacy of the adversarial role may be justified in the case of an authoritarian or Communist or evil Government. Is it as essential in the case of a democratic Government, libertarian Government, a good Government? The basic assumption that Government must always be corrupt and evil is also absolute and silly nonsense.

Fourth, if it is assumed that power tends to corrupt and absolute power tends to corrupt absolutely, by what magical formula is the media itself, with all its awesome power, exempt from this inexorable tendency? Is power the only cause of corruption? Freedom too can corrupt and absolute freedom can corrupt absolutely.

Fifth, the libertarian assumption of a free marketplace of ideas where there is a multiplicity of voices, where each individual has a chance to have his say, can exist only in the realm of theory. In practice, say in the West, since when has there been a multiplicity of views on the Arabs for example? For decades, the multiplicity of voices have all said the same thing about the Arabs. The picture of the one-way distortion of truth is not a pretty one. At no time in history and in no country has the ideal been actualised. Some men have a greater ability to express their views than others. How many newspapers have given space to the views of the idiot and the imbecile? How many Communists or exploitative capitalists are today on the staff of the major newspapers of the world? By comparison how many members of the public have access to the means of mass communication? Indeed even Presidents and Prime Ministers are denied the right to defend themselves from insinuations by mass circulation publications.

The question has to be asked: is freedom of the Press often no more than the right of one man, the editor, and several men, the sub-editors and journalists, to express his or their views and prejudices? Since when has the American editor of a mid-Western weekly magazine had a say equal to the American editor of a national magazine? How many American cities can today boast of more than one newspaper? The concentration of media even in the United States, the haven of the libertarian model, have concentrated power in the hands of a select few. It is quite clear that the libertarian theorists have never faced squarely the problem of financial wealth and economic support of the mass media and the fact of the silent majority. For those whose voice will never be heard, freedom of the Press does not exist. They are denied the same right of expression as is denied by a Government-controlled Press.

Sixth, the libertarian model is based on the childlike assumption that the media will generally if not always adhere to ethical practices and aspire to the public good. William Peter Hamilton, once publisher of the powerful Wall Street Journal, is on record as saying: 'A newspaper is a private enterprise owing nothing whatsoever to the public, which grants it no franchise. It is therefore affected with no public interest. It is emphatically the property of the owner, who is selling a manufactured product at his own risk.' Not many respected publishers today will openly say this or mean it. But there are hordes of media owners and practitioners whose sense of responsibility to the public good is, to say the least, somewhat limited. How else can we explain the libertarian film industry of the West? How many socially contributing films are made in the West today in comparison with the number feasting on pornography and violence?

How many truth-seeking newspapers and television stations will go into print or on the air with scattered bits of information in the knowledge that they are not in pos-

session of the facts, still less all the facts, simply to beat their competitors? And for what? For the good of the individual, man and society?

The Press is not an institution created in heaven naturally bestowed with virtue. It is not the unique kingdom of the virtuous. It is made up of and run by men who are moved, like other men, not only by high ideals, but also by base needs and feelings. The ability of the journalist to influence the course of events is out of all proportion to his individual right as a citizen of a democratic society. He is neither especially chosen for his moral superiority nor elected to his post. A Free Press is as prone to corruption as are the other institutions of Democracy. Is this then to be the only institution of Democracy to be completely unfettered?

One can go on and on. But let me rest by citing one last basic flaw of the libertarian model: its assumption of societal stability. For a society precariously balanced on the razor's edge, where one false or even true word can lead to calamity, it is criminal irresponsibility to allow for that one word to be uttered. It can be no surprise that it was in the United States itself that the doctrine of 'clear and present danger' was formulated.

Comparatively few countries in today's world are ultra-stable states where full, free and utter licence can be allowed to run riot. Even in these ultra-stable states such licence has not been allowed. There is and has never been such a thing as absolute freedom. It is my view that regardless of circumstance or time, the best model is the social responsibility model.

Its basic assertions are simple. The individual has rights. So too does society. Whereas the authoritarian and the Communist will boldly say that the rights of society must take precedence over the rights of the individual, and the libertarian will take the equally rigid view that the rights of the individual must override that of society, I believe that it is a question of qualitatively and quantitatively balancing the two rights.

Who is to decide on the balancing of the two rights? In a democratic state with a democratically elected Government, it is the task of the democratically elected Government.

Under the social responsibility system, the media does have an important role to play and must be allowed much leeway to play this role, including to criticise authority. I am reminded of an article I wrote in July 1981. Please allow me to quote. 'By and large, the role of the Press in ensuring good democratic practices and hence sustaining democracy itself is not only right but also truly indispensable. It is indeed a means of communication between a democratic Government and the people. Through it not only will the people be kept informed of all that the government and its leaders are doing, but the leaders will learn of the attitudes, needs and problems of the people. A responsible democratic Government must accordingly regard a free press as an asset which facilitates good Government.'

There are no two-ways about it. The media must be given freedom. But this freedom must be exercised with responsibility. It must be given the freedom to express opinion freely, even the right to be wrong; but it must do so without prejudice and without malice. Just as in a democratic society no person or institution has a right to destroy society or to destroy democracy, the media too has no such right. An irresponsible Press is a negation of the right of the people in a democratic society. If the Press fails to understand this, then it should be made to do so by the people through their elected representatives. To put it in another way, so long as the press is conscious of itself being a potential threat to democracy and conscientiously limits the exercise of its rights, it should be allowed to function without Government interference. But when the Press obviously abuses its rights, then democratic Governments have a duty to put it to right.

In representing the inevitably selected views of various groups of people and in pressing its own views, in pursuit of its perceptions of the public good, on those occasions when it is involved in the pursuit of the public good, the media must act with the humility that it demands of those in power. Just as it is right in saying that a Government has no monopoly on constructiveness and wisdom, the media must recognise that it too has no monopoly on constructiveness and wisdom. Just as the public servant must be prepared to accept criticism, so too must the media be prepared to accept criticism. Just as Government is not above the law, the media too is not above the law. It simply will not do if a public servant is subject to the laws on state secrets but in the name of freedom others are not. Just as the media is not to be made subservient to the executive, the legislature and the judiciary, in the same way and to the same extent the executive, the legislature and the judiciary are not to be made subservient to the media. Just as the Government cannot be allowed to have the freedom to do exactly as it pleases in society, so too the media cannot be allowed to do exactly as it pleases in society.

The media must be allowed to compete in the economic market place and carry the favour of its target customers; but it must do so within the bounds of decency and responsibility. Contrary to what is thought in many of even the best journalistic institutions, the deadline is not sacred. The public good is sacred. In my view, and I state it without any reservation or apology, the public good is always sacred.

Ladies and gentlemen, I started off by talking of the individual and the creation of human communities. Let me end by returning to that theme. Man joined his fellow men in a group for his own purpose, in answer to his own needs. He gains safety in numbers but he loses to a certain extent his individual freedom. He was willing to do this when, in the primitive setting, he was threatened with all kinds of dangers. But the modern man has no experience of the dangers of individual isolation. He, therefore, against it. He has forgotten that there is a price to pay in order to get all those things that society provides him. It is the lack of understanding and appreciation of the limits of individual independence in society that has resulted in the instability of human societies in many parts of the world. There is a need to be educated on the structure and obligations of society, especially now, when the growth of human societies is so rapid,

and complex. The media needs to educate and itself to be educated with the rest of society, especially since its reach is so vast and its power so great.

Now let us see how this little speech of mine is treated by the media. I now have much pleasure in declaring open this World Press Convention.

ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE COMMONWEALTH HEADS OF GOVERNMENT MEETING
IN NASSAU, THE BAHAMAS
16TH. OCTOBER, 1985

I must confess my pleasure at being here in this enchanting Caribbean paradise. The Commonwealth has done well to choose the Bahamas for this conference. On behalf of the Malaysian delegation I would like to thank the Government of the Bahamas and in particular the Honourable Prime Minister for the hospitality and courtesy extended to us.

I cannot help but be soothed by the environment and the gracious hospitality, despite my jaundiced view of the Commonwealth. However, the agenda that the Commonwealth Secretary-General has prepared for us, and the international scene forces us to face the realities. And the realities are quite different from what we see in this paradise on earth.

I shall try to be brief and to the point. First the Commonwealth. It is not what it was when it started. It is no longer a club for nations founded by migrants from Europe. It is now a collection of former colonies who have been persuaded to join the Commonwealth through oblique hints that they will benefit from it. In the event they have found the Commonwealth failing to live up to the promise. If the Commonwealth is to be perpetuated, the Commonwealth must achieve tangible and meaningful results for its members. It must give some substance to the term "common wealth", particularly for the poorer members.

Malaysia's experience of the Commonwealth has not endeared the Organisation to it. Indeed the goodwill that we had when we first joined it has been worn thin with the passage of events and time. We have nothing against the majority of the members with whom we have good bilateral relations, anyway. But I would say that good, bad, or indifferent, the relations would have been there whether there is a Commonwealth or not.

The only episode that we appreciate about the Commonwealth is when it expelled and made a pariah of South Africa. I shall say a few more things about that later, as it is the most important reason, in our view, for this present meeting of the Commonwealth.

However, I would like to take this opportunity to talk about a few of the problems that face the world today, particularly their effect on developing countries like Malaysia.

The concept of justice and fairplay has changed considerable. The most important determinant of international behaviour now is strength — economic strength, political strength and of course military strength. We see today powerful countries actually applauding the hideous behaviour of countries like Israel. We do not approve of international terrorism by individuals or organisations, whatever the reasons. But for any rational administration to approve of terrorism by the Governments of countries is to desert completely international morality.

We see the economies of poor countries destroyed by the economic policies of the rich and the powerful. We see the influential countries exerting pressure on their client states to reject legitimate claims such as that on Antarctica. And, of course, we see powerful nations physically occupying neighbouring countries in order, they claim, to protect themselves.

The weak has to meekly submit to all these because they have no choice. Gunboat diplomacy is not dead. It has taken a more frightening dimension. This is the world that small developing countries have to struggle in, to survive. They can come together, to seek security in numbers. But the cavalier fashion with which even the United Nations has been dismissed by the rich and the powerful has proven the naivete of that assumption.

Malaysia lives by trade. So too do most of the developing countries. We can only produce primary products which we hope to trade for the manufactured goods we need. But for the past few years the price of primary products have plummeted. Nothing fetches a fair price anymore. Indeed, frequently, the prices are lower than the cost of production. Why is this so? In the first place developed countries go into competing primary products which they subsidise and produce in excess. Then they fix the price through commodity exchanges in their countries with membership confined to themselves. If their members look like losing money, then they change the rules. They even start rumours in order to influence prices. And the western press aids and abets them.

But not so the manufactured goods that they market in the poor developing countries. There are no exchanges for manufactured goods. The price is determined by the manufacturers themselves. And whether the raw material prices go up or down, the price of manufactured goods always go up. And so more and more commodities have to be sold by poor countries in order to buy less and less manufactured goods.

Some developing countries try to industrialise and export their products. But protectionism in the richest markets soon put paid to that. Even when they try to go to other developing countries, they find that they cannot compete against the credit terms and the political and economic leverage exerted by the rich developed countries.

Much of the economic ills of the world today is man-made. And it is not entirely made in the oil producing countries. It is the financial mismanagement of the

developed countries, their massive expenditure on arms, their protectionist policies, their wasteful overproduction of various commodities, their trading practices that has brought the world to the present economic depression.

And as the economic problems are man-made, they will have to be unmade by man. We know precisely how the economy of the world can be restored but unless and until the economic giants of the world are willing to act, nothing that the developing countries can do will be of any avail. The price of oil is low and so are the prices of every commodity. But whatever good they may do is negated by the developed countries.

And now back to South Africa. There is no Government like the regime in South Africa. It is a total pariah. It legalises the morally illegal. Minority is majority. Slavery is freedom. Ghettos are nations. Like Israel, they respect no international norms. Boundaries are not sacred to the racists of South Africa.

And this white racist regime survives in this day and age. And why does it survive? It survives because the people who are fond of criticising alleged racism in developing countries are not prepared to do anything about the most blatantly racist regime in the world.

Malaysia does not trade with South Africa. We deprive ourselves of substantial revenue by so doing. But those whose application of sanctions are likely to bring South Africa to its knees, have any number of arguments why they should not apply sanctions. Restrictions on imports from poor countries, restrictions which cause real human sufferings in these small states are alright. But not sanctions against South Africa, the blacks would suffer, that is the excuse.

The fact is that the blacks are already suffering. Cures are always painful. As a doctor I should know. But to perpetuate sufferings is a poor alternative to the temporary pain of a cure. If sanctions can help destroy a despicable policy like apartheid, then sanctions must be applied and they must be applied by those who can hurt most; by the countries with the biggest economic clout. Failure to do so would mean hypocrisy on the part of these countries. And that will rub off on the Commonwealth.

Finally, a word about Namibia. It is bad enough for a despicable regime like that of South Africa to remain trustee of this unfortunate country, but now the Namibians are being punished for an alleged crime committed by another country. Why should Namibia remain subjugated simply because Cuban troops are in Angola?

These are some of the problems that face the world today. If the Commonwealth conference is not going to be a respite for us from the problems at home, it will have to do something about these problems. It should at least agree on what could be done about South Africa. It should help positively to restore the economy of the world. It should attempt to remove all kinds of racial and colour discriminations.

If the Commonwealth refuses to do something definite, then the club should cease to pretend. It should admit that it really cannot contribute towards solving the problems faced by its members, if not the world. Then we can relax and enjoy our get-together.

UCAPAN PERDANA MENTERI
Y.A.B. DATO' SRI DR. MAHATHIR BIN MOHAMAD
SEMPENA MENYAMBUT PERAYAAN ULANGTAHUN
YANG KE-40 PERTUBUHAN BANGSA-BANGSA BERSATU
BANGUNAN PARLIMEN
24HB. OKTOBER, 1985

Terlebih dahulu saya ingin merakamkan penghargaan kepada Jawatankuasa Penganjur upacara sambutan kerana sudi menjemput saya berucap di upacara ini. Saya mengambil kesempatan ini mengucapkan tahniah kepada Persatuan Bangsa-bangsa Bersatu Malaysia atas penubuhannya baru-baru ini.

Tema sambutan perayaan ulangtahun ini ialah "For a Better World" dan sempena dengan sambutan ini, Pertubuhan Bangsa-bangsa Bersatu telah mengisytiharkan tahun 1986 sebagai Tahun Damai Antarabangsa atau "International Year of Peace". Saya berpendapat tema dan pengisytiharan Tahun Damai itu sebagai bersesuaian. Marilah kita bersama-sama berdoa kepada Tuhan semoga negara-negara di dunia ini lebih damai lagi pada tahun-tahun yang akan datang.

Bersempena dengan sambutan ini marilah kita bertekad menghormati prinsip-prinsip yang terkandung di dalam Piagam Bangsa-bangsa Bersatu, dan sambutan ini seharusnya membolehkan kita mengenang kembali kejayaan dan kegagalan badan dunia ini semenjak empat puluh tahun yang lalu, serta juga memikirkan masa depannya. Empat puluh tahun yang lalu, ahli-ahli utama yang mengasaskan penubuhan badan dunia ini bercita-cita membela nasib generasi akan datang daripada malapetaka dan kezabab berlakunya satu lagi perang dunia. Piagam badan dunia itu memperuntukkan prinsip-prinsip yang memastikan keamanan, hak-hak asasi, keadilan dan ketuhanan undang-undang, serta pembangunan ekonomi di kalangan negara-negara yang bebas daripada jajahan dan cengkaman.

Walaupun kita telah menyaksikan pertelingkahan dan peperangan, kita harus juga berbangga bahawa melalui Pertubuhan Bangsa-bangsa Bersatu itu, kita telah dapat mengelakkan perpecahan atau peperangan yang besar seperti Peperangan Dunia Pertama dan Kedua. Daripada aspek ini kita harus berasa bangga dengan peranan yang telah dimainkan oleh Pertubuhan Bangsa-bangsa Bersatu.

Walau bagaimanapun masih terdapat beberapa gejala yang menyedihkan dalam perhubungan negara-negara yang menjadi anggota Pertubuhan Bangsa-bangsa Bersatu ini. Sekarang ini negara-negara anggota secara tidak langsung dibahagikan kepada negara-negara kaya dan miskin, yang lemah dan yang kuat, bahkan pembahagian kepada negara-negara maju dan negara-negara mundur. Dengan pembahagian atau perbezaan itu, akhirnya negara-negara di dunia ini telah tidak dapat mengelakkan

dirinya daripada ketegangan dan perbalahan. Justeru itu kita mestilah menyedari hakikat bahawa di samping kita berbangga dengan kemajuan teknologi, kemajuan sistem perhubungan dan kemajuan dalam beberapa bidang lagi, kita gagal mengatasi kemiskinan dan keburlan yang masih lagi berleluasa di beberapa buah negara anggota badan dunia ini.

Pertubuhan Bangsa-bangsa Bersatu telah mencatatkan beberapa kejayaan serta beberapa kegagalan dalam menyelesaikan krisis-krisis sepanjang empat puluh tahun ini. Walau bagaimanapun, satu sikap dan pandangan yang baru hendaklah kita abadikan terutamanya bagi mengatasi krisis-krisis antarabangsa di masa akan datang. Negara-negara anggota Pertubuhan Bangsa-bangsa Bersatu bertanggungjawab bagi memastikan badan dunia ini terus berfungsi pada masa depan, dan kita mestilah berusaha supaya badan dunia ini tidak lumpuh. Sokongan yang berterusan adalah penting bagi badan dunia ini mencapai kemajuan. Saya berpendapat sekiranya badan dunia ini gagal dalam segala usahanya bagi menjamin keamanan dan keharmonian di dunia, kita patut menyalahkan negara-negara anggota yang tidak sanggup berpegang kepada Piagam Bangsa-bangsa Bersatu dan tidak mahu menerima keputusan yang dibuat olehnya.

Perkembangan yang kurang menyenangkan dalam arena politik, ekonomi dan bidang sosial antarabangsa telah memberatkan lagi beban tanggungjawab yang dipikul oleh Setiausaha Agung Pertubuhan Bangsa-bangsa Bersatu dan kakitangannya. Di sini saya mengambil kesempatan merakamkan penghargaan kepada beliau dan semua kakitangan badan dunia itu, kerana dengan dedikasi, mereka dapat menjalankan tanggungjawab dan telah mencapai beberapa kejayaan. Kami di Malaysia ingin memberi jaminan kepada Setiausaha Agung Pertubuhan Bangsa-bangsa Bersatu mengenai sokongan kita kepada apa sahaja usaha badan dunia itu yang mendatangkan manfaat bersama. Saya juga merakamkan penghargaan kepada semua agensi-agensi khas Bangsa-bangsa Bersatu atas program teknikal, kebudayaan, sosial, sains dan teknologi mereka yang telah banyak membawa manfaat kepada negara-negara anggota.

Kita di Malaysia telah menerima bantuan teknikal dari UNDP atau Program Pembangunan Bangsa-bangsa Bersatu bagi projek-projek pertanian, perhutanan dan perikanan. Kita juga telah menerima bantuan perkhidmatan kesihatan dan pelajaran daripada UNICEF, manakala Pertubuhan Kesihatan Sedunia atau WHO telah membantu Malaysia melatih kakitangan dalam bidang perubatan dan penyelidikan penyakit-penyakit tropika. UNESCO pula telah membantu kita dalam beberapa projek sekolah dan telah membekalkan kepakaran teknikal dalam bidang hidrologi dan sains. Di samping itu UNESCO juga telah membantu kita mengendalikan satu kajian mengenai kebudayaan Melayu di Asia Tenggara.

Malaysia menghargai juga bantuan yang telah diberikan oleh UNHCR dalam menempatkan semula orang-orang pelarian Vietnam ke negara-negara ketiga. Kita juga berbangga dengan Tabung Bangsa-bangsa Bersatu bagi Pengawasan Penyalahgunaan Dadah atau "United Nations Fund for Drug Abuse Control" kerana memberi

bantuan kewangan yang diperlukan oleh kita bagi membanteras penyalahgunaan dadah di Malaysia, yang sekarang ini sudah menjadi satu ancaman keselamatan yang utama.

Di samping kita menerima bantuan, negara ini berbangga kerana dapat menghulurkan bantuan teknikal kepada beberapa buah negara membangun yang kecil seperti yang termaktub di dalam Program Kerjasama Teknikal Malaysia. Kita berharap kerjasama dan bantuan setakat yang kita mampu ini akan memperkukuhkan lagi hubungan rapat antara negara-negara anggota yang terlibat.

Sebelum saya menamatkan ucapan ini, Kerajaan ingin merakamkan penghargaan khas kepada anggota-anggota angkatan tentera kita yang telah berkhidmat di Kongo pada tahun 1960 sebagai sebahagian daripada pasukan bersenjata Bangsa-bangsa Bersatu. Perkhidmatan dan pengorbanan mereka sentiasa tercatat di dalam sejarah negara kita.

Sekali lagi saya mengucapkan terima kasih kepada Jawatankuasa Penganjur yang menjemput saya hadir di upacara ini. Dengan itu, saya dengan bangganya membuka Perayaan Ulangtahun Yang Ke-40 Pertubuhan Bangsa-bangsa Bersatu dengan rasminya.

SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE WELCOMING BANQUET HOSTED
BY H.E. ZHAO ZIYANG, PREMIER OF THE STATE COUNCIL
OF THE PEOPLE'S REPUBLIC OF CHINA, IN BEIJING
20TH. NOVEMBER, 1985

At the outset let me express my sincere appreciation for your very warm words of welcome and for the gracious hospitality that you and the Government of China have accorded my delegation and I since our arrival in Beijing a few hours ago. Your warm hospitality and the excellent arrangements you have made for us provide the perfect setting for what I hope will be a fruitful and successful visit to your country.

I must confess that ever since my brief stopover in Beijing some 6 years ago, I had intended to return to China for a longer visit so that I could learn, firsthand, more about China and its people, its aspirations and concerns. I am delighted that I now have this opportunity to do so. It has been said many times that an important prerequisite for mature and stable relations amongst states is better mutual understanding. I am determined to do my part towards this end. Bearing in mind that mutual understanding is a two-way process, I hope I could also share with you an update on Malaysia's views on several issues.

Malaysia-China relations are now over eleven years old, at least in the formal sense. While we have undoubtedly made some progress in strengthening bilateral ties, I think we both agree that much more could have been done and needs to be done if we are to realise the high expectations we both had at the onset of our formal relations.

In analysing the reasons behind the lack of sustained progress in our bilateral relations, we must face squarely the inescapable conclusion that our inability to completely resolve certain core bilateral issues to mutual satisfaction have had the effect of impeding the overall growth of relations. Your Excellency and other leaders of China have assured us on many occasions that some of these issues are 'left-overs from history and that time will resolve them'. While admittedly time is a great healer, I hope we will not allow history to hold the progress of our relations to hostage. As history marches on, so must we. I realise that in a country where time and history go back hundreds of years, it is quite natural to take a longer perspective. However, I believe that given contemporary compulsions and needs, a country cannot afford to be mired and shackled to historical legacies and fidelities.

In the absence of satisfactory solutions to these issues, close scrutiny appears to be given to our relations only during high-level visits such as this. Instead of becoming a continuous process, the development of our relations has hinged upon the visits that

we make. These irregular inputs have, not surprisingly, been insufficient to sustain qualitative movement in our relations. We must therefore resolve to change this pattern in favour of a more dynamic mechanism for on-going improvements in our relations. In working out the framework for such a mechanism, I hope we could give priority to resolving the core issues which have retarded growth.

We must not however be content to merely seek to resolve our differences. The absence of differences in itself will be insufficient to create an enduring and stable relationship. In fact, it could lead to indifference. Rather even as we move to resolve existing problems, our thoughts should be on the future and on how we can add substance to our relations.

To my mind, economic cooperation and trade offer exciting possibilities. It is my hope that just as politics dominated the first decade of our relations, economics will come to dominate the next decade. This task is all the more important when one considers that trade barriers are going up in many parts of the world. As part of the wider international trend to seek more equitable trading relationships, Malaysia and China need to address themselves not only to such issues as a more balanced trade and greater direct trade but the very fact that our bilateral trade has been declining since 1980. We must ensure that pious statements followed by inaction or indifference, which have characterised other bilateral trade relationships, do not also come to characterise Malaysia-China trade.

I am happy to note that some steps, albeit tentative at this stage, are being taken to expand our bilateral economic relations. Malaysian and Chinese companies are exploring new areas for mutual cooperation while both sides increasingly value our bilateral trade. In a sense I hope my visit will add stronger momentum to this process. I am sure you will not have failed to notice the rather large private sector delegation I brought with me. They are the captains of Malaysian industry and commerce. They bring with them vast experience and technical know-how in specific areas where Malaysia is internationally recognised as a leader. They are keen to play their part in giving more substance to our bilateral relations and they have the full support of my government. It is my hope that in the days ahead they will have the opportunity to seriously explore every avenue for economic cooperation and establish ties and contacts for ongoing mutually beneficial economic activities that would serve to enhance the relationship between our two countries.

Malaysia and China share a common desire for peace and stability within the region so that all members of the region, collectively and individually, could get on with the more urgent task of socio-economic development. Unfortunately, the complicated regional situation, in particular the situation in Kampuchea, represents a serious distraction. Those of us who genuinely desire peace and stability must renew our efforts to find solutions to these vexing regional political problems on the basis of adherence to the principles of respect for sovereignty, territorial integrity and non-interference in each other's internal affairs. Our objectives should be security and stability for all. However, at the same time, we should also make clear that we will not allow any country to hold the region's prosperity to ransom because of its own self-

centred ambitions. We should make clear that regional prosperity will march on, with or without them.

Over the next few days, I hope we could use the opportunity of this visit to seriously take stock of our relations and, in a frank and dispassionate manner, exchange views on all these bilateral and regional issues. I am convinced that if we can hold this course of dialogue and consultation, and act in a positive manner, much can be achieved in the years ahead. I wish to reassure Your Excellency that Malaysia is committed to seek good relations with China as with all countries, on the basis of the principles of peaceful co-existence. Though the task ahead may not be easy, it is a worthy endeavour not only for our respective peoples but also for the peace and stability of our region.

Before I conclude, may I once again express my sincere appreciation for your warm hospitality in welcoming us to China and for the excellent arrangements you have made for our visit. I also fully reciprocate your hope that my visit will further enhance the development of good and stable relations between our two countries.

May I now invite you all to join me in a toast to the good health of His Excellency President Li Xiannian, the good health of His Excellency Premier Zhao Ziyang and to the friendship between Malaysia and China.

ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT QING HUA UNIVERSITY, BEIJING
22ND. NOVEMBER, 1985

"REGIONAL CO-OPERATION: CHALLENGES AND PROSPECTS"

I am indeed honoured to be here today to accept your invitation to visit Qing Hua University. I have heard much about Qing Hua University and its role as the premier centre for education and scholarly pursuit in China. I understand that your Government is now giving great emphasis to education and views institutions such as this as important training grounds for the future leaders of China. Accordingly I regard it as a great honour to address the people who may in time lead China.

Malaysia and China are two very different countries. Our history, for example, has unfolded in very different setting. Our respective cultures have evolved in different socio-political and geographical milieu. Our past experiences bear little similarities. In the recent past the paths we have taken towards political, economic and social advancement have been divergent. There have also been times when we have viewed each other with suspicion and distrust. I dare say that some of this lingers on. Nevertheless, despite these differences, we must not allow ourselves to be blinded to the realities of our involvement in the destiny of this region. Whether we like it or not, we are neighbours and our actions and policies are bound to impact on one another. Therefore, if we are to realise what I believe to be our common objective of achieving a stable, peaceful and progressive region, we must relate to and work with each other. Equally important, we must also relate to and work with all our neighbours in the region. No country is an island. No country can stay in splendid isolation forever.

Since the early 70's, Malaysia's foreign policy has increasingly operated on this principle of inter-locking and shared destiny amongst neighbours. You will recall that within our own quadrant, Malaysia and its immediate neighbours initiated and refined the idea of South East Asian co-operation. The offspring of that idea, the Association of South East Asian Nations or ASEAN is now 18 years old. It will not be an exaggeration to say that ASEAN has proven to be a most enduring and beneficial organisation. But lest it be forgotten, let me reiterate that ASEAN was also premised on the concept of good neighbourliness with all countries, particularly those contiguous to the ASEAN region. Indeed, the ASEAN initiative of the Zone of Peace, Freedom and Neutrality envisages a zone where the legitimate interests of all countries would be given equal and fair attention.

Since those heady days of the early 70's, there have been many changes within our respective countries. In my country, our people have made major advance towards consolidating national unity and resilience. Economically, we have moved

from being merely a producer of primary products. The launching of the first made-in-Malaysia car, the Proton Saga, last July was indeed a major triumph for us on the road to industrialisation. These together with other socio-economic programmes have resulted in perhaps an unparalleled level of prosperity for our people. Economic development has also been a major factor in reversing the tide of insurgency in Malaysia.

Within China itself, the last few years have witnessed many great changes. As an observer it seems to me that you have achieved a great measure of political stability and a consensus with regard to the path you wish to take towards development. You are also experimenting with new ideas to speed up your modernisation. In many ways, the China I briefly visited in 1979 has changed beyond recognition and China has never been more open to the outside world.

Regrettably, these positive developments within our respective countries have not been accompanied by positive developments within the region at large. We seem to have been unable to shake off regional conflicts and often the protagonists appear to have simply changed sides. I refer of course principally to the tragedy of Kampuchea. Not only has the situation there brought untold suffering to the people of Kampuchea but it threatens to gradually draw us all into its vortex. Then there is the on-going rivalry between the two super-powers manifested in the slow but steady militarisation of our region. Equally important, on the economic front, rising protectionism compounded by a fundamentally unjust economic system stalks us relentlessly. As the economic down-turn continues, the developed countries will undoubtedly utilise their entrenched position within the system to enhance their interests at our expense. If left unchecked we could soon find our economic progress negated and we would be reduced to being the hewers of wood once again.

I think the time has come for us to seriously ponder the political and economic future of our region. It is not enough to seek political stability and economic development within our respective countries while storm clouds gather on the region's horizon. As I said earlier we must not be blinded to the realities of our shared destiny in this region. More than a decade ago this realisation prompted my predecessor, the late Tun Abdul Razak, to journey to China to begin the process of normalisation. Unfortunately, through inaction and perhaps indifference we have allowed the initial momentum of Tun Razak's visit to dissipate. We must revitalise it and seek ways to begin anew the search for a regional consensus. I wish to share with you some thoughts on this and to give you a Malaysian perspective of how China can help contribute to the achievement of a peaceful, stable and dynamic region.

Historically, the modernisation impetus of the great powers Britain, Germany, France, the United States and Japan - occurred at a time when most of Asia was weak and economically backward. This led to a situation wherein the big powers were able to seek hegemony over us. China's modernisation occurs at a time when we, the smaller countries in the region, are also seeking to industrialise our respective nation states. I believe that together we now have a unique opportunity to establish a more just and equitable regional order and avoid many of the past mistakes of the former imperial powers.

The great struggles for freedom from colonial and imperial domination are, in the main, over. With few exceptions, the Asian states have won their struggles for political emancipation. The era of great political revolution now lives on only in the minds of a few misguided and disgruntled individuals who have not been able to make the transition to the new era. For the most part, the Asian states of the region are now caught up in the grips of a new and peaceful revolution that is immensely more satisfying and productive: an economic revolution to forever free our respective peoples from poverty, unemployment and underdevelopment. A necessary corollary of this struggle is the fight for a more equitable economic order. This is the reality of our times. We must now put 'economics' in command.

Both Malaysia and China, as well as others in the region, have embarked on ambitious development programmes. These development programmes are to be principally engineered and realised by the respective countries themselves. This is as it should be for there can be no substitute for hard work and careful management. However, in an era of interdependency, no single economy can stand in isolation. The fruits of our labour, our ingenuity and our resources must be exported if we ourselves are to be able to import the things we need or desire. This is a simple fact of the market place. It was true at the time of the great silk caravans and it is no less true today. And yet, despite this, many developed countries who share a role in this region continue to behave in a narrow self-centred manner. They impose all sorts of trade barriers, particularly for goods originating from developing countries, while vigorously and aggressively pursuing bigger markets in the developing countries. Then there are freight and insurance services - the invisibles - which continue to be manipulated and controlled by the developed countries. The exports of developing countries are shipped and insured by the developed countries and so are their exports. The developing countries have no share. The consequences of these practices are widening balance of payments deficits for developing countries and increasing external debts which the developed countries are only too happy to underwrite with recycled loans and credit. While the phenomenon of massive external debt is not as pronounced in this region, we cannot afford to be complacent. If we do, I fear that we will end up mortgaging to the developed countries the inheritance of future generations simply to keep our economies afloat.

Much has also been said of the technological revolution that would propel mankind to a new era of prosperity. After much argument and foot-dragging the developed countries now grudgingly accede to technology transfer. But this in itself is not enough. We seek technology not simply for technology's sake, to be admired and marvelled at like some rare artifact. We seek technology to improve our productivity as well as our export performance. If the developed countries then raise barriers to our exports, what good would the technology do. We would end up producing highly competitive goods which we cannot sell.

In this region, as it is internationally, the developing countries are limited to the role of suppliers of commodities to the developed countries. Blatantly they manipulate the commodity markets and perpetuate institutions that serve only their own interests. For too long we have been at the mercy of these developed nations. The developing

countries of the region need to ask themselves whether in the future these two groups – producers of raw materials and consumers of raw materials – will be formalised to the advantage of the latter. We in Malaysia will not accept this.

These are but some of the underlying economic distortions in the region. Talking about it will not by itself change things. We have to consistently pursue the desired change. Otherwise it will not occur. Let those who most extol the virtues of such concepts of regional cooperation like the Pacific Basin Cooperation act to redress these grievances.

But what about the developing countries in the region? What can we do in the meantime? I am convinced that there is much that we can do. We can collectively demand a better economic deal in tandem with the dialogue that has already begun for a New International Economic Order. We can press for the removal of trade barriers and an end to commodity manipulation. We can co-operate with each other in freight and insurance matters so that we can retain a greater proportion of these services for our own economies. We can increase bilateral trade and expand economic co-operation whenever this is possible. We must use whatever little leverage we have together so that the effect will be greatly enhanced. But to do this we must develop some kind of loose consensus that would reflect our collective interests.

China has often described itself as a developing Third World country. It must therefore take its place alongside the developing countries of the region and actively and effectively pursue policies that would help realise the new economic order. China has already moved along this path by joining us at the UNCTAD negotiations and at INRO. We would also like to welcome China at the International Tin Council and in other fora. China, with its fast growing merchant fleet, can also assist in the transportation of our exports at fair rates. We could pool resources to cover insurance services as well. Equally important, we could strengthen bilateral trade and expand the range of goods and services between ourselves. Lest I be misunderstood, let me make clear that I do not seek this for Malaysia alone but for all the developing countries in the region. This is especially important as China has favourable trade balance with all the South East Asian countries.

Let us seriously examine how we can mutually partake of the fruits of each other's modernisation and industrialisation in a mutually beneficial manner. The potential for such co-operation is vast. For example, we are already discussing the possibility of processing China's iron-ore imports into 'hot briquetted iron' an energy intensive operation, at Labuan, utilising Malaysia's abundant natural gas. We could also refine barter trading or counter-trading, and of course, we could enhance the process of exchanging experience and technical information under the auspices of ESCAP, UNDP, UNIDO and other organisations.

No discussion of China's role in economic cooperation in the region would be complete without touching on the fears of the smaller developing countries with regard to China's modernisation itself. While we sincerely welcome China's industrialisation

efforts and hope that it would enhance economic and political stability in the region, we hope that China would be mindful of the interests of the smaller developing countries.

China has already emerged as an important competitor in such areas as textiles, electronic goods and agricultural produce. China is also a competitor for capital. Indeed, there are fears that should China join such financial institutions as the Asian Development Bank, it would corner a significant part of its capital. This trend towards greater competition between China and other developing countries is inevitable. The other developing countries must learn to live with it. But, nevertheless such competition must unfold on the basis of equitable and fair ground rules. In seeking to penetrate foreign markets, for example, we hope that China would not seek unilateral advantages that would be detrimental to the interests of others. In addition, we should also try to co-ordinate the export of common primary commodities like tin. Otherwise we will be playing into the hands of the rich consumer countries.

We should also seek to expand bilateral trade between China and the countries of the region in a fair and equitable manner. I have already noted that all of us in South East Asia suffer trade deficits with China. These deficits are not less unacceptable to us than China's deficit with Japan is unacceptable to China. My own country's bilateral trade with China has in fact declined since 1980 and this is despite the widely held view that China's modernisation would increase the opportunities for trade and economic links. As China's reform of its agriculture yields results, China may well have less need for some of South East Asia's primary and agricultural products. Bumper rice harvests in China have resulted in declining imports of Thai rice, for example. Bumper harvests of oil-bearing crops have similarly led to a decline of Malaysia's exports of palm oil to China. If these trends continue, I fear that China's industrialisation may become less relevant to South East Asia in terms of its exports. For South East Asia, the great euphoria about the China market may well end up being a pie in the sky.

If we value both our trade and our overall relations, we must seriously examine ways to make that trade more meaningful by accommodating to shifts and changes in our respective domestic economies. If China has less need of our primary commodities, then let us consider how we can export more value-added goods to China. South East Asia's export of manufactured goods to China has been dismally low, accounting, for example, for only 5% of Malaysia's exports to China. Let us also not ignore the question of direct trade, the absence of which results in the under-utilisation of our ports and higher retail prices for Malaysian consumers.

So let us accept that even amongst ourselves we will be competitors for the same dwindling and protected markets. However, we can and should try to harmonise such competition whenever possible and seek ways to expand trade between ourselves. I am convinced that if we ourselves practise a greater measure of free and equitable trade in dealing with each other, the rough edges of the mutual competition for markets could be softened. All this taken together would represent a significant step towards a more positive economic situation in the region.

Let us now turn to political issues which underpin regional cooperation. The spiralling arms race and big power rivalry has had very significant regional impact. The very success of the West Pacific countries has attracted the world power whose interest, they claim, they must protect. The enhancement of this military capability in the region renders the realisation of ASEAN's quest for a Zone of Peace, Freedom and Neutrality more difficult.

At the time when the countries of the West Pacific are concerned about the living standards of their people and are striving to improve them, the last thing they would like to see is the region becoming involved in superpower tension and conflicts. Something obviously has to be done. Collective security systems among unequals are impractical. So are schemes for policing by regional power or a vision into spheres of influence.

The basic need is still for everyone to subscribe to and uphold the principles of peaceful coexistence in words as well as in deeds. Let everyone condemn without partiality any breach of these principles whether by those in the region or those from outside the region. Let no one collaborate with those who commit such breaches.

To establish our credibility we must condemn such acts worldwide. Whether it be in Afghanistan, Kampuchea or Nicaragua; whether it be friendly or unfriendly powers which are involved, we must condemn and distance ourselves from such acts. Then and then only will we be left alone to continue with our economic restructuring and development. And in the process we will foster a great deal of understanding and friendly relations among us.

In the search for an enduring and stable political regime in the region, China's role would undoubtedly be crucial. You are no doubt aware that while many countries in the region, including my own, are sympathetic of your modernisation efforts, there is a feeling of uncertainty with regard to how China would impact upon the region. Many wonder how, and in what ways, China will react to the various developments and trend in the region. We of course hope that China will contribute to the evolution of a peaceful and progressive region.

In a comparative sense, we are defenceless and we have no desire to seek recourse to massive defence build-ups or alliances both of which are anathema to our way of life. If these concerns appear baseless to you, I ask you to remember that historically small countries on the peripheries of a big and powerful state have always had reason to be wary.

In this connection, we welcome the many assurances of your leaders that China will never seek hegemony and will never do anything to harm us. We also note your assurances that China's developing military capacity is purely for its own defence. We appreciate the enormous burden of self-restraint and responsibility that this entails. I ask that you understand us, if despite these assurances some concerns linger on, for we are extremely jealous of our sovereignty and trust does not come easily to us in view of our past experiences. Our experiences with China have not entirely

been free of problems and it would take time and mutual efforts for us to put to rest some of the things left over from history. It would also take time for us to get to know each other better, to understand each other's hopes, fears, concerns and aspirations. In China you have a saying that "the strength of a horse is measured by the length of time it endures". Let time then be the judge of our mutual desire and sincerity to establish good and beneficial relations. In the meantime, let us continue in small and practical ways to deepen mutual understanding and demonstrate our mutually expressed commitment to friendship and peaceful coexistence. The future of the region will, to a great extent, hinge on the success of this worthy endeavour.

Regional co-operation is, I believe the only realistic option we have if we are to establish a peaceful, stable and progressive region. Only through regional co-operation can we harmonise our many interests and minimise our many differences. But as worthy an objective as it is, regional co-operation will not come about if we allow ourselves the luxury to only dream of it or merely pay lip-service to it. We must begin by addressing ourselves to a whole range of obstacles that stand in the way of its realisation. These obstacles include protectionism and unfair trading practices no less than political bullying and interference in the affairs of others. Both undermine national sovereignty and negate economic progress. As you in China ponder your options for the future, it is my earnest hope that you too will see in regional co-operation the best guarantee for your progress, prosperity and security and do your part to help realise it. The road to genuine regional co-operation is admittedly a long one but as your great sage once said 'a journey of a thousand li begins with the first step'. I invite you to join us and take that step.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE RETURN BANQUET HOSTED IN HONOUR
OF H.E. PREMIER ZHAO ZIYANG, BEIJING
22ND. NOVEMBER, 1985**

May I, on behalf of my wife and members of my delegation, bid Your Excellency and other distinguished Chinese guests a very warm welcome. We are delighted and honoured that you could be with us this evening and allow us the opportunity to reciprocate, albeit in a small way, the generous hospitality and care which you have lavished upon us since our arrival in Beijing.

My visit to China has provided me with the opportunity to renew my acquaintance with you, Your Excellency, but most of all a timely opportunity to exchange views with you and other leaders of China on a wide range of issues of common concern. The discussions we had were at times exceedingly frank but, as befitting neighbours, were conducted in a friendly and cordial manner.

I am sure you will agree that on some of these issues much more needs to be done before common ground is reached. I am happy to say, however, that on most issues we share a common perception and even a common objective. I am particularly pleased that we both agree to give priority to strengthening bilateral trade and economic cooperation and have identified ways by which this objective can be achieved.

Tomorrow we will witness the signing of several important agreements and memorandums of understanding. These represent an important basis for the development of our relations. The signing of the agreement on the Avoidance of Double Taxation in particular is the first agreement ever to be signed between our two countries.

I must say that I am encouraged by these achievements and the substantive discussions we have had. Despite problems, I sense there is a mutual and firm commitment to foster mature and stable relations. We must continue to build on this and press ahead. With mutual commitment and sincere efforts, I am confident that we will be able to overcome our problems and place our relations on a level that is nothing less than excellent.

I have been in this capital city of Beijing for less than three days and, while it is not humanly possible to grasp and absorb the full impact of the history and beauty, the struggle and sacrifices that make this city unique, I cannot but be impressed by the forceful dynamism which clearly underlines the process of change all around us. It leaves me with the impression that the road towards modernisation will be achieved with rapidity that would impress even the most demanding.

Tomorrow, my delegation and I, depart Beijing for visits to other parts of your country. Our journey will provide us the opportunity not only to behold the ancient wonders of China and its beauty but also the industrial metropolises upon which you hope to carry forward your modernisation. I see in these visits the means to both enhance mutual understanding as well as to establish beneficial economic contacts that would add momentum to the development of our bilateral relations.

On the eve on my taking leave of you, let me thank you and through you, the Government of China, for the many courtesies and hospitality extended to my wife and I, and members of my delegation. I would like to place on record my appreciation to all those who had contributed towards making this visit as successful as it is enjoyable.

Finally, let me invite all those present here this evening to join me in a toast to the good health of His Excellency President Li Xiannian, His Excellency Premier Zhao Ziyang and to good relations between Malaysia and China.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT A LUNCHEON IN HANGZHOU
25TH. NOVEMBER, 1985**

When my visit to China was being planned back in Kuala Lumpur some months ago, it was suggested that I make it a point to visit Hangzhou since it has been long known as one of the most beautiful and scenic cities in China. Having toured the famed West Lake this morning, I must say that I am glad I came to Hangzhou.

Hangzhou's scenic beauty has, to my mind, been enhanced by the warm welcome and generous hospitality that Your Excellency and the Government and people of Hangzhou have accorded to my wife and I and members of my delegation. For this please allow me to express my appreciation and gratitude.

I understand that Hangzhou is not just a scenic city. It also serves as the hub of an important industrial and agricultural province of China. Zhejiang Province, I am told, ranks 8th. in China in terms of foreign exchange earnings from handling exports on a provincial basis while Hangzhou is one of the country's ten major industrial cities. With this in mind, the entrepreneurs and businessmen in my delegation are therefore keen to take the opportunity of our visit here to have business discussions with their counterparts. Malaysia imports many agricultural products from China but we have long complained about the lack of direct trade. It is my hope that the business discussions that are scheduled to take place later on could result in more direct trade between Malaysia and China.

I also note that the policy of modernisation which your Central Government is implementing with such success also has a definite impact in this city. I have been informed that all sectors of the provincial economy are undergoing transformation and change. As the Prime Minister of a country that is itself modernising and industrialising, I sense that there are many opportunities for economic co-operation between Malaysia and Zhejiang Province. Indeed the Hangzhou Hotel stands testimony to such co-operation. Again it is my hope that the business discussions later this afternoon will explore avenues to further enhance this co-operation.

Before I conclude, may I once again thank Your Excellency and the Government of Zhejiang Province for the warm welcome, the lavish hospitality and for this sumptuous luncheon in our honour. May I now invite you all to join me in a toast to the good health of His Excellency, to the success of Hangzhou's a Zhejiang's economic develop-

ment and to the further development of mutually beneficial ties between Malaysia and this Province.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT A BANQUET IN GUANGZHOU
27TH. NOVEMBER, 1985**

It is indeed a pleasure for my wife and I, and members of my delegation, to have this opportunity to visit and spend some time in Guangdong Province and in this city of Guangzhou. By all counts, this is a vibrant city, charged with enthusiasm for change and progress. Frankly, I must admit to being surprised at just how rapidly your city has responded to your Government's call for modernisation. In almost every sphere of your city's life, old ways and methods are being discarded, while there is an evident eagerness to experiment with new ideas. In short I see a new China taking shape right within this city and more than ever I am convinced that your Government's programme of modernisation will succeed.

In this environment of rapid change, I am delighted to note that some things have not changed. I refer of course to China's well-known tradition for hospitality. My wife and I, and members of my delegation, are touched by the warm welcome you have extended to us, by your gracious hospitality and by your sentiments of friendship. For this we extend our appreciation and gratitude and we fully reciprocate your sentiments of friendship.

Of all China's provinces, Guangdong Province is perhaps the most well-known in Malaysia. Each year, many hundreds of Malaysian traders visit Guangzhou for the bi-annual trade fairs which have become an institution in its own right. Of greater significance is the fact that Guangdong province is the ancestral home of quite a few Malaysian citizens. This historical link has served as an important bridge for economics and trade which had benefitted both countries. We must however appreciate that with the passage of time family ties become less and less tangible. As we develop our nations' distinctive characteristic such links as there are will diminish. It would be futile to go in search of what is no longer there or to attempt to revive that which has been severed by choice, history and destiny. We should look instead to the future where purely ancestral ties will be replaced by friendship between the Malaysian people as a whole and the Chinese people. The businessmen in my delegation are truly representatives of the Malaysian people and it is my hope that the contacts they establish during this short visit to Guangzhou will also serve to strengthen the friendship between the Malaysian and Chinese peoples.

Tomorrow my delegation and I will depart China for home. On the eve of my departure, please allow me to request you to convey to the Government of China my sincere appreciation for the kind invitation to visit China and for the warm hospitality

that has been lavished upon us. I will take with me many pleasant memories of my visit to your country. More importantly, I return to Malaysia greatly encouraged and convinced that though there are problems still to be overcome, the prospects for further improving our relations are excellent. The objectives in our bilateral relations which we have set for ourselves will entail much work and great commitment but they are attainable .

Before I conclude, may I invite you all to join me in a toast to the good health of His Excellency, to the success of Guangdong's development and to the friendship between Malaysia and China.

SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE ASEAN CHAMBERS
OF COMMERCE AND INDUSTRY CONFERENCE
KUALA LUMPUR
30TH. NOVEMBER, 1985

I would like to extend a warm welcome to all of you to Kuala Lumpur. I hope your stay here would be both fruitful and enjoyable.

One of the expressed objectives of ASEAN since its inception 18 years ago, is to promote economic cooperation for the benefit of all its members. Today that objective remains largely to be fulfilled. To say the least, the progress achieved by ASEAN's collective efforts in the three areas of trade and investment, industrial development, and financial cooperation is quite insignificant when compared to the potential.

True, there has been substantial effort in putting together the infrastructure for trade cooperation among ASEAN countries. There is the Preferential Trade Arrangement (PTA) since as far back as 1977. But all of us know that the tariff liberalisation measures so far instituted, have resulted only in a modest expansion of intra-ASEAN trade. Indeed when we look at the goods available in ASEAN markets, we may get the impression that the Preferential Trade Arrangement is meant for non-ASEAN countries.

Though I would urge the private sector to strive harder and utilise the preferential tariff scheme, I would not blame you for failing to do so. No hard-nose businessmen would trade in goods that offer them only marginal profit or none at all. It is a fact that potentially profitable trade items have been effectively excluded from the PTA by the "exclusion list", thus making the Arrangement a futile exercise.

The truth is that, as everyone knows, the economics of the ASEAN states are competing with each other. In this competition the domestic market is a source of strength. We are accordingly not ready to lend this strength to our competitors. While this is a sound economic strategy, the side-effect is to make all the ASEAN countries economically backward and force them to depend on the more advanced countries outside the ASEAN region.

Still it would not be wrong to say that over the last ten years, there has been some increase in intra-ASEAN trade. Statistics show that there has been a rise in that period from 15% to about 25% of their external trade. But this has been more due to diversion evolving out of supply and demand patterns, rather than the outcome of any designs such as the PTA.

The ASEAN Industrial Projects (AIP), the ASEAN Industrial Complementation Scheme (AIC) and the ASEAN Industrial Joint Ventures (AIJV) also have much room for improvement. Both of the urea projects under AIP in Indonesia and Malaysia are in their infancy, and optimism on these two examples must be guarded because it is not yet clear if the sale of their products would be in line with the objective of market sharing.

The AIC and AIJV schemes are the results of private sector initiatives, aimed at promoting industrial complementation and joint investment. But they have not really taken off. Industrial leaders in ASEAN countries have found the going tough and their enthusiasm dulled by Governmental policies and procedures.

Given the structural problems that hinder effective ASEAN trade and industrial cooperation, as exemplified by the PTA and the industrial schemes, a shift in strategy seems urgently needed if our countries are to be better able to grapple with the current recession. In these crucial tasks we should not only join hands at the Government level but also at the private sector level.

As a matter of fact there already exist links among ASEAN entrepreneurs and businessmen through the ASEAN-CCI and industry-clubs whose ideas and proposals have filtered into the ASEAN structure. I commend you for your invaluable support for the ASEAN spirit. As all the ASEAN countries are market economies, the role of the private sector is crucial. Their coming together in the ASEAN-CCI must be regarded as a real contribution towards the realisation of greater ASEAN economic cooperation. What remains is to translate the spirit into reality.

No where is there greater scope for ASEAN cooperation for mutual good than in the field of complementary manufacturing. The purchasing power of each one of the ASEAN countries is not big enough to support major industries on a scale that will be viable. But the combined purchasing power of ASEAN can. If we accept the principle of division of labour, we can get the advantage of scale, without losing the pace of our national development and progress.

It is quite obvious that we cannot complement each other in rubber or oil palm growing or tin mining. But in industries we have tremendous scope for complementarity. Not only can we allocate certain industries to certain ASEAN countries as with the AIP but we can actually divide up various components of an industry so that they complement each other. I need not elaborate on the logic and practicality of such complementation in the motorcar industry as you initiated it in the first place. But I would like to reiterate that this is easily the most attractive proposition. The components can be manufactured in six different countries on a scale to serve the whole ASEAN market. The assembly can be done in the country where the car is to be marketed. When the market grows big enough because of the prosperity accruing from the industrialisation, then each country can manufacture almost all the components themselves. But for the countries that are too small to have a fully integrated car industry, certain components can continue to be manufactured. It is common knowledge that the biggest car companies in the world do only a small amount of manufac-

turing. They source their components from vendors not only in their own country but from abroad.

Malaysia has developed and produced its own car. But economies of scale weigh heavily against 100% local content. We will continue to need imported components. We would rather obtain these components from ASEAN countries if there is reciprocity in one form or another. The fact that we have gone ahead to produce our own car does not mean we have abandoned the concept of ASEAN complementarity. We still believe in it and we still think that there is room for such an approach in our motorcar industry even now. Of course there are much more that can be done in a whole lot of other industries. The ASEAN-CCI must not lose hope. They should press on.

Likewise, I feel there is a need for ASEAN Governments to have a close look at the strategy and priorities of their economic cooperation. With prolonged recession and disruptions of the international financial and trading system, it is imperative that ASEAN clearly establish a firm commitment to cooperate economically. While complementarity should be the strategy in the manufacturing sectors, in the production of primary commodities some form of coordination in production and marketing is necessary. Failure to coordinate will result in the sweat of our labour being enjoyed by the rich countries.

The advances in technology have rendered every commodity open to competition from a variety of synthetic and other natural materials. To sell the commodities, they must not be over-produced and they must be reasonably priced. With the obvious failure of international commodity agreements, the factors of supply and pricing have become even more crucial. Without some form of understanding and cooperation among the producers of primary commodities, the chances are that we will be manipulated to our disadvantage. We will be forced to sell more and more in order to purchase less and less of the capital goods and manufactures that we need.

I would like to stress here that the aim of cooperation should not be to establish a cartel; instead it should be directed towards rationalisation, research and promotion. The commodities we produce have great intrinsic properties. Far too often these properties are identified and developed by the rich industrialised countries. What this means is that their research and development become so advanced that they can find substitutes when it suits them to do so. The producers will then be entirely at their mercy, not having the capacity to offer newer uses for their own commodities. It is with this in mind that the Association of Tin Producing Countries was proposed. This investment in research, development and coordinated marketing will give the producers an edge in the industry. ASEAN should set an example in this field.

Within the prevailing circumstances, opportunities exist for ASEAN economies to harmonise and dovetail if not to integrate. The existence of similar products, with commensurate levels of development in some ASEAN member states, should lend themselves well to this approach. Together with complementary industrialisation, this

approach should result in ASEAN becoming a strong economic bloc without the rigidity of the EEC agreements.

Obviously the basic ASEAN framework for economic cooperation has served a useful base for further progress. But ASEAN does not need a dramatic, high-level push towards this direction. What it requires is a realistic approach, with a sound strategy, to establish an ASEAN economic structure out of the competing economies. In this regard, while I am sure the Governments will play their part, the private sector too must play a pioneering role. Together the Government and the private sector could make ASEAN economic cooperation meaningful and strong.

With these words I now have much pleasure to officially declare open this ASEAN Chambers of Commerce and Industry Conference.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF THE THIRD ASCOPE CONFERENCE
AND EXHIBITION
KUALA LUMPUR
2ND. DECEMBER, 1985**

On behalf of the Government and people of Malaysia I would like to welcome you all to Kuala Lumpur and to the Third ASEAN Council of Petroleum Conference and Exhibition. We are proud to play host to this distinguished gathering of energy experts from all over the world, that will over the next few days exchange experiences and knowledge in an area which is of great importance to us.

This is also the first time that Malaysia is hosting an energy conference and exhibition of this magnitude. According to alphabetical order Malaysia should have hosted the second ASCOPE meet but the honour was given to the Philippines because we had no facilities then. Now that we have the Putra World Trade Centre, Malaysia is very pleased to host the Third ASCOPE Conference and Exhibition.

Where petroleum is concerned, the ASEAN grouping is peculiar in that three members — Indonesia, Brunei and Malaysia — are not only self-sufficient but are actually net exporters, while three others are importers of petroleum and related products. In addition Singapore, although a non-producer, is the third biggest petroleum refining centre in the world. Our interests must of necessity differ. Indeed they are in conflict. The fact that we agree to have an ASEAN Petroleum Council implies that there is some common interest, or at least some need to cooperate. It is important to remember this, if we are not to end up pulling in different directions.

The escalation in oil prices in the first half of the 70s has been a mixed blessing for the ASEAN countries. While some suffered initially, others prospered as petroleum revenues increased while new fields became economic to explore and produce. Even those of us which have no oil benefited for the abundance of investments and bonds created jobs and lucrative contracts which accrue directly or indirectly to us. Thus Singapore not only benefited from refining but became a manufacturing centre for oil rigs. Philippines and Thailand gained contracts and jobs in oil and development projects in the Middle East.

One thing that is worthy of note is that while the price of crude rose by 2000% at one stage, the retail price of products rose only by 300 to 400%. Even if we deduct Government taxes the retail price increase is only in the region of 600 to 800%. We can attribute this to greater efficiency in processing, transportation and marketing. But we cannot help but conclude that prior to the oil price escalation the big petroleum com-

panies must have made huge profits. We, particularly the countries like Malaysia have a lot to thank the Arabs and the OPEC for raising crude prices. We would not be producers otherwise and we would still be the markets for overpriced products.

The developing countries which have no oil did suffer, but not to the extent indicated by the rise in crude price. The massive generation of funds by the big oil producing countries filtered down to many countries via numerous channels. Only those who are not willing to grab the opportunities or who want to stay home suffered. Remittances home during the oil boom must have been the highest in the history of the world's economy.

More than the big oil producing countries, the biggest beneficiaries of the price escalation are the developed countries. Not only do the petro dollars flow in their direction to help finance numerous economic activities, but huge contracts and supplies to the petroleum countries ensure that whatever the developed countries spent on importation of high-priced oil, returns to them with interest.

The picture is rapidly changing now. The price of petroleum is going down. Where once it was RM40 a barrel, it is now only RM26. If the escalation in petroleum price is a cause of recession and hardship for poor countries, then surely declining prices should result in economic stability if not an upturn. But the fact is that declining oil prices seem quite incapable of stabilising the world's economy, much less reverse the recessionary trend. What is happening is that the developing oil producing countries are getting desperately cash short, while the non-oil producing developing countries are becoming worse off than they were when oil prices were high.

It would seem that escalating oil prices do not mean economic decline even for the non-oil producers among the developing countries, nor does a declining oil price lead to economic well-being for them. For the oil producers, escalating oil prices means prosperity while declining prices certainly lead to economic hardship. Still one would hesitate to say that all developing countries would be better off with rising petroleum prices. It would be more correct to say that everyone would be better off if the prices remain steady at a level that will make neither the producers nor the poor consumers suffer.

There is another important factor that complicates the effect of oil on the economy of nations. For historical reasons perhaps, petroleum is priced in American dollars. A hardening of the dollar against local currency or a de facto devaluation of the dollar would make nonsense of the best planned of national budget. Remedies for the fluctuating dollar exchange rates are not easily found. A hardening of the dollar would obviously increase fuel cost. A producer country should feel happy except that the cost of servicing loans and imports would nullify the gains. For those countries which have to import fuel the burden would be greater. On the other hand if the dollar is devalued, producer countries earn less and if they have borrowed Yen or other hard currencies, they will be in trouble. The consumer countries will gain a little with dollar devaluation but again they will have to find more local currency to pay off loans made in other cur-

rencies. On balance, any movement in value of the dollar would result in more negative than positive effects on the economy of a developing nation. A stable or steady exchange rate on the other hand can be accommodated through imports or borrowings within the means of a country.

We are going through a very bad patch in the history of the world's economy. When oil prices first escalated in 1973, it was predicted that the world's economy would go into recession. It didn't really. But the spectre of recession hovered over the world since then. Today recession is not a spectre. It is a reality. And there is little doubt that although oil is not the sole cause or even the main cause, it is nevertheless an influence that requires to be managed if there is going to be a return to economic stability.

Clearly what the world needs is a reasonably stable price that is neither too low nor too high and that stable price must be real and not subjected to the vagaries of currency fluctuation. I am sure even the oil producing countries would want this. The world economy is sick because it no longer relies on trade. Instead it gambles on commodity prices and currencies.

Malaysia is a commodity exporter. Petroleum is one of the commodities it exports. We are not the greatest in this field but petroleum exports is a major contributor to our foreign exchange earnings.

We believe we understand commodities, particularly in the context of third world producers. There was a time when the nations of ASEAN exchanged their spices for trinkets and glass beads brought by the merchants from the countries of the West. That situation has not changed. We are still getting trinkets. The recent breakdown in the tin market has once again illustrated the fragility of our commodity marketing system. Now petroleum is going through nearly the same process.

We know very well that low commodity prices benefit the rich consumers most. But we are quite unwilling to act as if all we need to do is to undercut the prices of our competitors. We overproduce as if that will earn us more. But all that happens is that the more we sell, the less we earn. If this goes on, a point will be reached when we cannot even recover the cost of production. All these as we know are logical and real but we go on doing these things and refusing to acknowledge that where commodity trading is concerned, discipline and long-term gains are more important than the transient prosperity of a short-term approach.

I must hasten to explain that all these observations are my own, a person untutored in economics, much less in the intricacies of the petroleum market. Still I feel they are valid observations resulting from having to deal with the vagaries of oil and its prices on the economy of a developing country like Malaysia, exporter of petroleum though it is. I am sure the experts who are here for this Conference know better.

I suspect you will be hearing a lot about projections on future demands and prices of petroleum at this Conference. That is interesting. But Governments and people are not overly concerned about the prospect for the petroleum industry. They are interested in their nations' cost of living. Whether the people use petroleum products or not is quite irrelevant to them. If they can find a substitute then they will use it. Even Malaysia is interested in substitutes for petroleum. That is why we have diversified our energy sources. That is why we are doing research on palm oil diesel.

It is obvious that the future of the petroleum industry is very much linked to prices. When you talk of the possibility of increasing demands, you are hoping that prices can be jacked up and more profits made. I think that is the wrong frame of mind. If profits are to be made it must come from increased volume rather than prices. Had oil prices gone up to RM70 as once projected, the plants to produce oil from coal and shale would have been put up. But because the price declined these plants were abandoned. By the same token unless oil prices are steady and reasonable, alternative energy sources would not challenge petroleum.

As a Government leader my interest is more in the general well-being of the country than in the petroleum industry as such. Even though Malaysian exports petroleum we see it only in the context of our overall economy. We like the money we earn from petroleum. But if price increases result in costlier imports, then we would rather stick to a steady and comfortable income.

You will of course see the petroleum industry from a different angle. Still I think you need to appreciate that the petroleum industry is just a part of the whole economy. What is good for the petroleum industry is not necessarily good for the different countries you represent or indeed for the world.

As I said at the beginning, the ASEAN Grouping on Petroleum is peculiar in that the perspectives and relevance not only differ between the members, they are frequently in conflict. It will be difficult for you to find common ground. Perhaps the Conference is intended to educate us so that we will be better able to handle the problem of petroleum and related subjects. If that is so then there is no doubt that we will be better able to manage our economy, knowing but not necessarily trusting the projections that you will make.

Whatever may be the result, I am glad that in yet another field the ASEAN countries are cooperating. Only good can come of this cooperation.

And now I take great pleasure in declaring this Third ASCOPE Conference and Exhibition open.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER IN HONOUR
OF KAARE WILLOCH
KUALA LUMPUR
13TH. JANUARY, 1986**

It is with great pleasure that I, on behalf of the Government and people of Malaysia, welcome Your Excellency, Madame Willoch and the distinguished members of your delegation to Malaysia. Your visit to Malaysia is most timely as it affords us the opportunity to continue the useful and extensive discussions we had in Oslo in April, 1985. Indeed your visit is a manifestation of your Government's desire to further strengthen our bilateral relations and expand the scope of cooperation between our two countries.

Earlier in the day we had the opportunity to have a fruitful exchange of views on bilateral matters as well as on regional and international issues of mutual concern. I am convinced that there is tremendous scope for the expansion of our bilateral relations particularly in the fields of trade, investment and economic cooperation and have no doubt that your visit will contribute much towards this end. I am happy to note that we share similar views and perceptions on a number of international issues and fully appreciate each other's points of view on the others.

Relations between Malaysia and Norway have grown steadily in a very short span of time, founded as they are on our commitment to the free enterprise system, our pursuit of close regional cooperation in our respective regions and our abiding faith in, and commitment to, the ideals and aspiration of the United Nations.

There have been a number of high level exchanges of visits between our two countries in the past two years. I am glad to say that the relations between Malaysia and Norway have been on the upswing since my visit to Oslo last year. The signing of the agreement for the parallel financing by Norway of two mini-hydro projects in the States of Kedah and Selangor is yet another milestone in our bilateral relations.

The current level of bilateral trade, which has been almost consistently in favour of Norway, holds considerable scope for further expansion. Malaysia's abundant natural resources and her liberal investment climate should provide an added incentive to Norwegian investors. We are situated in a high growth region where there is a lot of potential for joint collaboration targetted at the ASEAN and other South East Asian markets. We have pursued an economic diversification policy from the very early days of our independence, for we learnt that over-dependence on commodities not only hampered economic growth but also produced an erratic economic development.

Hence, our determined pursuit of broader industrial base which calls for a reservoir of skilled manpower and access to advanced technology.

Much of our efforts to ensure fair prices for our primary commodities, of which Malaysia produces a variety, and our manufactured goods are frustrated by tariffs, quotas and other barriers that hamper international trade. We appreciate Norway's institution of duty free access for most manufactured products from the developing countries. We support all efforts aimed at progressive dismantling of trade barriers.

Malaysia, like Norway, plays an active role in the effort to develop close regional cooperation with her immediate neighbours. Our partners in the Association of South East Asian Nations or ASEAN share a common goal in our efforts to achieve economic development and assure the continued prosperity of our peoples. Similarly, within your own region, Nordic cooperation is an active vehicle for close relations between the governments and private enterprises across national borders. We note the many facets of your cooperation that has evolved over several years. Such cooperation as Norway and her Nordic partners have achieved, provides a valuable example for other countries and regions to emulate and will contribute much towards regional stability and resilience.

Malaysia has for some time now addressed itself to the menace of drug abuse. The drug problem is a matter which Malaysia views with utmost concern. As you are aware, there is a growing world-wide awareness of the escalating dangers and multi-dimensional nature of the drug problem that poses a threat not only to the social fabric of societies but also the sovereignty and security of states. Malaysia has remained in the forefront of international and regional efforts in combating this problem by working closely within the framework of the United Nations and directly with other countries. In our view, the problem cannot be tackled effectively unless the political will and awareness are galvanised at a higher level and resources are fully mobilised for a more serious and concerted campaign against drug abuse. In this respect, Malaysia is appreciative of the various fresh initiatives being undertaken at the international level, notably the convening of the World Conference on Drugs scheduled in 1987 in Vienna. It is hoped that the Conference will culminate in a global undertaking in the form of an integrated multi-disciplinary programme of action to which all parties concerned could be equally committed so that the problem can be more effectively tackled as to create the necessary impact and result. To this end, Malaysia will work with all countries concerned so as to ensure that the objectives of the Conference are achieved.

Notwithstanding our preoccupation with peace and security in South East Asia, Malaysia is equally aware of the importance to Norway of detente and stability in Europe. We have followed with interest various developments pertaining to security and arms reduction in that part of the world. We also note Norway's active role on the question of arms reduction and are of the view that the issue is of vital concern to the whole world and not just to the super powers alone. In this regard, small countries like Malaysia and Norway can play a positive role in our respective regions for the

creation of a conducive atmosphere towards realising a general and comprehensive disarmament.

I am confident that your visit will contribute towards further strengthening the existing ties of friendship and cooperation and fostering greater goodwill and understanding between our two countries.

I would like once again to express our pleasure in welcoming you and Madame Willoch to Malaysia and I hope that your stay in this country will be both enjoyable and memorable.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF THE ASIAN DEFENCE EXHIBITION
AND CONFERENCE
KUALA LUMPUR
18TH. FEBRUARY, 1986**

It is a pleasure for me to be able to be present here today at this Asian Defence Exhibition and Conference - Defence 86 - and also to address this distinguished gathering.

For Malaysia, this is the second time that we are hosting a defence exhibition, the first being in 1980. I have been told that this Defence 86 Exhibition has attracted a large number of exhibitors from several countries and this exhibition is one of the biggest in the Asia-Pacific region.

Malaysia has managed to put down the menace of communist terrorism in the early years of its independence. Consequently, this country recognised the importance of defence and security in ensuring the development of the country. Without security, we may not be able to achieve the objectives of our development programmes. The importance is reflected in the financial allocation for this purpose under the various 5 year plans. I would say that Malaysia has been able to strike a balance between the importance of economic and social development and defence requirements.

However, Malaysia being a developing country has not and will not place the defence and security as the top most priority in our annual budget allocation. It will still remain an important component, next to economic and social development. The reason is obvious. If defence is to become effective and get the backing of the people, what is to be defended must be worthwhile. It is in order to make Malaysia worth defending that economic and social development has to be carried out.

If we take defence as a total concept, economic and social development must be considered a major factor in national defence. In the context of a modern nation, the backing of the people for the armed forces to defend the country is as important as the strength and skill of the armed forces themselves. Likewise basic defence is necessary for economic and social development efforts to take place. Taking these factors in its totality, defence and economic and social programmes are complementary factors in achieving overall national resilience.

There is never enough of anything. Certainly no country can find enough funds for the needs of defence. This is made even more glaring because of the increasing cost of sophisticated weapons. Where once we could buy a whole squadron of planes, now the

same amount of money can buy only half an aeroplane. By the time enough money is raised to buy the squadron, not only have the costs escalated but new technology would make the original equipment obsolete. And new technology will cost more money.

I am reminded of a story of a weapon designer who brought blueprints for the ultimate weapon to the commanding general of a country. He pointed out the danger the country would face if it does not have this ultimate weapon of his. So convincing was he that the general decided to buy the blueprint. No sooner had he signed on the dotted line when the designer produced another set of blueprints for a weapon to counter the ultimate weapon. Again the general was persuaded to buy this new blueprint. Then the designer produced yet another set of blueprints of a weapon to counter the counter weapon he had just sold. The angry general refused to buy. Whereupon the weapon designer said he would go to the country's enemy to sell the weapons.

The situation these days makes this story no more a joke. Weapons get obsolete so quickly that we get breathless merely trying to catch up with the literature on the latest technology or what is tantalisingly described as the state of the art. One wonders sometimes whether it is worthwhile buying any weapons since it is going to be obsolete by the time delivery takes place. Then there is the problem of choosing between several with the same specifications but are somehow different. To a civilian like me, no choice is right. Invariably when a decision is made, everyone will point out how much better are the other weapons.

Over and above all these is the question of how much to spend on defence. We know already that it is never going to be enough, especially to the professional soldiers. But even if it is not going to be enough, we still have to determine how much more or how much less should the allocation be. Can a price be put on the security of a nation? Can the security of a nation be correctly assessed so as to ensure that the correct allocation of funds and correct choice of weapons are made?

These are problems that trouble every Government. And Malaysia is no exception. We do not really know whether our allocation and our weapons are right or not. How much must we curtail development in order to cater to the needs of security and defence? Looking at the vast array of weapons and equipments that are on show at this exhibition, we can become either more enlightened or more confused. But one thing is certain. Defence costs and the worst thing that can happen in terms of cost is an arms race. Even the super powers can be bankrupted by such a race, long before we have star wars. I do hope that here in South East Asia, we do not have a mini arms race.

Malaysia is not ambitious when it comes to producing arms. We have no desire to become a supplier of arms to anyone else. We are a peace-loving country and our needs for weapons are simple. If we go into the manufacture of arms it is only to meet these needs. Only if economies of scale forces us, will we produce more than our needs and sell the excess.

But there are many areas where defence needs coincide with civilian needs. Thus the repair and overhaul of aeroplane engines are of interest to both the military and

the civil aviation. It is because of this that the facility initially set for the repair and overhaul of military aircraft has now been converted into a privately-run industry, available also to civil aircraft. That facility now owned by Aerospace Industries of Malaysia (AIM) will be expanded in order to manufacture flight instruments and other avionics. AIM is still interested in having joint ventures for servicing and manufacturing with interested foreign partners. It will not go beyond that. It will certainly not be manufacturing aircraft.

Additionally we have gone into heavy industries hoping that we may be able to fabricate some components of both civilian and military vehicles. We have already begun to produce our own cars and the expertise gained would be useful should we need to produce designs, parts and components for military needs. As you can see we are very modest about producing our own arms. For a very long time we will have to buy our defence needs.

It is useful to have a Defence Exhibition like this. It enables a lot of people involved with defence and security to appreciate the range and variety of weapons and equipments available. It might even be enlightening to civilians like me who are willy-nilly dragged into making decisions on matters that we are really not competent to make, and yet are expected to make wisely.

The holding of a Defence Exhibition in Malaysia should not be misconstrued as official support and endorsement for an arms build-up in this country or in this region. As I have said Malaysia is a peace-loving country. It has no wish to be a military power and it would be very nervous if there are military powers around it. But it accepts the need to upgrade its knowledge if not its capability for defence. Towards this end your conference and the various papers that will be presented will be very useful.

But, of course, this Exhibition is open to all. We are going to learn nothing more than what others, including our neighbours, will learn. Perhaps it may make us wiser so that, much to the disappointment of the exhibitors, we will decide that it is futile to enter into an arms race and spend our limited funds on development instead. However, I would hasten to assure the exhibitors that their investment in this show is not likely to have that effect. I am sure that a lot of us are going to be persuaded to buy equipment which we will never really use. But weapons that never need to be used may prove to be the best investment. We can say that they are a deterrent. It was a British Prime Minister, I believe, who said that "To have peace you must prepare for war". Britain was unprepared then and Britain had war. Malaysia unfortunately cannot afford to believe too much in that maxim.

Once again, I would like to thank the organisers for inviting me to officiate at this Exhibition and Conference. To all participants and exhibitors I wish you success and a pleasant and memorable stay in Malaysia. I now have much pleasure in declaring the Asian Defence Exhibition and Conference open.

SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING CEREMONY OF THE
INTERNATIONAL ISLAMIC SYMPOSIUM
KUALA LUMPUR
5TH. MARCH, 1986

*A*lhamdullillahirabil alamin wasalatu wasalamu ala sayidina Muhammadin wa ala Alihi wasahbihi ajmain. Segala pujaian bagi Allah Subhanahu Wataala dan salam sejahtera ke atas junjungan kita Nabi Muhammad s.a.w. Dengan izin Allah kita dapat bersama-sama pada hari ini untuk mengadakan Simposium Islam Antarabangsa.

Saya berharap Nadwah Islam ini akan memberi manfaat kepada kita semua, bukan sahaja manfaat kepada para peserta Nadwah ini, tetapi juga umat Islam seluruhnya. Saya yakin Nadwah ini akan meningkatkan kesungguhan kita untuk mengembangkannya syiar Islam.

Saya difahamkan persidangan ini dihadiri oleh ramai tetamu daripada badan-badan antarabangsa seperti Riscap, Rabitah dan Majlis Masjid Antarabangsa. Dengan ini saya meminta izin untuk berucap dalam Bahasa Inggeris.

The Muslims are today the focus of unprecedented attention. Although they live in different climates, practising different customs and political systems, as majorities and minorities, speaking different languages, the Muslims all over the world retain an abiding sense of Islamic affinity – an affinity which is the hallmark of the Muslim "Ummah" or the community of Muslim peoples. It was fourteen centuries ago that Prophet Muhammad Sallallah Alaihi Wassallam left Makkah for Madinah where he established the first Islamic state based on the concepts revealed in the Quran. For the first time in history, those not following the same religious and cultural system as the rulers were given complete freedom to maintain their different identities, and to enforce their own religious laws. Muslims have never forced their faith on others and it is wrong therefore for anyone to fear Islam. The success of the Islamic system was not only in its ability to accommodate people of differing religions and cultures, but also in the material, intellectual, cultural and scientific fields. Islam gave birth to a civilisation which continues to be a source of inspiration to mankind to this day, albeit unconsciously for most people.

Within fifty years of its revelation Islam established creative links with the then major cultures of Persia, Egypt and Greece, leading to an unprecedented flowering of human genius. The great epoch of creative activity which followed and manifested itself in remarkable advances in the arts and sciences laid the foundations of modern knowledge and learning. It was indeed the Muslim scholars who were instrumental in generating the intellectual developments which prepared the ground for the European

Renaissance. It is well to remember that during the golden age of Islam, Europe was passing through the dark ages when knowledge and learning were regarded as the work of the Devil and those pursuing them were persecuted and burnt at the stakes.

The resurgence of Islam, and its dynamic and revolutionary principles during this 15th. century of the Islamic era, created widespread interest, particularly in the West. The educated, intelligent and inquiring minds of the modern world should know and understand the reasons for the resilience and tenacity of this great religion. Unfortunately a majority of publications produced in the non-Muslim world, particularly the West, tend to present a highly distorted and often totally false image of Islam and its teachings.

Emerging from the clutches of Western imperialism the fifties and sixties saw a mad scramble by the Muslim countries to emulate everything Western. They appeared to blame Islam for all their failures and miseries. They saw in modernisation and material progress an answer to all their ills. Admiring the separation of church and state they tried to impose the same system in their own community. Western concepts of the secular and the religious and of antagonistic ideologies were readily accepted and attempts made to impose the same separation in Muslim communities.

In politics, Western ideologies helped to confuse the Muslims further. Islam the religion was compared with various Western political ideologies and attempts were made to explain Islam on the basis of these ideologies. Thus some insist that Islam is socialism, indeed the original socialism. Others point out that in Islam it is accepted that some people may be raised above the others and rampant capitalism is therefore compatible with Islam. There is always a little truth in both allegations but the occasional similarities do not mean the assumptions of identity are true. The truth is that Islam is unique as an all-encompassing religion, a way of life dedicated to goodness and to Allah the compassionate and the merciful.

Fortunately realisation has come to a growing number of Muslims that Islam is not socialism, or capitalism or communism. Islam is the religion of Allah and not an ideology thought up by men. While there may be similarities, these are incidental and are not of a fundamental character. With this realisation Islam has regained its stature and Muslims their identity. The stage is now set for a Muslim resurgence that will contribute not only to the betterment of Muslims but also to a world that is racked by systems and ideologies which confuse. Islam is not oppressive. It is not a religion of the 7th. century A.D. It is the religion for all times, able to create a more meaningful life, a society that is more equitable and peaceful.

If Islam does not appear to be so it is because Muslim themselves are frequently confused and interpret Islam for their own purpose. And so we have the "conservatives" and the "modernists", each at loggerhead with the other. Their differences encompass all human activities: legal, political, economic, social and personal. These differences must be faced but they can only be faced in a conducive atmosphere.

Free discussion of religious issues must be permitted but this freedom must never be abused. Fanatical extremism of any kind must be rejected. The answer to the differences between the "conservatives" and the "modernists" lies somewhere in between and it must be found. Those who preach fire and brimstone at every turn are a menace and must be treated as such. Extreme fanaticism in one direction inevitably and swiftly breeds extreme fanaticism in the other direction; and when two parties to a dispute degenerate into unreasoning fanatics, it is merely a matter of time before verbal thunder changes to physical violence. We ought to know by now that violence never changed a man's beliefs, never resolved a difference of opinion. We ought to know that in fact it hardens opinions and adds bitterness to the manner in which they were uncompromisingly held. This is why Muslim law and Islamic principles instruct the Muslims to avoid confrontation but to settle differences through discussion and compromise.

It needs to be emphasised again and again that Islam is always careful to follow the middle path, even in worship. Whenever Muhammad s.a.w. had to choose between two alternatives, both equally permissible, he always chose the easier or more moderate one. Regardless of its logic or topic, extremism is always abhorred. It is not a normal pattern of behaviour and inevitably leads to numerous complications and deviations.

Another consideration is the need for logical reasoning. It is true that man's intuitive basic beliefs are not changed or arrived at by reason, but between those who accept the same postulates, understanding can only be achieved if the human mind can logically appreciate the reasons for the belief. Even those who are said to believe unquestioningly, actually believe because that is the basis of thinking in his group or society. The others believe because of a gut feeling of fear, particularly of things they are unable to understand.

God has given us the faculty to think and over and over again in the Quran He has exhorted us to think, that is to use our faculty to reason. Even when we refer to the Quran and the Hadith for guidance reason has to be used. If sometimes we differ in our interpretations it does not follow that one is right and the other is wrong. It may well be that both are right or both are wrong. The important thing is that we study, we analyse and we interpret with sincerity, without prejudice or self-interest.

The existence of two impartial and sincere opinions upon a vital issue should be taken as evidence that the truth in the matter lies somewhere in between. Islam believes in respecting the other's right to differ and respecting what he holds dear. Muslims may reject only when the fundamentals are clearly wrong.

In a Muslim community where religion and life cannot be separated, the deepest feelings are naturally the most frequently discussed. Muslims must display the spirit of tolerance that Islam teaches by coming together to discuss different religious and other convictions without getting excited or becoming belligerent. In such conditions the controversies can be met and resolved by Muslim intellectuals. Extremists and extremism must be isolated and shunned; and men of goodwill on both sides, "conservatives" and

"modernists" must come together to enjoin charity and reconciliation. Once this reconciliation between "conservatives" and "modernists" has been achieved, intellectual anarchy will cease and a healthy Islamic society will emerge, firm in its ideals and sure of its course of action. And thus will the Ummah's spiritual and temporal mission in this age be fulfilled.

But the division among Muslim is not just between the Conservatives and the Modernist. An attempt is being made to divide them further into the secularists and the spiritual groups. This is a reflection of the thinking of orientalist who could not understand that Islam is not just a belief but a way of life. Every aspect of life is a part of religion. But because the religion of the orientalist separates the rituals of their faith from the mundane activities of daily life, they postulate the same for Muslims. And so a lot of Muslims unconsciously imbibing the thinking of the orientalist not only seek to identify secularists from the religious groups, but actually preach division and conflict between them. Thus the unity of the Ummah against which the orientalist had worked so hard is now being perpetuated by Muslims themselves. That they, the orientalist have succeeded, can be seen from the disunity and disarray of the Muslims everywhere. The saddest part is that when Muslims differ they frequently seek the help of non-Muslims in order to destroy their own co-religionists and brothers.

We Muslims have just missed a golden opportunity to regain our greatness and spread the faith. Since the early seventies we gained great wealth from the bounty of Allah – from the vast reservoirs of oil that are found in the Muslim countries.

Surely Allah had granted us this wealth for the good of Islam and the Muslims. With this wealth we could strengthen the position of the Muslims generally, we could free them from oppression, we could spread the faith and intensify the teachings of Islam among the faithful. With the promotion of true Islamic values we could weld the Ummah into a solid force for good in a world that has become confused by the failures of political ideologies and economic systems.

But the truth is that we did none of these with the wealth that Allah has given us. Every Islamic country squandered its wealth on lavish development, on the purchase of arms and on the support of one Muslim nation or group against another Muslim nation or people. Much of the wealth is invested in countries which have no friendly intention towards the Muslims or to Islam. The money invested eventually find their way to strengthen anti-Islamic forces including the Zionists. It is no secret that vast sums of Muslim wealth are handled and managed by Jewish bankers and managers.

In the meantime no effort is made to learn how to strengthen ourselves through knowledge and skills against our enemies although it is enjoined upon us by Allah to do so. The injunction of the Prophet to seek knowledge is ignored. Instead the easier approach of merely purchasing our needs was universally adopted. When a Muslim country tries to acquire technical know-how and to be self-sufficient in the needs vital to Muslims, petty squabbles soon lead to other Muslims undermining these efforts.

Where once Muslims led in the field of human knowledge, now Muslims are the most backward people in all the arts and the sciences. Money for the pursuit of knowledge is a mere pittance compared to the vast sums spent on magnificent edifices. More time and studies and debates are devoted to the subject of covering the head of a woman than to the development of a capacity to defend Islam and the Muslims from their enemies. As a result many Muslims are lost to Islam. Many espouse Marxism or even atheism in their frustration. Many more have to submit to the rule of people who are bent on separating the Muslim from their faith.

Improvement in communication have brought Muslims closer together. They are in a better position to cooperate with each other and to unite. But instead they waste their time on semantics and polemics, seeking differences rather than similarities whenever they meet. Not content with separating conservatives from modernists they go on to separate and isolate so-called secularists from the spiritualists, the allegedly true Muslims. And of course the differences between the different mazhabs are more greatly magnified now. Predictably they became more divided and are easy prey for those whose business it is to divide and destroy Islam.

There is no doubt that we have missed the golden opportunity. While we squander our wealth and quarrel over irrelevances, others applied their mind, the wealth that was entrusted to them, and the opportunity we afforded them to destroy both our wealth and our unity. Today the wealth is no longer there. We are now back to where we were, an impoverished and divided "Ummah" quite incapable of challenging our foes or stopping them from gradually subjugating us.

There is no doubt that we have sinned against Allah. We have not been truly grateful for His gift and the opportunity that He has afforded us. We quote with great fervour that those who are not grateful for the "nikmat" that Allah bestows shall receive no more and shall suffer in the Hereafter. But we ignore that injunction of the Quran except when we want to display our learning.

We must atone now for our sins. We must stop the drive towards fragmenting the "Ummah". We must stop the semantics and the polemics. A religion without adherents is no religion. Already millions of Muslims have been lost. Some die of starvation even as other Muslims waste food. Some are killed in fratricidal wars. Some forsake Islam because Muslims forsake them in their hour of need. Some have lost their land to the enemies of Islam. For these people Islam no longer exists. For many it is the faith of a people who have disappeared from this earth.

If we are truly dedicated to Islam we must protect the faith and the "Ummah". To do this we must be united. We must apply all our remaining resources to this task. We must stop playing God and try to judge the Muslimness or otherwise of fellow Muslims. We must give equal emphasis to all the teachings of Islam.

Let us be honest with ourselves. Time may be running out on us as it has run out for a lot of Muslims. We cannot afford internal squabbles. We must face realities. We

must acknowledge our mistakes and the wrong we did. We must correct them. We must sincerely try to regain the essence of Islam that so inspired the early Muslims so that not only did they manage to spread the teachings far and wide but they brought greatness to Islam in all fields of human endeavour.

We are Muslims today because of them. Let it not be said that Islam is lost to future generations because of us.

It is now my pleasure to officially declare open this International Islamic Symposium with the words 'Bismillahirrahmannirahim'.

**INTERNATIONAL DAY FOR THE ELIMINATION
OF RACIAL DISCRIMINATION MESSAGE FROM
THE PRIME MINISTER
Y.A.B. DATO' SERI DR. MAHATHIR BIN MOHAMAD
22ND. MARCH, 1986**

On the occasion of the observance of the International Day For The Elimination of Racial Discrimination, which also marks the Twenty-Sixth Anniversary of the Massacre of Sharpeville, the Government of Malaysia and its people once again join the international community in expressing support for the just and legitimate struggle of the peoples of South Africa to eliminate all forms of racial discrimination and apartheid. This solemn occasion provides us with an opportunity to reaffirm our commitment to eradicate this intolerable and inhuman system by all available means to facilitate the establishment of a democratic and non-racial society in South Africa, as manifested in the many resolutions adopted by the General Assembly and the Security Council.

The tragic event which occurred 26 years ago in Sharpeville showed to the world that the racist regime of South Africa is determined to perpetuate and entrench its racially discriminatory system. Sharpeville has been followed by Soweto, Sebokeng and Crossroads. This abominable character of the Pretoria regime is further reinforced by the imposition of a state of emergency on 20th July, 1985. As can be gleaned from history, no amount of legislation or brute force can suppress the desire for freedom and equality. Thousands of our African brothers have sacrificed their lives for the just struggle to institute racial quality and justice in their homeland.

The continuing unrest and instability in South Africa stems from the policies of apartheid and racial discrimination brutally imposed by the Pretoria regime. Apartheid has long been condemned by the United Nations as a crime against humanity. As long as the Pretoria regime continues to maintain this evil system, there can be no peace in South Africa. The Pretoria regime has on many occasions promised "reforms" which were merely empty words aimed at confusing public opinions of those countries friendly to the Pretoria regime. For changes to occur, it is imperative that more pressure be brought to bear upon that regime. In this context, the Government of Malaysia invites members of the international community to take concerted international action by adhering to the relevant resolutions of the United Nations and other international organisations in order that the racist regime of South Africa will be forced to negotiate to remedy the present injustices afflicting that country. Some have lost their land to the enemies of Islam. For these people Islam no longer exists. For many it is the faith of a people who have disappeared from this earth.

If we are truly dedicated to Islam we must protect the faith and the Ummah. To do this we must be united. We must apply all our remaining resources to this task. We must stop playing god and try to judge the Muslimness or otherwise of fellow Muslims. We must give equal emphasis to all the teachings of Islam.

Let us be honest with ourselves. Time may be running out on us as it has run out for a lot of Muslims. We cannot afford internal squabbles. We must face realities. We must acknowledge our mistakes and the wrong we did. We must correct them. We must sincerely try to regain the essence of Islam that so inspired the early Muslims so that not only did they manage to spread the teachings far and wide but they brought greatness to Islam in all fields of human endeavour.

We are Muslims today because of them. Let it not be said that Islam is lost to future generations because of us.

It is now my pleasure to officially declare open this International Islamic Symposium with the words 'Bismillahirrahmannirahim'.

**SPEECH BY THE PRIME MINISTER
Y.A.B. DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE FIRST ASEAN SCIENCE AND TECHNOLOGY WEEK
KUALA LUMPUR
24TH. APRIL, 1986**

First of all I would like to express my appreciation to the First ASEAN Science and Technology Week Organising Committee for inviting me to address this gathering of eminent scientists, distinguished ASEAN dignitaries and also distinguished representatives of Dialogue Partner Countries.

It is gratifying to see the high rating that science and technology are accorded in ASEAN countries. As these related areas of knowledge have helped build up the economies and standards of living of the developed countries, so will they for the developing ASEAN countries.

It is said that the Pacific will replace the Atlantic region in terms of development and advancement in the 21st. century, if not now. Before we get carried away by this rosy prospect, let us examine the true strength and potential of the different regions of the Pacific. We see the growth of Japan and the burgeoning economies of South Korea, Taiwan and Hong Kong as undeniable facts that will contribute towards the bright future of the Pacific. But do we really have reason to believe that the ASEAN countries will contribute their portion?

True the growth of the ASEAN countries in the 60's and 70's has been remarkable. But is that growth really sustainable? Has it got a sound basis? Already that growth has slowed down and we know that it is due to too much reliance on primary commodities. Prices of primary commodities have slumped and they will never again be what they were in the last two decades. Clearly the ASEAN nations have structural difficulties in terms of economic growth. They have to reexamine themselves and take corrective measures if they want to make the Pacific dream come true.

What are the weaknesses of the ASEAN countries? Certainly their poor knowledge and application of science and technology is one of them. But there are others.

Scale is one of them. In a mass consumption economic world, the ASEAN countries can only claim to be members of the junior league. We like to talk of our 250 million population. It sounds like a big market. But we are not one market. We are a fragmented market. In terms of purchasing power together we are equivalent to only 25

million Americans or Europeans or Australians. Since we are fragmented we do not even have the leverage of a 25 million American market. Such is the weakness of the fragmented ASEAN market that only 3% of Malaysia's production of rubber can be consumed domestically. ASEAN needs the world more than the world needs us. As more research and development of substitutes are done in the developed countries, the threat to ASEAN commodities will continue to increase.

ASEAN's strength is derived from political co-operation. In this field we work closely and are quite effective. But there is a limit to political leverage. The price of goods are still determined by supplies and demands. Cartels and agreements can work for a time but not forever. The collapse of the Tin Agreement is a very recent reminder of the facts of economic life.

While ASEAN is fragmented economically Europe forged ahead with the European Economic Community. The EEC is not a complete success but the already powerful purchasing power and consequently economic leverage of each European country has been tremendously enhanced by the common stand of the Community countries. In the face of this, it is naive to dream of ASEAN as a part of a new Pacific economic locomotive.

Other weaknesses beset the ASEAN countries but sufficient has been said, I think, to correct the wrong perspective which distort our approach and planning. Now, we can go on to speak about ASEAN science and technology.

There is no doubt that there is an indigenous ASEAN science and technology. We probably never defined them as science and technology. We just devised things that work without going into any depth the scientific or technological basis of the things we devised. But the basis are there. It only needs modern systems and approaches to relate them to modern science and technology. In fact if we do we are going to find ourselves quite advanced. The only problem is that our science and technology relate to a way of life that we no longer lead. Like it or not, we are now a part of the mass consumption economy of the world. Therefore, our science and technology must be reoriented to this economic fact.

We cannot go back to invent the wheel. We have to leap-frog and go straight into more modern science and technology. Here we have to learn from the advanced countries. The basics are easily available but when science and technology are needed to improve our productive capacities we will need help. This is where for ASEAN, our dialogue partners are most needed.

I am glad to say that in most instances this help is given ungrudgingly. Various projects have been initiated where new technologies have not only been made available but in many instances financed by dialogue partners. The presence of representatives of ASEAN Dialogue Partners at this Conference is further evidence of the interest and willingness of the Dialogue Partners in the development of ASEAN science and technology.

Still there has been much talk about the unwillingness of the advanced countries to transfer technology. While this may be true in some cases, it is also important to consider the readiness of the ASEAN people to accept new technology. At the risk of stepping on some toes, I would like to say that sometimes we are neither psychologically nor attitudinally prepared to receive the technology we need.

The fact is that if we have some special scientific or technological knowledge we would also be unwilling to import such knowledge to our potential competitors. If we are going to get anywhere in the acquisition of technology we must prepare ourselves fully and go after what we want. Beginning with the basics that we can acquire fairly easily, we have to do our own research and development.

With a population of merely 25 million by Western economic standards, research and development in ASEAN cannot be fragmented into duplicating national approaches, except where the finer refinements are involved. Already with the cooperation of dialogue partners a lot of common research is done. Indigenous ASEAN science and technology could also benefit from a cooperative approach.

The field of science and technology is vast. No single country can afford to go into all. ASEAN will have to specialise and find a suitable niche. Even then, there is a need for each ASEAN country to identify what it can specialise in from the identified niche. The limited resources in men and money of the whole region can then be allocated more effectively.

In the meantime, the Malaysian Government has launched the Fifth Malaysia Plan which place greater involvement of the private sector in R & D activities. The Government will introduce tax and other incentives to encourage private sector participation. The private sector involvement in R & D could be through in-house R & D or research collaboration with institutions that exist in the country. The private sector may also contribute towards the central R & D fund.

Since 1982, the government has established a trust fund for research under the National Council for Scientific Research and Development. This fund has been used to support research activities in a number of areas such as health, agriculture and industry. Since its formation, the fund has supported a fair number of projects and these activities shall continue to grow with the support of the private sector.

The vulnerability of the Malaysian economy to changes in external demand for its primary commodities has made us realise the need for further diversification into manufacturing for export. R & D activities therefore has to be directed towards increasing productivity and diversifying the industrial base to ensure that Malaysia has a competitive edge and to enable entry into overseas market. Greater emphasis will be directed towards R & D activities in processing our primary products and adding value for exports.

In order to strengthen the indigenous technological capacity and capability, serious efforts will be made to transfer technology from abroad. In order to achieve

maximum results, Malaysians will be educationally and psychologically prepared to receive new technology. This will be done through a number of activities and policy instruments.

Science will be demystified by exposing the Malaysian men in the street to the scientific basis and explanations of everyday happenings. This will be achieved through informal exposure to exhibits at science centres, botanical and zoological gardens, science-based museums and simple planetarium. The exposure will be done as early in life as possible. It is hoped that eventually the Malaysian society will consist of large numbers of people with enquiring minds and a desire to search and research their environment. In other words Malaysians will become more scientifically inclined.

I believe that the rest of ASEAN also share some of the aspirations of Malaysia. We must promote greater efforts to strengthen our cooperation in science and technology so as to minimise cost and share the benefit. Malaysia will continue to contribute to the development of ASEAN in all spheres of common interest, including the field of science and technology. I would also like to urge that the dialogue partners of ASEAN continue to support the efforts of ASEAN to improve its technological capability and to promote the growth of science and technology. In the past, a number of dialogue countries have made generous contributions to ASEAN. Their generosity will not go unrequited. In an interdependent world a prosperous ASEAN resulting from a balanced and scientifically-based development will be able to contribute more towards world trade and prosperity than if it were poverty-stricken.

I wish the conference, the exhibition and the Canada Science Circus success. I now have much pleasure in officially declaring open the First ASEAN Science and Technology Week.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE 9TH. JOINT ANNUAL CONFERENCE OF
MAJECA/JAMECA, KUALA LUMPUR
24TH. APRIL, 1986**

It gives me great pleasure to be invited by YM Raja Tan Sri Mohar, the President of MAJECA, to the 9th. Joint Annual Conference of the Malaysia-Japan Economic Association (MAJECA) and the Japan-Malaysia Economic Association (JAMECA). May I take the opportunity on this auspicious occasion, to extend a very warm welcome to Mr. Masami Ishii and other distinguished JAMECA delegates.

I consider it a privilege to address such a large gathering of distinguished business leaders of both Japan and Malaysia. If I recall correctly, this is my fifth address to you - twice in Japan when I was Deputy Prime Minister and Minister of Trade and Industry and three times here in Kuala Lumpur in my present capacity.

The MAJECA/JAMECA organisation have now become a model for Malaysian and interested foreign businessmen to set up when they wish for a forum to discuss commercial and other problems between them. The annual joint meeting of MAJECA and JAMECA held alternately in each other's country has now become institutionalised. The viewpoints of the two countries are aired at these meetings and much misunderstanding have been overcome. Of course, the constant contact between businessmen of the two countries has resulted in personal friendship and mutual respect which is good for social and economic cooperation.

The Governments of both Malaysia and Japan have actively encouraged the kind of relation that MAJECA/JAMECA promotes. It helps to put substance into the friendly relations between our two countries. Malaysia's trade with Japan makes up almost a quarter of its total world trade. The relation should not therefore be merely commercial. It should also be social and personal. We think that the MAJECA/JAMECA is achieving just this.

The world must trade. No country can live in isolation no matter how rich and self-sufficient. Every country must buy something from other countries and sell something in order to earn the foreign exchange needed to purchase goods from abroad. It is obvious that the more foreign exchanges a country earns, the more it can buy from abroad. Indeed, if a country is lacking in foreign exchange earnings, it has to be given aid in order to buy from abroad.

It follows that when a country buys from another country it is actually helping the seller to buy more from abroad. In fact the end result of purchasing goods from a country

is often better sales by the purchaser country to the former. What I am trying to say here is that a country will not lose if it buys anything particularly from a poor country. You are only creating a good customer.

Malaysia is going through a bad period when her export earnings have been much reduced. Our imports have accordingly been much reduced. As our biggest trading partner is Japan, it is natural that imports from Japan have been reduced. Of course we are not the United States and our imports are insignificant compared with those of the United States. But too much export to the United States will create problems. Small countries like Malaysia can buy and give out contracts with less problems.

However, if we are to sustain our imports we must be able to sell our goods, whether commodities or manufactured products in order to have sufficient foreign exchange. Japan can help us recover our purchasing power by buying more and also by investing more in Malaysia.

Malaysian goods are cheaper now because of the depreciation of the Ringgit against the Yen. Manufacturing in Malaysia is also cheaper now. Indeed, it makes sense to manufacture in Malaysia for re-export to Japan. Of course "Made in Malaysia" Japanese goods are now very competitive worldwide.

Another problem that affects world trade is the imbalance in the export and import between two countries. Because the American dollar was over-valued, American imports from Europe and Japan continuously exceed their exports. The countries of Europe together with Japan decided that in order to balance the trade the value of the American dollar must be reduced.

You did a good job and the American dollar has now depreciated greatly. Unfortunately you did not consider the other countries of this world. When the US dollar depreciated oil exporters like Malaysia lost money. With the rapid drop in oil prices the loss is even greater.

In the meantime, the Malaysian Ringgit also depreciated against the Yen and other European currencies. Not only must we now pay more for our imports but the loans in Yen and other appreciated currencies have now increased in value. The low interest rates that were charged are now meaningless. We have to find, in some cases, 40% more Ringgit in order to pay off the loans which finance projects that have as yet given no return. It would seem that countries like Malaysia are forced to pay the imbalance in trade between the giant economies of Japan, Europe and America.

I should take this opportunity, once and for all, to put to rest – should there still be any lingering uncertainty – doubts about the Government's ability to meet its debt repayments. It is true, the economy is going through a rough patch. That is why we are tightening our belts. We have made real progress in tackling the "twin deficits" in the budget and the balance of payments. In the final analysis, we should emerge leaner, but stronger and more resilient. Let me state categorically that we intend to honour all

our debts and on time. We shall pay both interest and principal when they fall due. The Government has no plans to reschedule any of its debts. Malaysia has demonstrated by our deeds that we are a responsible borrower. This will not change, just because commodity prices have fallen sharply. For the Federal Government, principal repayments on its external debt in 1986 will amount to RM863 million. The Central Bank's external reserves totalled RM13.7 billion at the end of March 1986. Earnings on these reserves alone would be more than ample to meet the debt repayments. Bankers should have no doubt whatsoever on the Malaysian Government's resolution to meet its debt obligations.

Malaysia has always maintained that we want trade, not aid. Even in these hard times, we are not asking for aid. All we are asking for is fair trade. The fall in commodity prices is not accidental. Nor is it part of a cyclical phenomenon. The policies of the powerful economies and the economic clout they wield have something to do with the present depressed prices.

The idea of a New International Economic Order has been abandoned. Nations are not moved by charity. Only self-interest will influence their actions. So I will not appeal for charity. I will appeal for enlightened self-interest. It does not do any country any good to impoverish potential customers. Manipulation of currency without regard for the effect on the developing nations must eventually damage world trade. In the good old days people go to war if they are deprived of world trade. The small nations cannot go to war but they will be tempted to seek other solutions, none of which will bring prosperity to human kind.

What would constitute enlightened self-interest for the rich countries? Fear of losing a potentially rich market would. The market can be lost not only through poverty but also if, through sheer necessity, the market opts for membership of another camp. The market could, prior to changing ideology, undergo traumatic experiences such as civil strife and civil war. Or it could be just a change in the Government through the power of the vote – a change from friendly to a hostile Government. Some of these possibilities are distant, but some are obviously possible. It would be a pity indeed if an area noted for its stability and steady progress should turn into an area of conflict and uncertainty. If we look at the trouble spots in the world today, we cannot help but remember that they were once among the most promising areas in the world. What could happen there could happen elsewhere. Prevention is possible. Certainly it is better than the painful process of an uncertain cure afterwards.

Malaysia is not going to go that way if it can help it. We are determined to pull ourselves up by our bootstraps. It would help however if we do not get pushed down everytime we try to rise.

Malaysia is a great admirer of Japan and the Japanese. We cannot forget that you too were down and out once. But you did not give up. Although the Marshall Plan did help, but it is your will and your disciplined determination that lifted you up from the abyss and made you the economic power that you are today. We would like to achieve

the same feat, now more than ever before. That is why we coined the slogan Look East.

Although some people in Malaysia purposely misinterpreted the Look East Policy as giving contracts to the Japanese, we are glad that the Japanese Government and business people voluntarily responded. Since the Look East Policy was adopted a lot of Malaysians have been trained in Japan, and Japanese business methods have been studied and implemented. Some Malaysians have even managed to acquire and practise Japanese work ethics.

Some Malaysians fear that we would become Japanese. There is not a hope that anything like that would happen. Certainly it will not happen to the critics of the Look East Policy. Malaysians will remain Malaysians even if they work harder, or they acquire team spirit or patriotism. These qualities are not the monopoly of the Japanese.

We regard the Look East Policy as part of our effort to help ourselves. If we look to Japan for guidance it is because it is better to copy a tried and tested approach than to invent new ones. Japan's willingness to facilitate our efforts is much appreciated. We hope that the Japanese Government and the Japanese business community will continue to provide training and educational facilities in order to enable Malaysia to achieve the targets of the Look East Policy.

Malaysia has just launched the Fifth Malaysia Development Plan. It is a modest plan compared to past plans. A growth of 5% is targeted.

The Plan calls for a total Federal Government allocation of RM40 billion for development of public sector programmes and projects, with 58.8% for the economic sector, 22.5% for the social sector and 18.7% for security and administration. Under the Fourth Malaysia Plan total net Federal Government expenditure amounted to RM 46.3 billion.

The growth scenario of the Malaysian economy during the second half of the 1980s is set against a backdrop of a medium growth rate of about 3.0 to 3.5 percent per annum for the industrialised countries. We anticipate recovery of the world economy by 1989-90. Various markets should by then be less protectionist and normal trade rather than barter should return.

Under our plan, the private sector is expected to play a crucial role. The depreciation of the Ringgit should level off and remain stable, giving Malaysian manufacturers and foreign investors a distinct advantage when exporting. Higher productivity which is being actively promoted by the Government and the private sector should also improve the competitiveness and export performance of all Malaysian produce including manufactured goods. Already foreign investors manufacturing electronic products in Malaysia are finding that sourcing from Malaysia is very profitable. Export of these electronic products have picked up tremendously of late.

As imports will become more costly due to depreciation in the currency, the reduction in imports will help the balance of trade. As Malaysians are fond of foreign products, the new exchange rates will counter the usual large outflow of foreign exchange resulting from their preference.

To ensure increased private sector investment the Government will offer incentive packages to enable the private sector to be more active in the economy. For instance, in agriculture, policies will be oriented to encourage greater private sector participation in plantations. Policies on land transfers and alienation including leasing arrangements will be modified. Fiscal incentives will be provided to encourage the corporatisation of the agricultural sector. These include an agricultural development allowance for crops and agricultural activities not eligible for pioneer status or investment tax credit. The equity requirements for new projects will be liberalised to retain foreign and local interest in the sector. Incentives for the tourism industry will be expanded. We expect more investment in medium cost accommodation facilities to increase tourist flows into the country.

The administrative and regulatory requirements of the Industrial Coordination Act (ICA) in respect of existing and new companies will be relaxed. The raising of the exemption level will exempt more companies from ICA. Greater flexibility will be introduced in regard to capacity expansion e.g automatic approval to export-oriented companies undertaking capacity expansion. In addition companies which expand capacity can continue to maintain the equity structure at the point of obtaining approval.

Projects that export 51-79% of their production volume will be allowed a foreign equity ownership of 51% while those exporting 80% or more will be allowed an equity share of 80%. A higher percentage is permissible depending on other factors, e.g size of investment, location value-added and amount of local content as well as technology involved.

Our policy review on industrialisation has been completed. We now find it necessary to re-orientate our industrial strategies. Our objective is clear cut. We want to maximise the growth potential of the sector. We have to re-orientate our strategies because the favourable conditions of the past 15 years will not prevail. We have to be more outward-looking, just as Japan has always been doing all these years.

The role of our trust agencies and public enterprises will be reviewed. Certain Government enterprises or services which have potentials for private participation or acquisition will be considered for privatisation. If these enterprises or services can be managed more efficiently by the private sector we will earmark them for privatisation. In doing this we will promote domestic competition and increase productivity.

Through the efforts of the private and public sectors, several programmes and projects have been identified for further privatisation involving mainly transport com-

munication and services. The private sector is encouraged to further complement the Government's privatisation proposals with the view to accelerating the pace and widening the scope of privatisation.

The next five years will be most significant for Malaysians in ensuring growth of the economy. Our basic development strategy is to ensure growth with stability. We have taken full cognizance of the continued uncertainties in the international economic environment and of the emerging resource constraints. The public sector will no longer play an expansionary role in spear-heading economic growth.

Because of our small domestic market, we have to rely on export to sustain our growth. Japan, being our major trading partner, will be one of our target markets for our products, especially for our manufactures. We note with optimism the decision of the Japanese Government in implementing an action programme for improved market access. These market liberalisation measures, we hope, will be beneficial to us too and not just the developed trading partners of Japan. So far we see only the elimination of tariff on processed palm oil. To us your trade practice as a whole is a contentious point in our trade relations.

Our exports of manufactured goods into Japan continue to face strong trade barriers. We see that your existing tariff structure favours imports of raw materials rather than processed or finished products. We see logs, for instance, entering Japan free of duty. We note also that our exports of semi-finished tropical wood products are subject to a high tariff duty of 17-20% whereas that of softwood is 15%. I hope JAMECA members will understand and be sympathetic with our aspirations and our needs. I am sure MAJECA has kept JAMECA members well-informed of these needs already.

I am fully aware of JAMECA's willingness to co operate with MAJECA in trying to find solutions to our bilateral problems. The existence of the Japanese Chamber of Trade and Industry Malaysia (JACTIM) is an attestation to this co - operative spirit. I understand that MAJECA and JAMECA through JACTIM have formed various working groups whose task was to find solutions to problems of trade and investment as well as tourism.

On this note, I have much pleasure in declaring the 9th. Joint Annual Conference of MAJECA/JAMECA open.

SPEECH BY THE PRIME MINISTER
Y.A.B. DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF THE SOUTH-SOUTH II CONFERENCE
KUALA LUMPUR
5TH. MAY, 1986

Firstly, on behalf of the Government of Malaysia and of myself, I would like to welcome all the distinguished participants of South-South II Summit of Third World Scholars and Statemen.

Malaysia feels greatly honoured to have you here. We are here to discuss very serious problems; problems that affect the life and death of more than a billion people living in the developing countries. We are concerned people. But serious though the discussions may be, it is still necessary for us to relax a little. I hope you will find the time to see a little of Malaysia, at least of Kuala Lumpur. I hope also that you will take back fond memories of Malaysia along with the very serious resolutions and plans of actions that we will be making in the next few days.

We meet today at a time of severe adversity for the peoples of the South; economically, socially and politically. The undermining of the economies of our countries is unprecedented in scope. Here and there we see military assaults, either directly or through proxies. For some the fight for independence is not over yet. The blacks of South Africa are being hounded and hunted in order to sustain the most despicable system ever invented by man, apartheid. The indebtedness of the South is now legendary. They are weighed down by debt burdens which will subject them to all manner of manipulations and economic oppression for the foreseeable future. The terms of trade get worse and worse with the passage of time, with seemingly no hope of ever getting alleviated.

We meet indeed at a time of severe adversity for us and it behoves us to bear this in mind all the time we discuss our problems and suggest solutions to them.

Let us take firstly the economic situation of the South. We are by and large exporters of primary commodities. We hope that with the foreign exchange we earn we could develop our countries and purchase the manufactured goods we need.

But in the last few months there has been a total collapse of all commodity prices. An economic journal estimated that at prices prevailing three months ago the developed countries would save 60 billion dollars on the commodities they import. The figure must be more now prices have plunged deeper. The aid given by developed

countries to the South never came anywhere near this figure. Yet now, de facto, the developing South is aiding the developed North by over 60 billion dollars a year.

But what of the manufactured goods the South imports from the North? One would think that with cheaper raw material inputs the prices would go down. The fact is that it has not. The old escalating prices of manufactures remain and are aggravated by the appreciation of the currencies of the North against the South. The terms of trade have thus become worse and along with it the poverty of the South. It is ridiculous to suggest that the developing countries are now smiling because reduction in petroleum prices has brought relief. The fact is that production of crude prices by 65% has not resulted in the same degree of reduction in petroleum product prices. Other costs intervene and these costs are not due to the producers.

At the very same time, we are bearing a heavier burden in servicing our debts. When the countries of Europe got together with Japan to solve the problem of excessive exports to the United States, they decided to revalue upwards their currencies. They succeeded, but their trade problems refused to go away. However, for the developing countries debt servicing has become more burdensome as their currencies depreciated against those of Europe and Japan and even against the US dollar.

As devaluing the dollar has not decreased European and Japanese exports to the US, they are now investing more in the United States to get around United States protectionism. Thus the investment funds that could help develop the South have been diverted, leaving the South with only a trickle in capital inflow. It looks like the North has become an enlarged economic block, buying only cheap raw materials from the South, and dumping their excess of manufactured goods. The markets of the North are almost completely closed to manufactured products of the South. While the North continuously search for substitutes for the raw materials of the South, they also work to ensure a glut so as to bring down the price of these materials.

In the mean time direct and indirect military attacks and subversion of the developing countries continue. Colonialism is not dead. It has merely taken new forms. A weak and unstable Government is as good an excuse for military assaults as is a strong Government. Indeed all the Governments of developing countries are made out to be bumbling, incompetent and corrupt - as if the North is totally free from these traits.

The South African Government remains the most blatantly racist regime in the history of the world. That it can exist in this day and age is due in part to the support it gets from its sympathisers in the North. People who are prepared to take direct military action against a Government for allegedly promoting terrorism, advocate gentle persuasion when dealing with the open terrorism practised by the South African Government. We do not expect the Pretoria regime to be bombed out of existence, because we do not believe in such a line of action. But when will those with the economic clout apply sanction? Or is it that African lives are cheap, and that investments in South Africa are too profitable?

The broad-based and multi-directional attack on us is no less serious because we cannot identify a single enemy state. It is no less devastating because we do not see armed and uniformed men invading our shores. We have won the right to govern our own countries but whether we are independent is another thing. Economically, of course, we have never been independent. We have no control over transport and insurance, marketing and prices and at times even over production. Our situation can only be described as deplorable. Before we can make it any better, we must prevent it from getting worse.

The holding of this Conference on South-South Cooperation could not have come at a more opportune time. Looking back on the past three years since the first South-South Conference was held in Beijing, we must all feel deeply conscious of the suffering and trauma experienced by practically every single country throughout the South during this period. The problem of plummeting prices for the fruits of our labour and our soil, the problem of mounting debt in many countries, especially those in Latin America have imposed unbearable strains on our economies. In Africa the battle for survival remains as grim as ever. In Asia too, after making some headway we are experiencing sizeable declines in our growth rates as more and more barriers go up against our exports. It is frightening to realise that we are not in charge of ourselves and that a few countries, indeed a handful of people can make or break us.

A few years ago we proposed a New International Economic Order. It was an equitable proposal, considering that all countries are interdependent and that even the North must depend on the South for prosperity. We are their market for goods as well as loans. Surely the prosperity of the South will lead to greater prosperity for the North. We asked only for an equitable share.

But we have to acknowledge now that the new International Economic Order was a non starter. The developed countries turned it down flat. The laws of supply and demand, the marketplace, they say must prevail. We must not meddle with them through artificial policy decisions.

But is it true that the laws of supply and demand determine the economy of the world? Is protectionism a part of that law? Is subsidy an integral part of the marketplace? How does a poor country compete when conditions are placed on aid; conditions not to buy from other sources, not to set up industries of a certain kind? How do poor countries with no ability to subsidise exports compete with the rich? How do we counter the practice of dumping excess goods at below cost?

We have tried to bring order to trade in commodities by elaborate commodity agreements and the operation of stockpiles. But they have never really worked, despite the prohibitive cost. Many of us with pressing needs for funds bypass the agreement. Many others refuse to join. The recent massive glut has dealt a death blow to common agreements. We the producers of the South are more vulnerable than ever. We have nothing to fall back on. All the other commodities are equally affected. We have no manufactured products to export in the place of commodities.

The collapse of the commodity trade results in unemployment which in turn leads to political instability. If the Government is weak it may fall. The succeeding Government can do no better because the causes of economic recession are external, beyond the control of the Government. Political instability would then become continuous, further preventing economic recovery. A vicious circle is started which escalates inexorably.

The seven major industrialised countries of the North are today meeting in Tokyo at their Annual Economic Summit. Their deliberations and decisions, whether these relate to the debt problems, interest rates, protectionism, exchange rates or to global liquidity, will all have far-reaching impact on the global economy. And yet we in the South whose lives will be crucially affected by the decisions of this summit will have absolutely no say in their deliberations. It would seem that not only is the New International Economic Order rejected but the North has responded with closing their ranks and creating their own economic order for the world.

In the face of this refusal by the rich to consider even enlightened self-interest when dealing with the South, how should we react? Should we set up an organisation of the states of the South as the United Nations was set-up? Should we put up a united front? Should we draw up a comprehensive policy which will govern all our actions when dealing with the North?

We already have the Non-Aligned Movement, largely an organisation of the South. We have the Group of 77, also a grouping of the South. We have the Organisation of Islamic Conference or OIC, the OAS and others. Would a new organisation do any better?

The answer is obvious. We do not need another organisation. All we really need is the recognition that unless we help to strengthen each other we are not going to be in a position singly, or in a group to get fair treatment from the North. The North believes in strength. They deal differently with the strong and differently again with the weak. Obviously the best results can only be obtained by us if we are strong.

But how do we become strong, if we cannot unite? But too many countries with too many different interests just cannot unite. We have to recognise this and do the next best thing. We can cooperate bilaterally or regionally, so long as our partners are from the South. It is not something that can be achieved overnight. Nor will the result of cooperation manifest itself immediately. But any intercourse between the countries of the South must lead to a strengthening of their position, just as any quarrel between them must open them to all kinds of manipulation by outsiders.

Many of us in recent years have made special efforts to strengthen our bilateral cooperation with countries in the South. We in Malaysia have devoted most of our energies to strengthening our cooperation with our ASEAN neighbours and with a cross section of countries in the Asia and Pacific region. We have also made a special

effort, notwithstanding the problem of distance, of trying to develop areas of cooperation with some countries in Africa.

Take education for example. The setting up of an international university can effectively reduce part of the billions that flow North because we send students there. These students studying in developing countries together with others also from developing countries will develop contacts that will help our relations later on.

Educational institutions are just an example of how we can help ourselves. There are many other practical areas which will help us reduce our dependence on the rich while saving our hard-earned money. Since money means power, we will in fact be contributing towards the power of the South.

Although commodity agreements have not proven successful, Malaysia feels there is merit in cooperation among commodity producers in research and development, the dissemination of relevant information and marketing. It is for these reasons that we have formed the Tin Producers Association and the Association of Natural Rubber Producing Countries. In the past research and development and even marketing was done by the major consumer countries. Naturally their priority is to economise on consumption and possibly develop substitutes - both of which are detrimental to our exports. By doing our own research and development we hope to discover new usage and to enhance the value of our produce.

We feel that bilateral cooperation and regional groupings have a lot to contribute towards South-South cooperation. The fact that two countries of the South are working together outside the Group of 77 or the Non-Aligned Movement does not mean that the objectives of South-South Cooperation are not being achieved. A multiple of groups of twos or regional groups helping each other is as good as having a full-scale South-South Cooperation. Even if they compete with each other it is not too harmful. Sooner or later they will have to come to terms with each other if they wish to survive.

It would be wonderful if all the hundred over countries of the South can stand united and cooperate with each other in order to overcome economic, political and social problems. But the truth is that the scenario can only happen in dreams. Bilateral or group cooperation on the other hand is real and practical. While we wait for the ideal, we should do the possible.

At the Non-Aligned Summit in New Delhi in 1983, we adopted a Declaration on Collective Self-Reliance. According to this Declaration, the leaders of the South pledged themselves to strengthen South-South cooperation on a priority basis. The Summit in Delhi also adopted a comprehensive action programme geared to producing tangible benefits for the South through their cooperative efforts in different sectors. As we turn our sights to the forthcoming Non-Aligned Summit in Zimbabwe, we should be prepared to admit that the Delhi Declaration on Collective Self-Reliance amounted to no more than a paper pledge. Our collective performance has been dismal.

All the members of the Non-Aligned Movement, without exception, are members of the Group of 77 and the goals and objectives of the Non-Aligned Movement and the G77 in the pursuit of South-South cooperation are identical. It is both necessary and desirable that there should be a close harmonisation of the South-South programmes of the Non-Aligned Movement and the wider and more encompassing Group of 77. Indeed the institutional machinery programmes of one should be readily available to serve those of the other. Wherever possible we should have common programmes for both bodies. Here I would like to commend the useful work done by the International Centre for Public Enterprise at Ljubljana. This Centre, which is now also serving as the Secretariat for ASTRO (The Association for State Trading Organisations) has a number of useful South-South programmes to its credit.

The Caracas programme of Action which was adopted at a high level meeting of the Group of 77 in 1981 should serve as the basic framework - the centre of our efforts — for promoting economic cooperation in the South. Unfortunately again no tangible benefits have been derived by member states from this programme.

The one area which hold promise for the Caracas programme is the effort to establish a General System of Trade Preferences (GSTP) within the framework of which they could lower their barriers to each other, thereby facilitating trade flows in the South. The GSTP negotiations are currently underway and I am sure that we would like to see these negotiations advance as rapidly as possible.

Institutions are no panacea. In the final analysis it is what the members are prepared to do that determines the success or otherwise of an organisation. Nevertheless a coordinating body of some sort must provide the necessary reference point if there is to be a common approach in any field of activity. For the purpose of South-South cooperation the Caracas Programme of Action already provides the nucleus for a Secretariat. What we need now is acceptance on the part of member countries of the Group of 77 and proper funding.

One of the objectives of this meeting should be not simply to identify areas of South-South cooperation, but to spell out clearly what measures should be adopted to implement these programmes. We will not see any progress until and unless we commit ourselves to certain specific targets.

Information about developing countries, especially with regard to economic activities and policy is very scanty. It would be a good thing if the Secretariat of the Group of 77 actively gathers information for distribution to interested third world countries.

An idea worth talking about is the assignment of a Minister from each country to oversee South-South cooperation. He could monitor on the one hand his own Government's orientation to South-South programmes. At the same time, he could ensure that appropriate follow-up action is taken following visits of delegations from the South.

We have assembled together here a galaxy of personalities, each of whom has made an important contribution in a particular field or discipline. You must put your wide-ranging experience and your proven capacity for creative thinking to practical use. What we need from this Conference are a few ideas and proposals which can lend credibility to South-South cooperation. We need to find ways and means to mobilise the private sector throughout the South; we must get our private sector to interact with each other.

I have dealt at length on South-South economic cooperation. But there are other areas where we can cooperate for mutual benefit. The cultural field is one. There is a great need for us to know each other. We Malays say, 'Tak kenal maka tak cinta' (Because we do not know each other, therefore we do not love). There is a great deal of misinformation originating from news media over which we have no control. It is time that our own third world news agencies intensify their cooperation and provide true and more sympathetic news about ourselves. They will say it is propaganda but are not their slanted news Northern propaganda?

Our concentration at this Conference is on the economy. That is not to say that politically the South is without major problems. The South has many unresolved political issues. And among them the South African problem certainly sticks out like a sore thumb.

When in the mid-60's Malaysia condemned the racist regime of South Africa and demanded the South Africa be booted out of the Commonwealth if it continued with apartheid and oppression of black South Africans, we were told that such an action would be detrimental to the blacks. Today the same argument is trotted out at the Commonwealth meeting in Nassau when we demanded that sanctions be applied against South Africa.

Do we really think that black South Africans would be better off today if South Africa remains in the Commonwealth? Are they better off now because we do not apply sanctions? Are the shooting, killing, jailing and torture of the blacks today evidence that they are better off because sanctions are not applied? Has Nelson Mandela been released because no sanctions have been applied? Would Steve Biko be alive today?

The fact is that we are dealing, not with an inhumane regime but an inhuman regime, a regime that is racist in the extreme. The only thing that it will respond to is force. If we must meet terror with force, this is the time to meet terror with force. The lives of black South Africans are as worthy of revenge as the lives of anyone else. But it is not revenge and killing that we are asking for. We are merely asking for sanctions now by those whose economic clout has necessary force. The black South Africans are prepared to endure the pain of sanctions. They ask for sanctions. Why do we give this excuse that we want to save them from that which they are willing to endure?

In the end we will have to do what we have to do. But how sad that we should prolong the sufferings of the blacks of South Africa.

We talk often of the need for disarmament; that is that which involve the big powers. But what is our record? In 1984 the Third World bought RM 1.4 billion of weapons from the developed countries. By 1984 that figure has grown to RM 29.4 billion. Isn't it about time we talk about arms limitations among ourselves? No one disputes the need for defense capability. But do we need to have mini arms races with our neighbours? This guns before butter policy is killing us. We have to stop this nonsense and, incidentally, we will also stop enriching the already rich.

South-South II has been jointly sponsored by the Third World Foundation and ISIS. I am certain that their cooperation will not end here. Indeed, this cooperation between the Third World Foundation and ISIS should spawn network of the Third World research institutes, which would collectively do research work on different aspects of South-South cooperation. We need to pool our experience and resources for this important task.

South-South II could present us with a historic opportunity. I would urge the distinguished members attending this meeting of Third World thinkers and luminaries to galvanise the South into action through the adoption of concrete proposals which can be readily implemented. Let our work be meaningful and let us demonstrate our sense of purpose.

Additionally I would suggest an Independent Commission on South-South Cooperation with a limited life span to be set up, tasked with reporting to the Group 77 on specific proposals for practical South-South cooperation. We the South have many other problems. But I have said enough.

Each of our countries has gained political independence. But we have been denied our economic freedom. This economic freedom and the sense of dignity and pride that goes with it can only be secured through our own efforts. South-South cooperation will enable us to cushion ourselves against the arbitrary actions and decisions of a handful of countries. It will enable us to maximise our advantages and make ourselves collectively self-reliant.

The North is not our intractable enemy. There is little to be gained by an attitude of confrontation. We have to speak the truth. We have to say the obvious. But we will still work with the North, towards a better world order. We must not forget that the North produced such people as Olof Palme, whose untimely death is a grievous loss to all. We have friends in the North and we must strive to work with them however frustrating the effort. God willing, in time we will succeed.

Now, I have much pleasure in declaring this South-South II Conference open.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER IN HONOUR OF HRH PRINCE SIHANOUK
AT SRI PERDANA, KUALA LUMPUR
22ND. AUGUST, 1986**

It gives me great pleasure to welcome Your Royal Highness and members of your entourage to Malaysia. I trust Your Royal Highness and members of the entourage will have a pleasant and enjoyable stay in Malaysia. We are happy that Your Highness is in good health which makes it possible for this visit to be undertaken. We have been looking forward for this visit as it provides us an opportunity to exchange views on matters of common interest.

We in Malaysia are following closely the development in Kampuchea, particularly the efforts by the Coalition Government of Democratic Kampuchea under the leadership of Your Royal Highness to liberate Kampuchea from the foreign military occupation. We discern many encouraging signs in the progress of the struggle by the Khmer resistance forces recently, notably the high degree of solidarity and cohesion among the patriotic forces of the CGDK as well as cooperation and coordination in the liberation struggle.

While the struggle is being intensified we are pleased the CGDK is increasingly active in political and diplomatic initiatives to find a political solution to the Kampuchean problem. The CGDK Eight Point Proposal made in March 1986 is a constructive and reasonable proposal which demonstrated the flexibility of the CGDK in its earnest desire to end the conflict. Malaysia and other members of ASEAN support the Proposal. We are heartened that the CGDK leaders have been active in promoting it and the wide international support it has received. Vietnam's repeated rejection of the Proposal is clear evidence of its intransigence and inflexibility.

It is gratifying to note that the CGDK under Your Highness's leadership enjoys considerable respect internationally. The overwhelming support received at the UN is clear evidence of this. The vast majority of the international community abhor Vietnam's policy towards Kampuchea. We are sparing no efforts to ensure that the international community will continue to support the Kampuchean cause at the UN and other international fora. Malaysia has been actively involved with its ASEAN partners in the ASEAN Missions which visited East and West Africa, West Asia and Latin America to secure their continuing support as well as to promote the CGDK Eight Point Proposal.

We are happy to see that under the leadership of Your Royal Highness the Kampuchean nationalist forces have exhibited determination and patriotism to stand united to restore the freedom, independence and dignity to their country. They deserve the profound admiration of Kampuchea's friends in the international community. We believe it is important that the CGDK continues to maintain and work for greater unity amongst Kampuchean freedom fighters in the coming years. Their unity is crucial to the success of their struggle as well as their effectiveness in the political, diplomatic and military struggle against Vietnam. We are confident that under Your Highness's leadership these objectives could be achieved despite the odds that confront you and the Khmer People.

Malaysia reaffirms its support for the Coalition Government of Democratic Kampuchea. We have been consistent in our opposition to the aggression committed against Kampuchea and the continued occupation of Kampuchea by foreign forces in defiance of the UN Charter and resolutions. Malaysia may not be able to assist much but Your Highness can be assured of our continuing political and diplomatic commitment in pursuit of peace for Kampuchea.

Once again, I would like to express our pleasure at having Your Royal Highness and members of your entourage with us and our prayer is always for the success of Your Royal Highness and the Kampuchean people in all their endeavours.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF THE UNITED NATIONS EXPERT GROUP MEETING
ON RECOMMENDED METHODS OF TESTING CANNABIS AND
AMPHETAMINE - METHAMPHETAMINE ANALYSIS
KUALA LUMPUR
22ND. SEPTEMBER, 1986**

I am very happy to be here this morning to address you at this meeting of the United Nations Expert Group on Recommended Methods of Testing Cannabis and Amphetamine-Methamphetamine Analysis. May I congratulate the United Nations Division on Narcotic Drugs for its initiative and effort in organising this meeting, in collaboration with the Malaysian Government. Before I proceed further, I would like to extend a warm welcome to all participants of this meeting to Malaysia and wish them every success in their deliberations during the next five days.

Malaysia deems it an honour as well as a responsibility to host this meeting. We attach the utmost importance and priority to combatting all aspects of the illicit drug problem. The drug menace in many countries has reached alarming proportions. In Malaysia, the Government regards it as a threat to our security. The Malaysian Government has vowed to combat it with all its available resources. We believe that if drug abuse is left unchecked the whole fabric of society will eventually collapse. Certainly it will stunt the growth and well-being of this country.

There must be greater efforts too by other member countries of the United Nations to wage this war against drug abuse at all stages from the production stage to the cure and rehabilitation of addicts. No one country can mount an effective fight against drugs on its own. This problem transcends all national boundaries, and every country and every agency must therefore cooperate and coordinate their fight.

At this meeting I note that you have experts from many countries and your presence here is proof of the support of the international community in solving our common problem. I look forward to more global efforts and our country will, of course, continue to be actively involved. There must be total commitment by world leaders to combat this menace. This commitment must come from the highest political level. I need not reiterate our commitment to this fight in Malaysia.

Malaysia acknowledges that it faces a serious drug problem and to overcome it the Government has adopted various strategies and programmes. In this context, a National Narcotics Action Plan outlining the objectives, strategies, programmes, implementation and evaluation procedures has been formulated. Our strategy now is to place greater emphasis on primary prevention while maintaining our aggressive law

enforcement posture. The aim is to inculcate in our youth a total rejection of drugs because it is the most evil of human vices.

Even though prevention efforts may not bring immediate results, it would be more effective in the long run. This would require the support and involvement of all sectors in the community. As the drug problem is a problem of the society, Government efforts alone will not be sufficient to contain the threat. The community must play a major role in the war against drugs. It requires every sector, every group in society to play their appropriate role, commensurate with their knowledge and position in society.

To support the enforcement and preventive measures, the Malaysian Government has promulgated tough drug laws to deter these merchants of misery and death from carrying out their activities in Malaysia and if they run foul of the law they will face the consequences of their unscrupulous actions. These laws have undergone various amendments in the last decade to make them more effective for their intended purposes. One of the most significant of these is the provision for mandatory death sentence for convicted drug traffickers, which came into force in April 1983. We make no apology for our tough drug laws. We regard the death penalty not just as a deterrent but an appropriate punishment for these criminals for they are worse than murderers. They deliberately spread misery and death in their quest for easy wealth. We will continue to hang them until none is left who wishes to profit from this vicious crime.

Another recent legislation to give more clout to our authorities is the power to detain without trial, on cogent evidence, suspected masterminds and kingpins of drug syndicates. A draft legislation on confiscation of suspected profits and proceeds derived from illicit drug trafficking is now under active consideration by the Malaysian Government. The proposed legislation, when passed by Parliament, will leave the traffickers with nothing even for those who survive them.

The successful application of any law depends on the implementation of a chain of activities: from the preliminary information gathering, investigation, arrest of suspects and seizure of the drugs, laboratory analysis of the drug exhibits, on to the court trial and finally conviction and sentencing of the guilty person. However, to ensure that there is no miscarriage of justice, this 'chain' must, before the eyes of the law, be kept unbroken. As the strength of the chain rests on its weakest 'link', each of these activities must be performed with the highest level of competency and proficiency to ensure that they are able to withstand the rigorous requirements of the court.

In this connection, the examination of the drug exhibits is a very important 'link' in this chain of evidence and the scientific experts have a very crucial role to play in the overall efforts of the government to stamp out the drug menace; otherwise all our efforts will be futile. I am sure it is very satisfying to know that you are making a vital contribution towards eradicating the drug menace.

Forensic chemists who are responsible for analysis and providing a certificate for prosecution purposes have and will continue to have a very heavy moral and legal responsibility in that in all cases their analytical results will be pivotal in determining the charge and penalty for the accused. This is more so in Malaysia and some other countries where very stiff penalties have been provided. For example, possession of heroin, morphine or monoacetyl-morphine in excess of five grams but less than fifteen grams or possession of 250 grams of raw or prepared opium attracts the life sentence. In the case of possession of more than 200 grams of cannabis or cannabis resin or 1,000 grams of raw prepared opium or fifteen grams of heroin, morphine or monoacetyl-morphine — the mandatory death sentence is imposed. This is to ensure that these scums of society do not get a chance to ruin countless innocent lives and young minds by their abhorrent and despicable activities.

The responsibility of the forensic chemist is further enhanced and the task before him magnified by the increasing trend to apply threshold measurements or values to determine the severity of the penalty. As far as you as experts are concerned, appropriate and accurate methodology is therefore of paramount importance and uniformity or harmonisation in this field will go a long way to alleviate this heavy moral and legal burden of the forensic chemists.

I am also aware that your duty as forensic chemists extends from beyond the laboratory into the court as analysing a drug exhibit and issuing a report is only half the story. It is the privilege of the accused through his counsel to cross-examine you on your evidence. The ultimate acceptability of your evidence will depend a lot not only on how accurately the forensic chemist performs the analysis, but also on how he is able to convince the court on the accuracy and validity of the scientific evidence in simple terms without invoking too much scientific jargon. Let me therefore suggest that your recommendations should also be extended to this very important area.

In the application of the drug laws, unintended legal constraints must be removed. Outdated laws and definitions must be amended. Drug laws should be designed to facilitate the effective enforcement of anti-drug policies and should not hinder the work of the enforcement agencies in the form of loopholes and technicalities. Public policy would demand not only due regard be given to the formal technicalities required of the case, but also to take cognizance of other prevailing facts and circumstances relating to the case in exercising discretionary powers and judicial notice. There should be no refuge in the laws for these peddlers of death.

To this end, I am happy to note that our forensic chemists have provided the authorities with invaluable feedback and advice on scientific definitions of drugs. Our definitions for 'cannabis', 'opium poppy' and 'raw opium' are now based on chemical contents rather than botanical taxonomy. It is the drug present in the plant that matters and not the botanical identity of the plant. For example, we have outlawed all species of cannabis capable of producing cannabinoids and all plants that can produce morphine. We do not restrict it to certain species like *Cannabis Sativa* L and *Papaver Somniferum* L as is still done in most countries today.

It is manifestly unreasonable to outlaw the euphoric effects of one cannabis species only but not the euphoric effects of other species. Can you imagine a scenario where a person is convicted for obtaining a 'high' from, or for the possession of one cannabis sample whereas another person who obtained exactly the same 'high' from, or possessed of, another species, is not liable to prosecution? On the same principle, we have placed monoacetyl-morphine at par with heroin and morphine in terms of severity of punishment. Monoacetyl-morphine is twice as potent as morphine, and we had come across cases where large quantities of this intermediate product was found in the possession of some traffickers.

It is my hope that the international community in the near future will be able to arrive at a scheme of harmonised definitions to cover all drugs of abuse, including the so-called 'designer drugs' which are posing a very major threat. Limitations in the definitions have allowed abuse of such derivative drugs to be outside the ambit of the law.

Presently, we in Malaysia face an increasing problem in the use of cannabis by addicts, and the abuse of amphetamines may pose a future threat as heroin supplies decrease due to tough enforcement measures. While the same basic principle may lie under the methodology used in the analysis of street drug samples and the analysis of drugs in biological fluids, the latter pose a more challenging and difficult problem.

At the 9th. ASEAN Senior Officials Meeting on Drug Matters held in Kuala Lumpur in September 1985, various experts from the ASEAN member countries have identified some problems in the detection of drugs, principally cannabinoids, in biological fluids. Among these problems are the deterioration of cannabinoids in urine samples with time, during storage, and the high cost of testing and provision of skilled personnel to carry out such tests. With the view that mass screening of drug addicts for cannabis use may be essential as the problem of drug abuse escalates and considering financial and manpower constraints that exist, the ASEAN experts have agreed to the recommendation that the technique of Thin-Layer Chromatography (TLC) and immunoassays be utilized for small and large samples respectively and the Gas Chromatography/Mass Spectrometry technique be used for confirmation purposes.

Alternatives for confirming the presence of cannabinoids in biological fluids using other chromatographic techniques are currently being developed. It is hoped that this meeting would also provide the forum for the useful exchange of experiences and knowledge in this particular field and thus assist forensic laboratories in member countries in developing more efficient and cost-effective techniques in the detection of drugs in biological fluids.

I understand that you had a similar meeting in Wiesbaden, Federal Republic of Germany, last year where heroin and cocaine were discussed and that this group had fruitful and useful deliberations resulting in some very constructive recommendations. Our Government forensic laboratories which already have sophisticated instruments like Fourier Transform Infra-Red Spectrometer, Gas Liquid Chromatograph, High Performance Liquid Chromatograph and Gas Chromatograph/Mass Spectrometer are

being further upgraded with the acquisition of various other instrumentations such as the Scanning Electron Microscope, the Mass Selective Detector and several of the latest generation of Gas Chromatographs.

I am convinced that meetings of this nature are very essential for the free flow of information and exchange of ideas and for you to come to some common understanding, especially on harmonisation of analytical methodologies and definitions. You will also be able to keep abreast with the latest development to enable you to carry out your function effectively and to be at least one step ahead of the masterminds and kingpins of the illicit drug trade, who are also using science and technology to circumvent the law - as exemplified by the emergence of the so-called 'designer drugs'.

Besides playing host to this meeting, I would also like to offer to share the experiences and expertise gained by our forensic chemists with other member states of the United Nations and neighbouring countries by holding regional courses or workshops in collaboration with the relevant United Nations organisation. In this way we can all work together to fight the drug menace that has affected the young of our society.

In any endeavour, one has to be innovative and adopt or adapt new methodologies to suit one's own environment or needs. In recommending new or standardised methodologies it would be advisable to capitalise on the research and findings in other fields too so that valuable time and money can be saved. This may not be achieved overnight but extrapolation to your needs as forensic chemists is always possible. I would like to mention two areas: firstly, advances in electronics leading to miniaturization of instruments for on-site examinations; and secondly, wider use of computers in analytical operations - leading to improvement in efficiency of operations and access to a wider database for background information.

All that I have mentioned today will serve to illustrate very vividly the Malaysian Government's desire and commitment to eradicate the drug problem in our country. It is an onerous task but I hope that with the support of the international community, our efforts will bear fruit for the sake of the future generation of our country and of the world.

With these words, I wish once again to thank the United Nations Division on Narcotic Drugs for organising and bestowing on us the honour to host this meeting in Kuala Lumpur. I now have great pleasure in declaring this meeting open.

**STATEMENT BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE 41ST. SESSION OF
THE UNITED NATIONS GENERAL ASSEMBLY IN NEW YORK
29TH. SEPTEMBER, 1986**

Let me first extend to you, Sir, my delegation's most sincere and heartfelt congratulations on your election to the Presidency of the 41st. Session of the General Assembly. It is a source of pleasure and pride to have as President an eminent personality from a country with which Malaysia has always enjoyed warm and brotherly relations. Your unanimous election as President of this Assembly is a recognition of your skill and experience as an outstanding diplomat.

It is in the same spirit that I express our gratitude to the outgoing President, Ambassador Jaime De Pinies, for his invaluable contributions and the impartial and skilful way in which he conducted the 40th. Session of the General Assembly. Ambassador De Pinies's presidency was also of special significance as it coincided with the 40th. Anniversary of the United Nations.

For the past several years we have witnessed with increasing concern the steady decline of the United Nations. Are we to stand by and watch this organisation sink into an irrelevance that it may never recover from, or should we not act with the common objective of restoring life and meaning back to the United Nations? If we are to judge by what was said by the many important and illustrious world leaders during the 40th commemorative session held last year, we appear unanimous in our concern that this organisation should not be allowed to suffer a fate perhaps similar to its predecessor, the League of Nations. Given the benefit of hindsight we all know why the League failed and the consequences that followed. It is perhaps sobering for us to reflect upon the consequences of a United Nations which is so eroded that it becomes progressively a meaningless ritual for us to meet here once a year, say our piece, go back and forget about it until the next session. Unless real constructive steps are taken to remedy the situation, this downward spiral will continue until the very existence of the United Nations is put into question. For, in the final analysis, if this organisation serves no one, why subscribe to it at all?

For the majority of us, the small, developing nations, a world without the United Nations is almost unthinkable. In fact, many nations here owe their independence to the work of the Decolonisation Committee of the United Nations. To us, the UN transcends mere symbolism. In the UN lies our hope for a better tomorrow, for justice, peace and stability, and prosperity for all mankind. It is therefore imperative that the United Nations should remain relevant, its role enhanced and not made subject to the interests of individual states or blocs. Despite misgivings that some may have of the United Nations, let us not forget that the UN can only be what we all want it to be. The

reality is that a few wealthy and powerful nations have always, inspite of charges of "automatic majorities", "extreme" and "useless" resolutions, had the edge in shaping the United Nations. If the organisation falls short of expectations, the responsibility rests heavier on the shoulders of those same powerful nations who expect the United Nations to be perhaps creature in their own image, serving only certain perceived ends, for certain perceived interests.

To be sure, the responsibility of course, also lies with the smaller developing countries. Considerations based purely on ideological or political lines, cannot contribute to meaningful solutions. As small developing countries, we must remain sensitive to our responsibilities, just as we would wish the developed and powerful countries, to base their decisions on the merits of a particular issue, governed by principles which are central to the ideals of the United Nations. There is need for us to temper the majority we enjoy against what is relevant, practical and realistic. Most importantly, we should not allow ourselves to be proxies, basing our decisions on ideological attachments or bloc interests, without regard to the principles involved. There are also some among us who do pay lip service to these principles, but remain strangely muted, when it suits them and when these principles are trampled upon. A few among us also disregard principles, violating the territorial integrity and sovereignty of weaker smaller states, seeking recourse through arms and military power. Let us, the small nations, exercise our responsibilities as members of this organisation with maturity, sobriety and a sense of justice and fair play.

It is not coincidental that some of the nations which founded and pioneered the United Nations, grew more disenchanted with this organisation in the wake of the increasing membership resulting from decolonisation. It was then that talks about "tyranny of the majority", about "automatic" Third World majorities against the interest of certain nations, began to emerge. At the same time, it also became fashionable, as it were, in some quarters, to malign and denigrate the United Nations with charges of "bloated budgets" and "extreme" and "useless" resolutions.

Indeed, Mr. President, it is simplistic and even damaging to this organisation to pretend that the United Nations needs no improvement and cannot be made more effective. Certainly, over the years, some "fat" has accumulated which needs to be "trimmed". Its efficacy must be reviewed periodically in order to enhance its role. But the motive for improving the UN must always be premised on the precepts enshrined in the Charter. While the United Nations appears not to have escaped the effects of a world in recession, to actually attribute the current financial crisis to late payments by member countries, would be a gross distortion of facts.

The present cash flow crisis has been the result of withholding of regular contributions to the organisation on the one hand, and an over-staffed secretariat, on the other. While we commend the efforts of the Group of 18 to reduce the staff levels in the secretariat and to rationalise the organisation's administrative and budgetary procedures, we cannot agree with any rationale that obligatory contributions by any member country can be withheld in order to force the acceptance of conditions unilaterally

decided by a country's own national legislature. However unpalatable existing rules and procedures may appear to be to each member country, any effort to amend such rules must be undertaken within agreed procedures and in accordance with the system in place. Any hint or suggestion that a member country, however big or small, can unilaterally impose conditions, can only bring about difficult precedents inconsistent with the spirit and Charter upon which the United Nations was founded. Rules and procedures built around such a basic concept of the equality of states, must not be tempered with, for this has been one of the fundamental pillars upon which the United Nations was established. Whatever our dissatisfaction may be with the United Nations, membership in the organisation requires us to accept certain basic principles and to operate in accordance with agreed ground rules. The issue is not control through majority voting rights. It is rather the time-consuming and painstaking process of seeking understanding and consensus to resolve problems that face the general membership.

While we hear so much criticism of the ineffectiveness of the UN from certain quarters, they remain strangely muted on some issues where the UN has indeed failed - failed not due to lack of trying, but failed simply because of obstacles which render many United Nations resolutions on these issues unimplementable. Simply put they failed because of the attitude of the big powers.

We are outraged that inspite of our efforts for so many years to bring an end to the system of apartheid in South Africa, it still exists, flaunting every concept and principle of human decency. None of us deny that morally what is happening in South Africa is totally indefensible. Yet it exists because few rich and powerful nations, that can do most to dismantle it, will not participate in any meaningful way to end this diabolical system. These nations, who, while on the one hand condemn apartheid, on the other continue to give it sustenance by refusing to abandon policies based on "constructive engagement" and "gentle persuasion" which have clearly failed. Yet these same nations have been known to apply naval blockades when solving their own problems.

Apartheid is a system which has institutionalised racism for the purpose of establishing and maintaining domination of a white minority over a black majority. Recent developments in South Africa prove beyond any doubt that Pretoria will not be persuaded to abandon its policy of apartheid. Indeed, the regime is categorically and adamantly committed to maintaining and enforcing apartheid. Therefore, to further pursue a policy such as "constructive engagement" will only mean sending wrong signals to Pretoria.

The way forward now is to embark seriously on sanctions. There have been arguments from certain countries that sanctions are ineffective and will only impose economic hardships on the front-line states and worsen the situation for the blacks in South Africa. It is admitted that sanctions would not be painless for neighbouring African states and the blacks in South Africa. But surely the indignities that they have suffered for so long under apartheid is incomparably more painful? Besides if we are

really determined there is a lot that we can do to alleviate this suffering and to bring about quicker results.

The blacks in South Africa and the front-line states realise what they are in for. The colonial powers had so structured the economy of these states so as to render them completely dependent on South Africa. Retaliation by the Pretoria regime is thus easy and effective. It is made even more effective by the willingness of South Africa to sabotage lines of communication, particularly of the land-locked states. In this South Africa is being helped by rebels nurtured by certain countries.

The Non-Aligned Summit in Harare decided upon the setting up of a Solidarity Fund for Southern Africa. But the support of the Western World and Japan is necessary if the aid is to have any substance or effect. During the blockade of Berlin a vast airlift was organised to break the blockade. South Africa's counter-blockade must be broken in the same way and with the same determination by the rest of the freedom loving world.

Sooner or later this travesty of a Government that sits in Pretoria and its hateful apartheid policy must go. Let us all help to make it go sooner rather than later. Let us be determined to give every help by blockading South Africa and helping to ensure that supplies and aid reach the front-line countries.

It is time that countries which profess lofty principles and are ever ready to condemn and even subvert third world countries for alleged suppression of freedom translate into action what they preach. South Africa must be freed. Namibia must be returned to its people on the basis of Security Council Resolution 435 without any "linkage". It is unacceptable that Namibians should be held hostage because of the so-called "misdeeds" of a totally different nation.

The Palestinian question is another issue that this organisation has failed to make any impact on, despite the fact that this subject has appeared regularly on the agenda almost since the founding of the United Nations. The inability to resolve this central issue has resulted in the whole of the Middle East region remaining in a constant state of turmoil.

The problem of Palestine began with the creation of Israel, at the expense of dispossessing the people of Palestine. Since Israel owes its existence through decision of the United Nations in 1948, and that decision was honoured and upheld by the big powers, it is incumbent upon these same powers, if not Israel, to honour and uphold subsequent UN resolutions on the same issue.

The clock cannot be turned back and we have to accept the reality. So too are the Palestinian people, a reality with their own history, their own traditions, culture and national identity. It is also a reality that the Palestinians have been reduced to a nation of refugees, who, for two generations, have been born in refugee camps: hounded, persecuted, bombed and vilified.

We are actually witnessing a holocaust inflicted on the Palestinian people. Israel, on the one hand, is given what amounts to *carte blanche* to do whatever it likes, through the support and protection of super-powers, which are in a position to frustrate any attempt by the international community for solution based on justice. It is obvious that, in the absence of an even-handed policy by the super-powers, the United Nations will be unable to act. Israel's borders will continue to expand, annexing Arab lands as it wishes, and any action that Israel takes, however horrendous, will be justified in terms of safeguarding its national security.

The Palestinian people, on the other hand, have no legitimate recourse as Israel, given the limited resources at their disposal. At the same time, they have to confront hostile media which is dominated by the Zionists. The Palestinians, therefore, unlike the Israelis, have to fight all odds in their struggle for their rights and identity. In the process, the Palestinians have always been condemned by the world while ignoring the fact that Israel itself is a product of terrorism, that its unceasing intimidation, harassment and victimisation of Arabs in the occupied territories and elsewhere, is purely and simply a policy based on terrorism.

Since we are on the subject of terrorism, Mr. President, let me state categorically that my country joins the international community in condemning terrorism. It is indeed significant that the United Nations was able to adopt a resolution, by consensus, against terrorism. Our concern must cover acts of terrorism by Governments. While we should not be selective in our condemnation of terrorism, let us not ignore the fact that policies such as those practised by Israel are based on terror and invite retaliation based on the same psychology of terror. If we are to condemn and act against terrorism, let us not be selective, nor must we resort to it as a counter-measure.

In many of the major crisis that confront the world, the majority of states are reduced to being bystanders, powerless to act or influence, save perhaps by our moral outrage and our pleas and appeals. Even in some cases of seemingly limited and local conflicts the hand of a greater actor is thinly veiled, fueling the conflict. Our inability to act is even more circumscribed when a big power is involved, and openly ignores all the basic tenets of the United Nations Charter. But, as small developing states, we must, nevertheless, continue to raise our voices against any instances when important principles such as the national sovereignty and territorial integrity of states are violated and ignored. We, the small nations, are all potential victims.

The case of Afghanistan, Mr. President, serves as an example. An independent, sovereign nation is invaded and occupied by one of the most powerful countries in the world. For the Soviet Union, a permanent member of the Security Council, one of the countries that we are expected to entrust questions of world peace and security, to perpetrate such an act cannot but leave us all in state of permanent fear. We can never accept what has happened in Afghanistan as fait accompli. We must continue to condemn the Soviet action and that of its puppets: just as the majority of the people of Afghanistan, despite the terrible odds, continue to fight and resist the aggression.

Similarly, the international community should never acquiesce to Vietnam's invasion of Kampuchea. Indeed, the international community has repeatedly affirmed its condemnation of Vietnam, but nevertheless, that country persists in its intransigence in rejecting all efforts for a peaceful solution. This is indeed an arrogant attitude, made no less so because of the firm backing that Vietnam has been getting from a superpower. It is ironic that Vietnam, which was itself subjected to a long struggle against foreign domination, should now seek to impose its domination on a small, weak neighbour.

Just as we stand behind the Mujahideens in Afghanistan, so too, must we stand by the people of Kampuchea in their valiant struggle. While Malaysia and the ASEAN countries hail the efforts of the Kampuchean resistance under the leadership of Prince Norodom Sihanouk, we have always encouraged a negotiated solution. It is in this context that we urge Vietnam to reconsider its rejection of the eight-point proposal put forward by the Coalition Government of Democratic Kampuchea.

Malaysia believes the eight-point proposal contains the elements for a constructive framework of negotiations which can lead to a comprehensive and peaceful solution as it is premised on a policy of national reconciliation which includes all parties. The proposals also provide for free elections in which all parties can take part. Surely this is a just and workable proposal in consonant with the principles of self-determination and the United Nations. However, Vietnam seems intent on rejecting everything other than its own military solution.

In Central America, Mr. President, the super-powers and their proxies are just as active, trying to shape governments and countries in their own images through subversions and through provoking and directing rebellions. Is the majority in this organisation wrong when it condemns such acts? If there is an "automatic" majority, isn't there also a tendency on the part of the big powers to automatically use their brute strength when they dislike the stand of the majority?

One of the many intractable issues confronting us is that of disarmament - an issue which this organisation has been grappling with for many years. It is obvious that the problem of disarmament cannot be effectively addressed unless major powers are resolved to negotiate a halt to the proliferation and the eventual elimination of the nuclear arsenals. Already we have accumulated enough nuclear devices to destroy the world. Even if we decide to dispose of them, we cannot. We have already condemned ourselves to permanent fear of radiation and destruction. Doomsday may be nearer than we think.

It is indeed a horrifying prospect that the survival of mankind should be dependent on a "Balance of Terror". Malaysians are called "barbarians" because we hang convicted white criminals for drug offences, as we hang others for the same crime. What do we call people who threaten to wipe out the whole human race in fulfillment of their war strategy?

The cause of peace cannot be served by wasting scarce resources on nuclear arms. If the super powers stop their nuclear build-up we will not ask them to spend

their savings on eradicating poverty, hunger and disease. They can spend it on themselves, by all means, for even that is better than the useless manufacture of these terrible indestructible weapons.

Since our last UN General Assembly session in 1985, the world economic situation has deteriorated tremendously. We are meeting in New York today at a time of severe adversity in the economic field, for almost all developing countries. The undermining of the economies of developing countries, in recent months, is unprecedented in scope. The debt burdens of developing countries is now at its highest level while the terms of trade for us are getting worse and worse.

We do not want to blame the rich countries for all our woes but the fact remains that it is their action that is at the bottom of our unprecedented economic crisis.

Let us take the national debts as an example. When the seven rich countries had trade imbalances, their solution was to force the revaluation of the Yen and the Deutschmark. Many countries of South East Asia borrow Yen extensively. The appreciation of the Yen alone has increased Malaysia's Japanese debts by sixty percent. Other countries are even worse off.

If the problem is massive Japanese imports into North America and Europe, it would have caused less damage to the poor countries if very high import duties are imposed. But Yen revaluation which has caused havoc to our economy has done nothing to limit imports of Japanese goods into North America or Europe.

The developing countries all depend on commodity exports to earn foreign exchange. Now all commodities are experiencing very low prices, some falling by more than sixty percent. A combination of factors has brought about this across the board price depression.

Firstly, new technology has rendered the traditional raw materials irrelevant. Either new and cheaper materials are substituted, as when glass fibre replaces copper wire in telecommunications, or the quantities used are so much reduced that the raw material as an input is irrelevant. At the same time, new technology has also immensely increased production of raw materials.

A glut situation then arises and becomes aggravated when the rich countries subsidised the production and sale of their commodities. The poor countries can never subsidise to the level of the rich and they lose all their traditional markets.

If, in the past, the terms of trade were such that we had to sell more and more commodities in order to pay for less and less manufactured goods, now we cannot even sell more commodities to pay for the even more expensive manufactured goods. And Governments find it increasingly difficult to earn sufficient foreign currency to pay their debts.

The collapse of commodity prices results in a chain reaction whereby all economic activities are slowed or forced to a standstill. As usual, it is at such times that creditors become predators.

How then can we honestly say that the rich developed countries are not to be blamed for our economic miseries? How can we look at future meetings of the seven richest industrialised countries with equanimity?

There is also at the moment an inadequate international monetary and financial system. Sovereign nations are no longer masters of their own currency. Speculators including banks can push currencies up or down at will. Indeed, trading in goods has been displaced by trading in currencies. The situation is anarchic and serious-minded people must find a new monetary regime that is more orderly if the problems of the debtor and creditor nations are to be resolved.

Mr. President, in the first place creditor countries should assist in increasing the rate of growth in the indebted countries. There should be a reduction of interest rates, stabilisation of the exchange rates, reduction of budget deficits, planned recovery in the major developed countries and increasing market access for exports of developing countries.

In addition, international financial institutions should provide the funds to meet the requirements of long term development projects in developing countries besides short-term financing. It is here that the UN and UN agencies have a major role to play.

Malaysia has very recently taken the initiative in promoting economic co-operation among developing countries by hosting the Second International South-South Conference or South-South II, in Kuala Lumpur. Many Third World economists, scholars and statesmen met and discussed the world economic situation and the approach towards improving the economic situation of developing countries. We cannot accept that the rich seven should have the exclusive right to foist their own solutions to the world's economic problems. Already their exchange rate approach has impoverished us further. An Independent Commission of the South has therefore been set up under the chairmanship of former President Julius Nyerere to examine and propose practical measures for us to take. We hope the United Nations and member countries will help this Commission in every way possible.

Malaysia wishes to join other developing countries in calling the developed countries to address in a just and equitable manner the various issues facing the international economy so as to ensure a stable and sustained international economic growth, as well as foster an international trading and financial system responsive to the needs of and be of benefit to all nations. It is in this spirit that Malaysia welcomed the recent launching of the New Round of Multi-Lateral Trade Negotiations in Punta del Este this September.

A major issue confronting us that requires urgent attention is the international drug problem. Its modern-day manifestations including the subjugation of whole nations amplifies the need for concrete and decisive international action to overcome

this threat. Malaysia therefore welcomes the convening of the International Conference on Abuse of Drugs and Illicit Trafficking in June next year. This opportunity should not be wasted. We should pool all our resources and combine all our efforts to remove this scourge that is sapping the vitality of our nations.

In Malaysia we are fully committed to combat the drug menace in all its manifestations with every resource that is available to us. We have and will continue to hang pushers and traffickers in accordance with our laws irrespective of colour or creed. We would rather be 'unpopular' in certain quarters than be hypocritical. It is only when criminals of this kind know that they will not live to enjoy their ill-gotten gains, that they will stop. The death penalty is primarily a just punishment for such criminals, for only death will stop these purveyors of misery and death.

For us the battle has barely begun. The international community must declare an all out war against drug abuses and trafficking in the deadly substances. The International Conference on Drugs should not only come out with a definite plan of action but also a firm political commitment by all participating nations, at the highest political level, to do their utmost. No stones should be left unturned and no avenues should be left unexplored in our war against this menace. We would like to see such political commitment expressed in a 'joint-statement' or 'declaration'. This will be above and in addition to the Comprehensive Multi-Disciplinary Outline of Actions. We view such an expression of political willingness as essential for a successful implementation of the actions that we have mapped out.

Once there is political commitment then the source of drugs must be attacked with every available weapon, wherever it may be. A full scale war must be waged and that war must be internationalised. The fight to destroy production is too big and too costly for any of the producer countries to wage alone.

I am pleased with the interest shown by you and the support that is given by this Assembly on the issue of Antarctica. This positive commitment by the UN strengthens Malaysia's and other like-minded countries will to continue to pursue the objective of an Antarctica that is for all mankind, and not for an exclusive few.

The importance of Antarctica to mankind is beyond dispute. It is for this reason that we can never yield to pressure mounted by certain quarters in order that we relent and renege on our commitment. Antarctica should be under an internationally accepted regime and managed for the benefit of all mankind. We remain committed to working towards these objectives with all interested parties including the Consultative Parties to the Antarctica Treaty.

There was no consensus last year in spite of our efforts. The Consultative Parties had chosen to remain adamant and indifferent to the sincere wishes of the majority.

What we sought was merely more information and an updated and expanded study on Antarctica, more information on the mineral regime negotiations, and a follow-

up response from the Consultative Parties concerning United Nations General Assembly's call for exclusion of South Africa from participation in the ATCP. Yet, this reasonableness and moderation proved unacceptable.

We do not seek confrontation. Neither do we desire to threaten the security and interests of the Consultative Parties, nor do we wish to destroy the framework that the Consultative Parties have built. What we want is an internationally accepted system of management over Antarctica that caters for the interests of mankind in its entirety. What we are after is improvement over the present situation which is deficient and inclined towards exclusivity, and therefore not in harmony with international aspirations.

We are very clear and very conscious of our commitment. We should not falter in seeking out the objectives that we set out with in 1982. Non-cooperation and non-participation by the Consultative Parties will not deter us from pursuing those objectives. It is the prerogative of the Consultative Parties to either opt in or opt out, but for us the decision is made. We therefore call upon the Consultative Parties to work with us towards attaining those universal objectives.

In conclusion, Mr. President, I wish to reaffirm Malaysia's support and commitment to the United Nations. If the organisation is to continue contributing to world peace and the progress of all nations, big and small, we must live up to our obligations and responsibilities to the United Nations. Just as the major powers must not expect the United Nations merely to serve them, so too must the developing countries be guided by the same principle. It must be revitalised and allowed to serve all mankind. The major powers have a particular responsibility in preserving the role of the United Nations for they will always have the edge in making or breaking the UN. Even for them what alternative is there? Perhaps, only return to unilateralism and an alliance system with its attendant dangers.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE MALAYSIAN INVESTMENT SEMINAR
NEW YORK**

30TH. SEPTEMBER, 1986

I am pleased to be here this afternoon to meet distinguished American businessmen and industrialists. I may have met some of you in previous gatherings here and some of you may have already visited Malaysia. I hope my talk today will induce more of you to visit us or even invest in our country.

I feel that the time has now come to forge closer economic cooperation and business links between the United States and Malaysia. I regret to say that the US presence in Malaysia's industrial sector is minimal in relation to your standing as the world's leading industrialised nation. To date, US investments in Malaysia's manufacturing sector totalled a mere US\$128 million in terms of paid-up capital and US\$358 million in terms of fixed assets. Although these figures by themselves place the United States among the top five nations investing in Malaysia, by comparison with total U.S. investments abroad, they are literally a drop in the ocean.

I believe there are many reasons why there is a lack of American investments in Malaysia. Apart from the lack of traditional ties between our two countries resulting in an information gap about Malaysia among Americans, South East Asia conjures up certain negative images to many Americans : images of the Vietnam war, images of the strife in Kampuchea, and images of political upheavals in the region. These images, however, are quite irrelevant to us. We have been blessed with continuous political stability since independence. Even our independence was obtained from the British without the usual armed struggle and bitterness. We negotiated across the table. There has never been any widespread social or political strife in Malaysia, except for one short period in 1969. During the recent elections the ruling party again won with a thumping majority, repeating its spectacular success in 1982. The elections were peaceful, and nothing untoward happened after results became known. Consequently the country would follow its consistent policy of encouraging foreign participation in its economy.

Malaysia has for long relied on the production and export of such primary commodities as petroleum, rubber, timber, palm oil and tin, for her six to eight percent yearly growth since independence. Now that the bottom has fallen out of the commodity market, Malaysia's diversification into manufacturing has taken on vital significance. The twenty percent role that manufacturing contributes to the economy must be rapidly increased in order that growth will continue.

That Malaysia can achieve the targets set for manufacturing can be adduced from past performances. Between 1980 and 1985 exports of manufactured goods increased from US\$2.4 billion to US\$4.7 billion.

Thus today, Malaysia is a leading exporter of manufactured goods such as semiconductor devices, room air-conditioners, and natural rubber products, especially latex gloves and catheters. Through the next decade, we intend to further accelerate the development of other industries utilizing our natural resources of rubber, timber, palm oil, tin, clay and silica. We hope, in the near future, to be a leading exporter of items such as tyres, precision and industrial rubber products, wood mouldings and furniture. Of course our highly skilled, educated work force can be utilised by all kinds of assembly and processing industries, as is the case with microchip production.

For the coming decade, the emphasis of Malaysia's development will be on export-oriented industrialisation, accelerating growth in priority industries selected on the basis of world comparative advantage, manpower development, and the acquiring of technological capability. We do not want to be grounded in the mediocrity of mere assembly operations. We want our Malaysian workforce to improve their skills for we believe that our future lies in the greater value-added secondary and tertiary processing of our raw materials and in higher technology industries.

To achieve our goals, ladies and gentlemen, Malaysia needs the help of our friends, especially those from the industrialised countries, in the East as well as the West. We recognise the need for foreign capital investments, technological capability, management know-how and your entree into world markets. As the leading industrialised nation, the United States can play an important role in Malaysia's development efforts, and thus we need American investors such as your goodselves.

The Government and the people of Malaysia would like to invite you to be partners in our progress and hope you can be the impetus and engine of growth in our economic development. The Malaysian Industrial Development Authority (MIDA) was formed with the tasks of promoting and coordinating industrial development in the country. Today, MIDA stands ready to assist you in every way possible for the realisation of your industrial projects in Malaysia.

The Government has taken a number of measures over the past year to provide an even more positive and conducive environment for investment in Malaysia. In December last year, the Industrial Coordination Act of 1975 was amended to give more freedom to manufacturers in starting up new projects, for capacity expansion and for product diversification. Prior to that, in July, the Government further relaxed the guidelines for foreign equity participation in the manufacturing sector. In May this year, the new Promotion of Investments Act or PIA was passed by the Malaysian Parliament, providing attractive tax incentives for the manufacturing, agriculture and tourism sectors. Besides these, the Government has launched the New Investment Fund or NIF to channel funds at preferential rates of interest for the financing of new productive capacity in manufacturing, agriculture and tourism. It is hoped that these measures would stimulate investment activities in Malaysia's manufacturing sector.

I take this opportunity to announce new conditions for foreign equity and expatriate staff. These new conditions are applicable to new foreign investments in

industries whose products will not compete with products presently being manufactured locally for the domestic market. They also apply to expansions of foreign-owned or partly foreign-owned industries which do not compete against existing local industries.

These new rules apply only to investments during the period between October 1st, 1986 and December 1990. Investments during this period will not be required to restructure their equity at any time.

The following are the new conditions:-

Firstly, a company that exports 50% or more of its production is permitted to have up to 100% foreign equity;

Secondly, a company which sells 50% or more of its production to companies in the Free Trade Zone (FTZ) or Licenced Manufacturing Warehouse (LMW) is permitted to have whatever level of foreign equity up to 100%;

Thirdly, a company which employs 350 fulltime Malaysian workers is permitted to hold whatever level of equity it applies for;

Fourthly, where foreign equity is less than 100%, the balance to be taken up by Malaysians should conform to the New Economic Policy rulings. Such rules will be applied without undue rigidity;

Fifthly, employment of Malaysians at all levels should reflect approximately the racial proportion of the country;

Lastly, any company with foreign paid-up capital of US\$2 million will be automatically allowed five expatriate posts at whatever level. Changes of personnel will not require fresh working permits. Visas will be given automatically during the first ten years of the investment period. Additional expatriate posts will be given when necessary upon request.

The balance of payment problems between the seven richest industrialised countries of America, Europe and Asia has resulted in a decision to revalue certain currencies. For Malaysia effectively it means depreciation of the Malaysian currency — the Ringgit. This means that Malaysia's manufacturing costs are much cheaper now. As Malaysian workers are trainable, productive and disciplined, the advantages of manufacturing or processing in Malaysia cannot be exaggerated.

Let Malaysia be your manufacturing base for products such as components and sub-assemblies that you can no longer produce competitively in your own country. That way you can actually help your own workers for they can still participate at certain phases without reducing the competitiveness of your products. For industries which can never be made competitive when located at home, relocation is the answer.

Needless to say the Japanese are already resorting to these measures as their revalued Yen render production in Japan costly.

Malaysia has a lot to offer you. More than thirty countries have invested in Malaysia. Over the last five years, 1981 to 1985, a total of 1,327 industrial projects with foreign interest were approved, with total foreign equity amounting to more than US\$786 million. These figures show increases of more than twenty-six percent in terms of projects approved and seventy-nine percent in terms of proposed foreign equity, compared with the previous five-year period, 1976 to 1980. I believe our successes can be attributed chiefly to our record of political stability and economic resilience.

You may have heard that my party, the National Front, was recently returned to power with a more than two-thirds majority in Malaysia's seventh general elections since independence. With this victory, we have the mandate of the people for another five years and, I assure you, we will do our best to maintain the healthy investment climate that we have diligently built for the past twenty-nine years. The Government cannot, and will not, allow any untoward situations to arise that will jeopardise the economic future of Malaysia and the nation's will to join the world's league of newly industrialised nations.

On this occasion, I would like to reiterate my Government's continued commitment to the foreign investor. Our stand has always been a very investment-conscious one. Our policies have evolved through time as a result of the dynamics of a changing economic environment rather than from any dogmatic ideology from within. And foreign investors now operating in Malaysia have always appreciated this.

This is the Malaysia that we offer you today as a base for your offshore operations. We are not looking for handouts; we have something to offer you that we believe will ensure profits for your viable operations. I am talking about the mutual respect and cooperation from the inherent benefits that your company can offer Malaysia and which we in turn can offer your company.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE FIFTH CONGRESS OF THE FEDERATION
OF ASIAN VETERINARY ASSOCIATIONS
KUALA LUMPUR
19TH. OCTOBER, 1986**

It is an honour for me and my wife to be invited to this welcoming dinner and official opening of the Fifth Congress of the Federation of Asian Veterinary Associations. This gathering is a historic occasion for our country. Never has so many veterinarians from so many countries gathered under one roof in Malaysia before.

May I, and also on behalf of my wife, say welcome to all delegates and wish you all a successful Congress.

Man and animals have a long history of interdependence. Indeed the health and well-being of man has always been closely linked with that of his animals. Ever since the beginning of human history, man had depended heavily on animals for food, fibre, power and even for fuel. Despite the vast changes that has taken place in human fortune and circumstances over the last several thousand years, this dependence, on a global basis, has continued almost unaltered. Indeed human dependence on animals has increased. In modern times animals have come to play an increasingly important role in human recreational pleasure and as a source of companionship.

What form the interdependence will take in the future is subject to speculation, but I am sure interdependence will endure.

As custodian of animal health, veterinarians have therefore always played a key role in human history. As a medical doctor, I am prepared even to concede that in the role of custodian of animal health, members of your profession have contributed directly and significantly also to the health and welfare of human beings.

About 58 percent of the world's population is in Asia and the ASEAN region is one of the most populous areas of the world. With so many mouths to feed, food production becomes a crucial issue and a major preoccupation of this region. Fortunately, the success of the Green Revolution has averted absolute shortage of staple cereals. The situation is not so with food of animal origin. While the peoples of the developed Western nations worry about the balance between red and white meat and about cholesterol intake, many of our fellow Asian suffer chronic malnutrition and protein deficiency. This is ironical because not only was the art of grain cultivation but that of animal production also had its beginnings in Asia.

Indeed, many basic technologies and discoveries originated in Asia, but they remained underdeveloped and inefficiently exploited. For example, the Chinese had used anti-biotics, without knowing it, some 2500 years ago when they applied mouldy soya bean curd to boils and carbuncles and obtained beneficial results. They were not, however, inquisitive or systematic enough and never found out why mouldy soya bean curd had curative effects on infections.

On the other hand, Western scientists, beginning with Fleming, observed similar effects, that is inhibition of bacterial growth by mould, and their study of the phenomenon led to the discovery of penicillin in 1928. Again in the case of artificial insemination, it was, according to reports, first used in a crude way by the Arabs in the 14th. century. The significance was not realized and the technology remained primitive. Artificial insemination received scientific attention by Western scientists such as Spollenzani and Invanoff in the 18th. century and eventually revolutionized animal breeding in the Western world. It is only lately that artificial insemination became widely used in our part of the world.

Although Asia has 97 percent of the world's buffalo and 29 percent of the world's cattle population, it produces only 7.6 percent of the world's beef and 9% of the world's milk. Stated another way, Asia produces 15kg. of milk per person as compared to 272 kg. for the USA and 381 kg. for Western Europe. This is so because the output per dairy cow is 5,637 kg. in the USA, 3,337 kg. in Europe, and only 669 kg. in Asia. In short, despite an earlier civilization and a head start in agriculture, Asia is today far behind in food productivity.

What causes this anomaly? What went wrong? Is it because our peoples are reluctant to change? Is there something inherently inhibitive in our cultures? One can attribute innumerable factors to the anomaly. But one thing is undeniable: that there is nothing inherently "anti-progress" in the Asian cultural heritage. I say this because there are ample examples also in Asia where rapid and vast changes have taken place. Countries like Japan, South Korea and Taiwan have made enviable progress in areas quite remote from their cultural heritage.

We all realise that in order to bring about progress there must first be an attitudinal change and a heightened degree of mental receptivity. In many cases organizational changes are also required. Only then can technology be introduced, received and indigenized. In the context of rural Asia, I am of the opinion that for as long as our farmers espouse subsistence-type farming as a way of life, they cannot and they will not readily adopt new technology. This can be illustrated by the development of the poultry and swine industry in Malaysia. Meaningful development did not take place until the 1950s when farmers became prepared to change from subsistence or backyard farming into commercial ventures, even though on small scales. New breeds and scientific husbandry became readily accepted by these small commercial units which have now grown into huge modern commercial farms. As a result Malaysia is now a net exporter of poultry meat, pork and eggs.

Another example is artificial insemination which was introduced into Malaysia in 1963. It was readily accepted by commercial dairy farmers but not by subsistence farmers despite continuous efforts by the Government to promote it.

Based on this experience we have developed a strategy in animal production in Malaysia which seek to upgrade selected subsistence farmers into small commercial units by facilitating the acquisition of a bigger number of animals or by grouping them into larger units. In the case of beef production, these organised units quickly adopted the feedlot technology, recently introduced by the Department of Veterinary Services, in which confined cattle are fed entirely on palm kernel cake. From only one feedlot in 1984, we now have over 400, mainly in the form of small commercial units. I have no doubt that some of these small units will grow to become large units of several thousand heads.

Organizing farmers into commercial units and grouping them will also facilitate a more organized marketing system, more cost-effective delivery of services and better control of quality.

Let me give another example to further emphasise the point. You are all aware of the fact that bio-technology has application in animal production. Indeed it has potential to revolutionise animal selection and breeding. I refer to the well developed technology of embryo transfer, embryo splitting and embryo sexing. Local scientists have mastered these techniques, but the techniques, will never leave the confines of the laboratories if there is no commercial demand for them. We cannot apply sophisticated technology so long as we have only small subsistence peasant farmers. Sophisticated modern technology can only yield benefits when applied on a large scale by commercial enterprises. If we wish to modernise farming, restructuring of the farming community is a must. That is what we are trying to do in Malaysia.

I realize of course that your profession is not confined to animal health and animal production only. Through your involvement in veterinary public health, you play a significant role in human public health. I know also that many members of your profession are occupied in bio-medical research – a general term given to a variety of disciplines related to the health sciences. Your contribution to the pool of bio-medical knowledge is well-known and from this pool has emerged techniques in disease diagnosis, therapy, surgery, prevention and control which are applicable to both the medical and veterinary professions.

I am told that we have here tonight veterinarians from a broad spectrum of professional activities – academics, research workers, private practitioners, industrial veterinarians, Government officers and so on. There must be many examples in your collective experience pertaining to veterinary medicine, animal agriculture, public health and bio-medical sciences that have contributed to the advancement of the veterinary profession, to national economy, to human health and welfare in your own countries. The scientific sessions that begins tomorrow will I am sure be both interesting and

lively. I am sure you will all benefit from the interaction. After all, experience shared is knowledge gained.

I take this opportunity to thank the organisers for inviting me and my wife to be with you this evening. It is now my pleasure to declare open the Fifth Congress of the Federation of Asian Veterinary Associations.

UCAPAN PERDANA MENTERI
Y.A.B. DATO' SERI DR. MAHATHIR BIN MOHAMAD
SEMPENA SAMBUTAN ULANGTAHUN YANG KE-41
PERTUBUHAN BANGSA-BANGSA BERSATU
KUALA LUMPUR
25HB. OKTOBER, 1986

Saya berasa gembira kerana dapat bersama-sama di Majlis ini. Saya mengucapkan Stahniah kepada Pertubuhan Bangsa-Bangsa Bersatu Malaysia atau UNMA di atas daya usahanya mengadakan sambutan ulangtahun yang ke-41 Pertubuhan Bangsa-Bangsa Bersatu. Daya usaha Persatuan ini mencerminkan keutamaan yang diberikan oleh Malaysia dan rakyatnya kepada Pertubuhan Bangsa-Bangsa Bersatu. UNMA juga telah menganjurkan satu perjumpaan yang besar sempena ulangtahun ke-40 pada tahun lepas.

Tahun 1986 telah diisytiharkan sebagai tahun keamanan antarabangsa. Oleh itu amatlah wajar bahawa tema tahun ini untuk Hari Bangsa-Bangsa Bersatu ialah keamanan atau 'Peace' – sesuatu yang sangat diidami tetapi tidak begitu mudah diperolehi memandangkan keadaan dan suasana antarabangsa yang kompleks dan rumit.

Today we celebrate the 41st. Anniversary of the founding of the United Nations. We, the small nations like Malaysia, celebrate this day still hopeful that the ideals and the promise that the United Nations Organisation symbolises would become realities. For us the UN is the only forum where the well-being of the small nations will receive some semblance of the kind of consideration that is normally reserved for the rich and the powerful.

The UN was born out of mankind's desire to avoid the wasteful barbarism represented by the Second World War. The League of Nations had failed and after a troubled 20 years of relative freedom from major conflicts, the world was once again plunged into an orgy of killing and destruction that spared no one, not even the civilians, women and children hundreds of miles removed from the war fronts. Many felt that had the League of Nations received the kind of big power support that it needed, war could have been avoided. At the very least, the period of freedom from war could have been prolonged.

And so in the closing years of the Second World War the Allied leaders decided to set up a successor to the League of Nations. Unfortunately, much as they desired to resolve international conflicts through negotiations, they were not able to put aside their suspicions of each other and their fear that they might lose control over the UN. To ensure their continued combined hegemony they gave themselves veto powers.

They also promised to contribute more towards the upkeep of the UN than the poorer nations. Whether they intended to or not, this financial contribution placed the UN under obligation to them. Still the veto and the influential contribution did not dampen the faith of the smaller nations in the UN.

Looking back now, no one can deny the benefits that the UN brought to a vast number of people throughout the world. Many of today's independent nations, the former colonies of the Euro-American colonial powers owe their existence to the UN's Committee on Decolonisation. It is not so much that the UN engineered the liberation of the colonial territories, as the moral pressures that it exerts. Proud and powerful powers were forced to give up what were really their sources of wealth.

Elsewhere much of the UN's funds and personnel were busy helping refugees, improving food production, introducing modern methods of caring for the sick and improving health, upgrading education, preserving cultures and generally making themselves useful to the myriads of unfortunate poverty-stricken people throughout this unequitable world.

For all these activities money was needed; large sums of money. There may have been wasteful spending. There may have been some who administer the UN who had abused the positions they held in order to live a good life or to practice nepotism. But there can be no denial that the UN agencies have contributed much towards improving the quality of life among the poor nations and peoples of the world.

But now the UN is being threatened by cuts in contributions towards its upkeep and activities. The reasons may be valid but if there has to be cuts it must not be at the expense of the poor countries which need the help of the UN. What the UN is doing is niggardly enough. There is a vast amount of work and aid that the poor countries need which the UN can never meet. If even the minimal aid of the UN is cut off, then all these poor countries will have to sell their souls to the highest bidder, the powerful countries which would like to gain economic and political advantage through new forms of colonialism.

The essence of the UN is multi-lateralism. The belief is that if aid comes from the UN then one is obligated to all its members rather than any single country. Thus aid cannot be made an instrument to influence the client states. The sense of freedom, indeed the independence of the aid-receiving countries could then be maintained. There will be no alignment and the country, however poor, can comment and act freely on matters affecting the rest of the world. In other words equitability between countries, big or small, rich or poor will be possible, at least in the United Nations fora. This is the meaning of multi-lateralism.

Unfortunately some countries, having paid the piper more, demands the right to call the tune. This is what the majority of UN members are resisting. The veto is enough. There should be no other leverage.

Democracy has been touted as the greatest political system ever invented. If it is true that the advocates of democracy, the people who are ever ready to chastise Governments and countries should they deviate ever so slightly from their interpretation of democracy; if these democratic champions really believe in democracy, then they should accept the will of the majority.

For a time when the UN was a docile club whose members recognise the authority of the more equal among them, democracy in the UN was welcome. But as the newly independent nations fill the assembly and are able to ignore that there are others more equal than them, democracy suddenly become sour to the very people who propagate and insist on democracy. They now feel that democracy is not a perfect system after all. They now talk of the irresponsible majority, of automatic majorities, etc.

We in Malaysia have long known that democracy, like all systems invented by man, is imperfect. Only God is Perfect. We are willing to admit that in the UN there have been instances when the majority of the members have been less than responsible. We are willing to accept criticism over the unprincipled exercise of voting rights over some international issues. But if we believe in democracy then we have to accept its imperfections and allow for the members to learn to appreciate the need for responsibility in the use of their rights. We cannot force them into submission by threats to emasculate the UN financially.

The superpowers may feel that the United Nations is superfluous, that it has outlived its usefulness, that it is unable to do much for world peace. They may feel that they can settle problems bilaterally. And they may be partially right. Still it would be presumptuous of anyone to think that it is they and they alone who have kept the Third and final World War at bay. The UN may not be able to prevent a World War. But nevertheless because the actions and policies of the superpowers are subject to scrutiny by all the members of the UN, the need arises to explain and to modify stands in order not to offend everyone. And so the UN does have a role even when the superpowers apparently ignore it.

That the UN has not been able to stop some wars is obvious. After all the UN is not an international police force able to enforce its decisions. The UN's effectiveness depends on the commitment of its members to the Charter of the United Nations. If a country decides to ignore its commitment there really is nothing that the UN can do. It is therefore not the UN which is at fault. It is the members.

On the other hand the UN has succeeded in preventing a number of conflicts or to limit them. But because when the UN succeeds the problem no longer stares us in the face, we are apt to forget the role of the UN. On the other hand when the UN fails, the problem continues and constantly reminds us of the failure of the UN. The Palestinian problem, the military occupation of Kampuchea, Afghanistan, the Iran-Iraq War, the Central American conflicts, etc. all remind us of the failures of the UN. But do we ask ourselves how many little countries would have been swallowed up by now

by predatory neighbours and others if the UN is not there? Malaysia, during the confrontation, owed a lot to the UN. We, at least, should not forget that.

This year has been designated the International Peace Year. Cynics will probably laugh at this unattainable objective. How can we talk of peace when there are wars everywhere? How can we talk of peace when nations spend trillions of dollars on ever more sophisticated weapons? How can we talk of peace when millions die of hunger and starvation because our money is being used to prepare for total world destruction?

But there is a need to remind ourselves of peace. Normal people become callous and uncaring if they are exposed only to the cruelties and destruction of war. The horrors of Nazi rule was accepted by decent Germans because they happen every day and that was the only thing they were familiar with. It is only now that the enormity of Nazi practices is understood by the German people. The reason is that the people were conditioned to the horrors and did not expect a different state of affairs. People become immune when exposed to anything for a long enough period of time.

Similarly if the world knows only war and have forgotten what peace is all about, we are going to become callous and uncaring. It is, therefore, important to keep reminding us of what peace is like and what goodness it brings. This dedication to peace which has been designated by the UN as the theme for 1986 should, at the very least, remind us of the goodness of peace and the horror as well as the dehumanising effect of war. We would then be more humane and tolerant and would seek to preserve peace because we know what it means and we value it. If this year of international peace achieves this much, it would have done much for humanity despite the 43 wars that plagues the earth at this very moment.

Malaysia supports the UN unstintingly. We are appreciative of what the UN stands for and the services it has rendered to mankind. Imperfect though it may be, it is still better than a world without the UN. We do not want the world to be divided into camps which are not able to communicate with each other because there is nowhere where we can meet and negotiate. Malaysia does not wish to be a member of any camp or bloc. We are aligned with no one. We are not even aligned with the Non-Aligned. We will criticise and condemn the Non-Aligned Movement or any of its members or groups as much as we would criticise the countries of the Eastern or Western blocs.

We know that our stand pleases no one. We know that our unbiased criticisms have gained for us much dislike. We know that some have tried to make things difficult for us. But we will carry on with this policy. We bear ill-will to no one – not even those who have overtly or covertly tried to undermine our stability and our economy. Our faith in the interdependence of nations remains and with it our support for the symbol of that interdependence – the United Nations.

That Malaysians subscribe to this stand by the Government can be seen by the interest and support for the United Nations Malaysia Association. True, for a time

interest waned but now it has revived and Malaysians will always be reminded of the UN and to believe in its efficacy as an agency for the betterment of people throughout the world and as a moral force against injustice and oppression. The UN will also help in preventing the slide towards the final world war, the war that will end all wars for there will be no one and nothing left to fight.

Malaysia akan terus berusaha dalam membantu mencapai cita-cita dan aspirasi Pertubuhan Bangsa-Bangsa Bersatu. Walaupun Malaysia merupakan sebuah negara yang kecil, kita akan terus memainkan peranan positif di arena dan forum Bangsa-Bangsa Bersatu dengan menyuarakan pendapat dan pandangan kita dengan tegas dan berani demi keamanan dan kesejahteraan dunia.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE E.M.F. FOUNDATION ROUNDTABLE ON MALAYSIA
KUALA LUMPUR
3RD. NOVEMBER, 1986**

It gives me great pleasure to welcome you to Malaysia. I would like to thank the E.M.F. Foundation for taking the initiative to organise this second E.M.F. Roundtable on Malaysia and to invite me to address it.

We are all going through a very critical phase in the world economy, and if the general recession is to be taken as an indicator, we have to conclude that we are not managing the economy right. The oil crisis has been left far behind and we cannot keep on blaming it. Indeed during the oil crisis the world economy was not this bad. Europe and America actually benefitted from the massive inflow of petro-dollars. We must conclude that the present recession is not truly related to petroleum prices but more the result of other factors.

What are the other factors? There are many but an inability to handle the effects of new technology and changing trade patterns must be among the most important. Unable to cope with these changes through fair trade and fair competition, some of the most powerful countries of the world have resorted to economic politics. Pressure is brought to bear on certain countries to limit export voluntarily or face quota restrictions. National laws are extended beyond national boundaries so as to limit competition. Stockpiles are used as economic weapons or even political weapons.

But when all these fail, the value of other countries, national currencies are force up or down in order to influence international trade. This is done without regard for the consequences to third countries. Exclusive clubs of the rich determine international financial policies careless of the effect on the rest of the world. And so countries like Malaysia which have always been very conservative when borrowing abroad suddenly find their national debts almost doubled.

But the pressure on certain countries to revalue have had other effects. One of the more obvious effects is that nations can no longer control their own currencies. That function has now shifted to the currency traders whose interests and priorities are certainly not the same as these nations whose currency they cause to fluctuate. Like all business people their main concern is profit and there is a lot of profit to be made when currencies change values.

With the kind of profits that can be made from currency trading, the trade in goods and services has been elbowed aside. The problem is that currency trading is

artificial because demands and supply are the results of manipulations rather than real needs. There is really nothing material that changes hands. Telephones and telexes move billions of dollars between Tokyo, London and New York without any regard for actual movements of goods or services. And of course the little countries can only suffer in silence. One day they may owe 50 billion, the next day 60 billion and if they are lucky they may have a national debt of 40 billion again on the third day. If some dealers suddenly decide to unload a substantial amount of a small country's currency, it may find itself suddenly poor whatever may be its financial policies or economic plans.

The situation is chaotic and anarchic and for a small country, quite unmanageable. It is unmanageable for big countries too but they are strong enough to survive.

In Malaysia we don't believe in devaluation. But our Ringgit has been effectively devalued because of the anarchy in the world's monetary system. We cannot prevent the de - facto devaluation of our currency but we are going to try to take advantage of it. We want to use our lowered cost to make it competitive in manufacturing and the provision of services. That is why we have been inviting investors to come here.

At one time Malaysia had the field to itself when foreign investments were concerned. Other countries did not welcome foreigners. But now other countries have changed their minds and we have to compete with them for foreign investments. We feel we still have many things going for us but for some reason or other we have been receiving bad publicity lately. I would like therefore to tell you something about Malaysia.

Malaysia is a multi-racial country. Other countries can claim to be multi-racial but generally the people of different racial origins are assimilated, speak one national language and have one national culture. To be an American citizen the immigrant has to speak English and generally absorb local culture. In Malaysia the different races do not have to speak the national language and they continue to practise their own cultures. If you can imagine the U.S. with 40% Vietnamese, 50% Caucasians and 10% blacks, all practising their own cultures and speaking their own languages, then you may have some idea of the multi-racial character of Malaysia and the problems to be faced when administering it. Many countries in Europe and America are not able to deal with even small doses of inassimilable people.

But Malaysia attained independence without racial or religious bloodshed and has remained politically stable and peaceful during its 30 years of independence (if we discount the limited race riots in 1969). This is no mean achievement. It speaks well of the peoples of Malaysia and their tolerance. In other multi-religious and multi-racial countries bloodshed would characterize most elections. But we have just had a general election recently when not a single drop of blood was shed. A lot of people are disappointed that this should be so. They had predicted dire consequences and results following the elections. Again Malaysians have shown that they are not only democrats but they are reasonable democrats as well. And where the opposition are really

favoured, they won. We don't have a situation where 99.9% of the seats are won by the Government parties, all with 99.9% majorities.

And all the while the economy boomed, with growth rates of 8% per annum. If today we are not doing so well economically it is not because we have lost the knack of managing our multi-racial country with its myriads of problems, but it is because outside forces have depressed the prices of our commodities, and played havoc with our exchange rates. But we will overcome. We have mapped out a new strategy which will regain for us the kind of economic performance we achieved before. We have a lot of things going for us, not least of which is political stability and a strong Government which has the support of the vast majority of the peoples of Malaysia.

The EMF's decision to hold its meeting here is to us a vote of confidence in this country. It is certainly an expression of your interest in the potentials of Malaysia as an investment centre. I don't think yours is an academic expedition designed to educate yourself. Nevertheless it pays in business to know what kind of a place you are putting your money in. If you rely entirely on news reports you are going to conclude that Malaysia is a dangerous place where the different races are constantly fighting each other, where religious extremism influences policies, where corruption is rife and red-tape entangles everyone, where bureaucrats are incompetent and a host of other vices prevail.

But compare what you read with what you see when you come here. Better still compare this country with other countries that you know. Countries that are badly administered tend to show physical evidence of this failure. Dilapidated roads, buildings, vehicles, public facilities, etc. will in one way or another reflect the failures of an administration. But in Malaysia, a developing country with a per capita income one-fifth that of developed countries, do you see these physical evidence of corruption, instability, inefficiency, etc? I will not answer this for you. There will be ample time for you to make honest assessments of this country. Then I am sure you will not rely too much on what you read about faraway lands.

Malaysia is not a perfect country. We have the usual quota of evils that plague human societies and countries all over the world. But this country works, this country functions, this country delivers. If we are not perfect it is because no country is perfect. Many developed countries have policies worse than ours. Try and get a work permit, an extension of stay, an import licence; try and deal with bureaucrats in some of these countries and you will feel like taking the first flight out. If Malaysia's practices and policies seem irksome it is because generally people feel that beggars cannot be choosers. We want foreign involvement in our economy while a lot of developed countries do not care for foreign investments. So we cannot be permitted the kind of regulations and bureaucratic obstruction that some countries seem to practise deliberately in order to discourage foreigners. We accept this limitation on us but even beggars must have their pittance.

We are not quite beggars. We don't ask something for nothing. We do have a lot to offer. The Government officials and others will tell you at length what we offer in exchange for investments in this country.

Being a democratic country Malaysia has the usual quota of malcontents who will tell you that all is not well with this country. We are liberal and they will no doubt be speaking to you in this forum and outside. For the sake of impressing, they have to exaggerate and suggest dark things. The more interesting tales will be told unofficially outside.

Malaysia is a country that is crazy about rumours. One day the country may be destroyed by these rumours. But in the meantime Malaysians generally enjoy spreading rumours. It is good for speculators in the stock market. They need movement in order to make money. And so you will hear things like "the PM will resign on a certain date" or "so and so is corrupt" or "the Ringgit is about to be devalued", etc.

Never mind that these rumours have been proven wrong repeatedly. Everyone like to believe and pass them on. Of course, some rumours are for fun. That they hurt the subject of this fun is fun. If they hurt the country, it does not matter. A juicy piece of gossip enlivens the conversation.

Corruption is a favourite topic for gossip. It does not matter that there is not a shred of evidence for these wild accusations which can drive away foreign investors. It is just too good a story to dismiss if someone whispers that such and such a minister is corrupt.

Ministers and Prime Ministers from many countries have come to Malaysia to lobby for contracts for their countries' private companies. Some even offer grants from their Government if a particular contract is given to a particular company. Indeed, some foreign contracts awarded by Malaysia are based on these grants given to the government. No one accuses these Ministers and Prime Ministers of corruption.

But a Malaysian Prime Minister or Minister has only to head a trade delegation abroad to be accused of corruption. The atmosphere gets stifling for Government leaders trying to promote the country's economy. In the end they try to avoid businessmen. Then they will be accused of being aloof and unhelpful. You are damned if you do and you are damned if you don't.

Certain quarters bemoan the lack of press freedom and maintains that rumours are necessary as the newspapers, they claim, print only Government propaganda. These quarters are not only quoted by the local press, but their views are sought and published on any and every issue. None of their views are supportive of the Government. Some even create racial and economic problems. But they get published anyway in this country where there is supposed to be no press freedom. Only the most blatantly provocative and damaging views attract the kind of punitive action they say the Government doles out lavishly.

I am sure you will be meeting them. While they tell you of the lack of freedom, of oppression by the Government, of discrimination, I am sure you will notice that they seem quite free to give their views. We do have law for detention without trial – a law we inherited from the British. But in a country of 15 million, there are about 30 people in detention – largely hard-core terrorists and their supporters who refuse to foreswear violence.

We have a multi-racial society. We see violence in many countries with multi-racial or multi-religious problems. We don't think anyone has the right to ferment racial fights in the name of freedom of speech. We cannot wait for riots and killing to take place before we act.

Freedom is not licence. Neither is it free. There is a price to pay. To have freedom one must also be responsible. We are fortunate in Malaysia because, by and large, the people are responsible. They are knowledgeable too. They know exactly what the Government is doing. Evidently they approve of it. Otherwise, why should they return the Government party to power, time and time again. Despite prediction by all and sundry that the people will curtail the strength of the Government in the recent elections, the people returned the Government Party with a huge majority. But the opposition also won seats.

What does this mean? It means that the people of Malaysia want political stability. As businessmen you must know the importance of stability, especially in developing countries where politicians tend to play a very big role. Political stability begets consistent policies, including economic policies. Nothing is more frustrating and unproductive for investors than having rules and regulations, and policies changed with the accession of each new Government. When the same party is endorsed by the people again and again, policies continue; they don't take a 90° or 180° turn and you feel comfortable.

But not everyone is happy of course. They try to find faults. If they cannot find, then they invent them. Thus one foreign newspaper said "The New Economic Policy set up in 1970 has succeeded largely in discouraging foreign investments".

This piece of nonsense is probably the result of wishful thinking. This newspaper for some unknown reason finds it impossible to say anything good about Malaysia. It is alleged that this is a business newspaper. It reads like "The News of the World".

But what is the truth? I can say without fear of contradiction that all the export-oriented operations that have come to Malaysia and made it a world leader in the manufacture of electronic semi-conductors, several rubber products, air-conditioners, and others were established after 1970, that is after the NEP was introduced.

The NEP does not represent a change in policy. We felt that if the poverty eradication and restructuring objectives of the NEP were to be achieved, we need foreign investors to help the economic cake to grow. And grow it did, although the particular newspaper chose to ignore this fact.

We are in the throes of an economic recession now. But is it due to the NEP? Fifty percent of Malaysia's economy has been based on the production and export of tin, rubber, timber, palm oil, petroleum, cocoa, pepper, etc. When the prices of these commodities collapsed by almost 60%, can the economy grow? Of course it will have to reflect this reduced export earnings. When we earn less money from exports, demands for all sorts of domestic products and services must also be adversely affected. The nett result is economic recession. Any person with any intelligence at all would have noticed that Malaysia's economic trouble began almost immediately after the fall in commodity prices worldwide. Incidentally intelligent people must have noticed that commodity producers like Australia, Indonesia, Thailand, and others which were prosperous before, also experienced economic recession at the same time that Malaysia went into recession.

Some will say, "Ah, why do you hold the NEP in abeyance if it has nothing to do with recession?" The answer is that we are not expecting to become as prosperous as we were in the halcyon days of the commodities, merely because there will be more foreign investments. What we are really after is jobs for the people laid off by the fall in commodity prices. The economic cake may not grow much but people must have jobs. They cannot wait for demands for tin to pick up.

Apart from foreign investments we have been doing a lot of things. We have cut back on our spending. We have limited our imports. We borrow less. We try to improve productivity. We diversify our agricultural base. We promote tourism. We do a whole lot of things which we hope will bring about recovery even if commodities never attain preeminence again. We have succeeded before and God willing we will succeed again, prophets of doom notwithstanding.

I said just now that Malaysia is not alone in having to face a recession. Our ASEAN friends, quite free from the NEP of Malaysia, are also experiencing recession. They too depend on commodities. And as a measure to overcome the short-term unemployment problem, they too have turned to foreign investors.

ASEAN countries are friendly competitors. With a population of 250 million and a higher per capita income than China, the ASEAN market is a rich market. Unfortunately it is not a common market. You cannot set up your production in one ASEAN country and market throughout the region. It is therefore not as attractive as you would want it to be. We agree with you. We are working on some reduction of tariff barriers. Next year the ASEAN Summit will be held in Manila and high on the agenda will be the question of a common market. We hope we can make a significant move towards it.

It has been brought to my attention that many medium-sized companies in Europe and other areas in the West, perceive Malaysia and ASEAN to be an exclusive territory of the developed countries of the Far East, and feel that European nations have little chance of succeeding in this market. This is not true. Neither is it true that the Malaysian 'Look East Policy' gives special privileges to investors from the developed

Eastern nations. The Malaysian 'Look East Policy' was enunciated to encourage Malaysians, not only in the private sector but also the Government, to emulate the work ethics, discipline, loyalty and consciousness for quality and other good values that have become the hallmark of Japanese economic dynamism in the world, and to an increasing extent that of Korea and Taiwan. Values are equally inherent in successful Europe and America. We feel that Malaysians would be able to accept these ideals more easily, if it is seen that other Asian nations have strived for and achieved this excellence. I would like to re-emphasise that Malaysia is an open economy and that every company has an equal chance to take advantage of the opportunities, incentives and facilities that we offer.

The Government has during the last year, and also recently, announced a series of new initiatives and measures relating to foreign equity participation, employment of expatriates, incentives, reductions in basic cost factors such as electricity, telephone, telex, and even raw materials available in Malaysia. I am sure these will be elaborated upon by other speakers in this Forum. I would like to urge all of you to look at the totality of what we have to offer. I am confident that on the basis of all the key factors that make up an investment environment, namely political stability, economic strength, growth potentials, infrastructure, incentives, availability of labour, raw materials, and generally the environment for living and doing business, very few countries in the world can exceed what Malaysia can offer. Therefore, we invite you to be our partners in the progress and development of Malaysia for your own benefit as well as ours.

SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE RISEAP FOURTH GENERAL ASSEMBLY
AT KOMPLEKS TABUNG HAJI, KELANA JAYA, SELANGOR
8TH. NOVEMBER, 1986

Syukur kita ke hadirat Allah Subhanahu Wataala kerana dengan limpah dan SrahmatNya dapat kita bersama-sama di majlis yang berbahagia ini. Saya mengucapkan terima kasih kepada pihak penganjur kerana menjemput saya ke majlis ini serta memberi peluang kepada saya untuk bertukar-tukar fikiran dengan para hadirin sekalian. Saya percaya banyak perkara akan dibincangkan di persidangan ini dan saya yakin persidangan ini akan dapat melahirkan sesuatu yang akan memberi manfaat kepada masyarakat Islam khususnya dan masyarakat keseluruhan amnya.

It gives me great pleasure to be with you at this Fourth General Assembly of the Regional Islamic Da'wah Council of South East Asia and the Pacific or RISEAP. This part of the world is, I believe, the only region where Muslim voluntary organisations have got together to cooperate with each other at the non-governmental level. I take this opportunity to commend RISEAP, under the dedicated leadership of YTM Tunku Abdul Rahman Putra Al-Haj, for its activities in Islamic dakwah in this region.

I have been informed that RISEAP has also produced a film about the Quran and science. I am sure it will constitute an important contribution to Islamic dakwah. In this technological age, Muslims must accept and apply modern technology to further spread the word of Islam. We cannot afford the kind of negativism which for a long time rejected all kinds of images, still as well as moving, as against Islamic teaching, only to be forced in the end to modify our views in the face of the realities around us. Similarly for a long time it was thought improper to fly in order to perform the Haj. Yet today because flying is cheaper and more convenient more Muslims are able to perform the Haj. Imagine how few would perform the Haj if the beliefs of some people that the only way to perform the Haj is to walk all the way to Mecca. These people seem to think self - torture is a way of getting merit in Islam. Rejection of new and technologically better ways of doing things should not be simply because they are new and better and impose less hardship on us. We should reject them only if they are completely contrary to Islam. Otherwise we should find some good uses for them which are not against Islam.

Most of the delegates to this meeting come from countries where Muslims are a minority. We are apt to consider our situations as unfortunate when compared to those countries where Muslims make up the majority and the governments are controlled by Muslims. Let us remember, however, that even in countries where Muslims are a majority, they are not always free from oppression or injustice. Let us not forget

how frequently Muslim countries fall into the hands of non-Muslim enemies because of the weakness or incompetence of Muslims. What is important is not our numbers but how we organise and work for our own benefit. Muslim communities who are minorities in many countries have remained true to the faith and have prospered because they assess the situation correctly and "use their tongue and their heart" as enjoined by Allah in the Quran. Practical plans, programmes and approaches should replace the misguided fanaticism which often divide and even destroy Muslim majorities elsewhere.

The need for education is one factor which seems to be common in most Muslim minority communities. It is fashionable for some Muslims to follow the Christian separation of education into religious and secular. When Muhammad s.a.w. enjoined upon the Muslims to seek knowledge even in China, he did not specify that the knowledge is secular. The important thing was to acquire knowledge, in other words to acquire education. The Quran also enjoined upon us to study the earth and the mountains and the camel, all of which are the creations of Allah. Again, there was no mention that these are secular knowledge. Because great Muslims like Ibn Sina, Ibn Rushd, Ibn Khaldun and others followed the injunctions of Allah and His Prophet to study these subjects, they did not become secularists. They became great Muslims instead and their knowledge have bestowed 'nikmat' not only on Muslims but on Mankind. If Muslims are to benefit from education they should forget this division of education into secular and religious. All education for the good of Muslims and Mankind are religious. The study of the Quran and the Hadith, if done with the intention of misusing them is no more religious than the study of other subjects with similarly bad intentions. It is the 'niat' and the application that makes any education good or bad. If we can appreciate this, then the mental block among Muslims about education can be overcome and we will be stronger and better able to defend and propagate our faith.

We are concerned about the leadership crisis which so frequently seem to plague Muslim organisations. The role of Muslim leaders, particularly in Muslim organisations, is to be the humble servant of the community, Islam and Allah. The leaders should not be motivated by desire for position, glory, prestige or benefits. There must be a real spirit and willingness to sacrifice among the leaders of Muslim organisations. We must ensure that only those with the intellectual, moral and spiritual capacities are chosen to lead Muslims. Those elected to office in any organisation must play an effective role, not remain apathetic and indifferent to events happening around them.

The essence of Islam is faith, the belief in Allah and His Prophet. Far too frequently we add another factor-exclusiveness. While we want Muslims to be together to safeguard their faith and the required expressions of this faith, it is not necessary for us to keep away from those of other faiths. How can we bring to them the message of Allah if we cannot meet them at all? How can we show them the goodness, the greatness and the tranquility of Islam if we never have contact with them at all?

The Prophet himself did not segregate the Muslims from the non-Muslims. Indeed from the very beginning his work was among the Jahiliyah including members

of his own family. He himself visited the Jews and attended their funerals. But we have decided to ignore this 'sunnah' of the Prophet. We confine ourselves to ourselves. While we feel free to accept charity from others, we restrict our charity only to those of the Faith. We seldom participate even in non-religious inter-communal activities. We reduce to the barest minimum our contact with others.

The result is that Islam tends to be the most misunderstood religion among non-Muslims. And because they do not understand, they are frequently antagonistic. There is unnecessary friction between us and them, whether we are in the minority or majority. They fear us and suspect that we are trying to force-convert them. They fear conversion because Islam is perceived as a series of restrictions on everything that they cherish.

We should ask ourselves now whether this segregationist attitude is Islamic and whether it is not doing Islam untold damage? If our 'iman' is strong, there is really no fear that we will lose our faith simply because we mingle with non-Muslims. Strong in our faith as Muslims usually are, the easy relations with non-Muslims will not affect us but it will diminish somewhat the unreasoning fear and antagonism displayed by non-Muslims, particularly the Christians. Muslims would then be more free to practice their faith without attracting the abuse and obstruction that often trouble Muslim minorities.

It is important for Muslim organisations such as RISEAP to cultivate a spirit of sacrifice among Muslims. All efforts of mobilisation and organisation will not be fully effective unless Muslims understand that they must devote some of their time, money and energy for the cause of Islam. They should not be always calculating the merits they gain in after-life for each act in the practice of Islam. A good act should be performed simply because it is good. Islam does not even require the beneficiary of the 'zakat' to be obliged to the donor because the beneficiary is merely taking his right. In Islam all praise is to Allah. We are not entitled to be praised for simply fulfilling the injunctions of Islam. A good Muslim should not expect returns, much less evaluate the merit gained, when he gives some of his time, money and energy as required by Islam in the interest of the faith.

Far too often Muslim organisations fail because of misunderstandings on the part of its officials. A negative attitude pervades the organisation when leaders fall out. The objectives of the organisation, certainly the real interest of Islam, fall victim to this petty squabbling. Unless we discard this attitude, Muslims will remain divided and weak.

Islam gives a sense of direction to a society but Muslim societies — whether Muslims are in a majority or a minority — often show a conspicuous absence of a sense of direction. Planning seems to be anathema to us. Despite the fact that we know that we have a duty to ensure the well-being of Islam and the Muslims, we confine our thoughts and energy to the immediate performance of our 'ibadat' only. And we interpret 'ibadat' in the narrowest sense, so that the welfare and perpetuation of the faith and the 'ummah' is often excluded as 'ibadat'.

Some people believe that belief in God and piety alone will ensure a revival of Islam. What matters most according to them is correct 'aqidah' or faith, and God will ensure the rest. They forget that in many regions of the world, Islam and the Muslims have been wiped out because they were not able to resist the onslaught of the intellectual and physical superiority of their adversaries. Had Mustafa Kamal been unable to retake Anatolia, for example, there would be no Turkey today. Certainly, the resurgence of Islam there would not be possible.

In spite of all the talk of Islamic resurgence, there cannot be any real resurgence and permanency without an intellectual base, a solid foundation of contemporary ideas and analysis derived from the primary sources of Islam — the Quran and 'sunnah'. Faith is important but faith alone cannot sustain all Muslims. The Quran has said that poverty is close to a lack of faith. In other words, our faith weakens when we are poor. If we take poverty to mean not just monetary poverty but to include poverty of skills, of ideas, of education, of intellectual capacity, then we must realise how close we are to losing our faith. If we are merely rich in religious knowledge and the performance of our 'ibadat', we may find ourselves quite incapable of defending the faith effectively.

In planning for Islamic resurgence, 'ijtihad' or intellectual struggle must go hand in hand with 'jihad' in specific areas. Due emphasis must be given to all aspects of society and allowances must be made for both unity of goals and diversity of actions. The solutions to the contemporary and future problems of Muslim societies must emerge from within the unified yet diverse intellectual heritage of Islam. We cannot go on devoid of original intellectual content. We must be willing to borrow ideas which are not contrary to our faith and to modify them as much as we must devise new ideas to meet the challenges of our times. The Quran and the 'sunnah' must guide us but we cannot solve present day problems by retreating into the past. The attempt by misguided Muslims to return to what they term as Islamic fundamentals has neither been successful nor has it helped to resolve the problems of modern day life. Indeed, it has endangered the situation of the Muslims by making them incapable of fending for themselves when faced with threats to their existence. The Muslims have always had to seek the help of others because they cannot help themselves and each other.

It is imperative that Muslims face reality. There is really no true Islamic resurgence presently. If there is, then Muslims would be dominant in the modern world. Instead, we are being battered and bruised not only by attacks by people antagonistic towards us but by the fighting among ourselves.

Sometimes we talk of the past glories of Islam. This really is an admission that Islam is not glorious now. It is not glorious because we have forsaken the true teachings of Islam. When we are asked to be brothers, we fight each other. When we are asked to seek knowledge, we discriminate against this knowledge and that knowledge. When we are enjoined to be honest, to work hard, to be disciplined, we discount these and seek only solace and merit in afterlife for ourselves without regard for the permanency and spread of Islam.

We have changed the values that Islam teaches us. We deny many of the messages in the Quran. Some even go so far as to say that certain parts of the Quran can no longer be accepted because they do not fit in with the interpretations that is currently favoured. Thus they say that the passage which permits others their faith and we ours, is no longer valid because they want Islam to be rigid and intolerant of others and their rights. Despite the injunction that there is no compulsion in Islam they would like to compel when they have the power to do so.

But the glory of Islam can be restored. There can be a resurgence of Islam if we return to the true teachings of Islam. This can only come about if there is 'ijtihad' in the true meaning of the word. Learned Muslims from all disciplines must give their thoughts to the correct interpretations of Islam. The reality of life in the twentieth century must be given due consideration. We must be prepared to admit that we may have been wrong in our pleasant interpretation and to correct them. Then and then only can a true Islamic resurgence take place and Islam's glory restored.

The tendency to condemn as heretical anything that we disagree with, must be resisted. We must have an open mind and whatever our status, we must be humble enough to remember that we are human as were the old interpreters of Islam. Therefore, we and they could have been wrong. It is inconceivable that if we follow the injunctions of Islam correctly we should be so oppressed in this world which belongs to Muslims as much as to others. The fact that we are, must be because we have done wrong or we have misinterpreted Islam. Islam, the religion perfected by Allah, cannot be wrong.

I now have much pleasure in declaring open this Fourth General Assembly of RISEAP.

**MESSAGE BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
IN CONJUNCTION WITH THE COMMEMORATION
OF THE DAY AT THE UNITED NATIONS
KUALA LUMPUR, 1ST. DECEMBER, 1986**

The Government and people of Malaysia join the international community in dedicating this day as the International Day of Solidarity with the Palestinian people. Malaysia reaffirms its support for the struggle of the Palestinian people in the restoration of their inalienable rights which have been denied them for so long.

The injustices and sufferings of the Palestinian people must trouble the conscience of the international community. The U.N. embodying the collective will of the international community must continue to assume the primary role towards redressing the Palestinians who have been dispossessed and uprooted from their homeland. Efforts will have to be continuously pursued by all. Palestinian rights to self-determination, independence and to statehood cannot be bargained away.

The U.N. has passed many resolutions calling on Israel to respect the rights of the Palestinian people. Such repeated calls by the international community have fallen on deaf ears as Israel continues with impunity to transgress the rights of the Palestinians in furtherance of its expansionist policy. The thrust of the Tel Aviv regime is to create a Palestinian diaspora to permanently annex Arab lands which it has captured in its wars of aggression against the Palestinian and Arab peoples.

Despite the obstacles before us, the U.N. must remain resolute in its search for a just, comprehensive and durable settlement. We must continue to reject the attempts by Israel to change the demographic character and legal entity of the occupied territories including the Holy City of Jerusalem. It remains an obligation on the part of the international community to also resist all attempts by Israel to obliterate the cultural, religious and national identity of the Palestinian people.

On behalf of Malaysia, I wish to reiterate our support for a just, lasting and comprehensive solution for the Palestinian people in their struggle for their inalienable rights to an independent homeland. In this regard, Malaysia welcomes the proposal to convene the International Peace Conference on the Middle East which should involve all the relevant parties including the PLO as the sole and legitimate representative of the Palestinian people.

On the occasion of the International Day of Solidarity with the Palestinian people, the Government and the people of Malaysia once again pledge our continuing and firm support in the Palestinian peoples' struggle for human dignity and justice and their inalienable right to return to their homeland.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE COMMONWEALTH SPEAKERS AND PRESIDING OFFICERS
STANDING COMMITTEE MEETING
KUALA LUMPUR
6TH. JANUARY, 1987**

It gives me great pleasure to welcome the Presidents of the Senate, Speakers, Deputy Speakers, Presiding Officers and other officials to Malaysia. I am honoured to be called upon to address this gathering and to declare the meeting open. We are happy that Kuala Lumpur has been chosen as the venue for this meeting and it is hoped that it will not only be successful but it will also be an enjoyable experience for you.

As I have stated on various occasions, the Commonwealth must strive to achieve more tangible and meaningful results for all its members. While it is true that member countries have benefitted from programmes such as the Colombo Plan, the Commonwealth Scholarship and Fellowship Plan and the Commonwealth Fund for Technical Co-operation, the changed world scenario today demands that the Commonwealth adjusts itself to this new environment. Inability to do so may result in the Commonwealth losing more of its credibility and effectiveness as an organisation set up with noble and virtuous objectives.

The world we live in today and the problems we face are both complex and numerous. The concept and practice of free trade, as we the developing countries are made to understand, have been eroded, principally by its original advocates. Generally what was insisted upon by the rich and powerful as the 'norms' for international behaviour and relations and adhered to by small and weak countries, have constantly been violated by the strong as soon as the weak learns to benefit from these 'norms'. The economies of the developing countries are not only at the mercy of the industrialised giants but these economies have now been almost destroyed by the rich nations. More, these powerful nations have exports of the poor to better themselves.

All these actions by the rich nations have made the developing countries quite disillusioned and almost helpless. Their attempts to industrialise and export their manufactured goods are obstructed by the walls of protectionism — put up by the industrialised countries not only to protect their domestic industries but also to deny the developing countries the right to compete in the international consumer markets. New rules and regulations are imposed by the rich nations from time to time to frustrate the attempts of developing nations to gain entry into the markets of the developed countries. Yet at the same time the rich and the powerful subsidised the production of their primary products which are then dumped in the developing countries, thus displacing competing primary products from developing countries. One cannot help but

conclude that the industrialised countries are deliberately denying the developing nations equitable participation in the world's trade. The Commonwealth may symbolize the end of political imperialism but there is reason to believe that the old imperialist nations have found a substitute in economic imperialism.

There is no doubt that much of the economic ills and problems of the world today are man-made and the result of selfishness. Consequently the solution to these problems requires human willingness and sincerity, particularly on the part of the developed nations. These economic powers must realise that as developing countries prosper they will become better markets for the manufactured products of the developed countries. There is no way whereby the developing countries, even if they industrialise, are going to produce all the manufactured goods they need. The Japanese, or even the Koreans and Taiwanese phenomena are unique. Even they have to buy certain products from the older developed nations. The other developing countries are not likely to reach their levels. Hysterical terms like Newly Industrialising Countries or NICs should never have been coined for they create fears which are not justified.

The question that comes to mind is what role can the Commonwealth play. Certainly the Commonwealth should not be just a comfortable old boys club. The founder members must exhibit their belief in it's *raison d'être* by not forsaking the Commonwealth whenever it becomes embarrassing or it obstructs their economic interest. If they do this, they cannot really expect the newer members to go on subscribing to the ideals and spirit of the Commonwealth. It is the disillusionment caused by the actions of senior Commonwealth members that have prompted Malaysia to institute a very careful study of the Commonwealth and its membership in the organisation.

From where we are, we see the Commonwealth having everything except wealth that is common to all its members. The wealth is in fact confined to a very few of us. We need not go into history and recriminate. But is there any reason why we cannot help those of us who are in dire need? Should we ignore their cries for help simply because economic considerations demand that we help the oppressor against the oppressed? Should we forsake them because we have found new friends and formed new associations?

One of the oddities of the Commonwealth is that the members are expected to have a similar democratic system of Government modelled after those of the original Commonwealth countries. The expectation is odd because prior to independence these countries had never had to obtain a mandate from the people. The system was completely authoritarian. Yet at the stroke of midnight these new members are expected not only to take over the responsibilities of Government but to practice a very specific type of democracy developed in alien and distant lands where the situation is as different as black is from white.

The most minute deviation from this democracy would draw the wrath of the self-appointed guardians from across the seas. The hounds will be let loose. Sundry rebels and charlatans will be listened to avidly as they condemn the prevailing

Governments. True, some tales of woe are real and need sympathetic hearing. But experience should teach us that new Governments which had successfully overthrown old despots are not necessarily better than their predecessors.

But what is happening in these self-righteous countries? While they condemn discrimination in other countries, they themselves practice the most blatant discrimination. They demand rights for minorities and races in other countries, which they are not prepared to give to similar minorities in their own. And they continuously instigate and encourage protest and disorder which they are not prepared to tolerate in their own countries.

If the Commonwealth is to survive and remain meaningful, there must be a radical change in the attitude of some of the members. Alternatively we should declare that it is a social club of English-speaking ex-colonies.

In September this year, Malaysia will play host for the third time to the Commonwealth Parliamentary Association (CPA) conference. It should not be taken as a measure of our commitment to the commitment to the Commonwealth concept. We maintain an open mind while we do our assessment of the Commonwealth. Nevertheless, we pray and hope that we will be convinced that the Commonwealth amounts to something — that wealth should indeed be shared and common. We are not asking for a redistribution of the spoils. But we do ask that no one take unjustified negative steps which will impoverish further the already poor.

You have a heavy schedule ahead of you. Nevertheless, I hope you will also find some time away from your meeting room to see a little of Kuala Lumpur, if not of Malaysia.

With these words I now have much pleasure in declaring open this meeting and wish you all success in your deliberations.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE FIFTH ISLAMIC SUMMIT IN KUWAIT
28TH. JANUARY, 1987**

May I, at the outset, express our deep appreciation and gratitude to the State of Kuwait for holding the Fifth Islamic Summit in this magnificent and hospitable city of Kuwait. Kuwait symbolises much of the strength and achievement of an advanced and progressive Islamic state, with which Malaysia is honoured to be in close and friendly relations. The choice of Kuwait as the venue of the Summit is very appropriate. The efficiency, hospitality and earnestness which have been shown here testify to the sincere commitment of the Government and the people of Kuwait towards the cause of Islam, the "Ummah" and Islamic solidarity.

On behalf of the Malaysian delegation, I would like to thank His Highness and His Highness's Government for the warm hospitality and courtesy extended to us.

May I also extend to His Highness Sheikh Jabir Al-Sabah our sincere felicitations on his unanimous election as chairman of this august gathering. His election is testimony to the recognition and respect that he enjoys as an illustrious statesman of great experience and outstanding ability. Under his wise guidance, I am confident that this assembly will be able to complete its work successfully and with distinction. We assure His Highness, that Malaysia would give its full support and cooperation towards the success of the conference.

I would also like to express our happiness and satisfaction over the presence of Egypt at this meeting. I am sure Egypt's presence will contribute much towards the objectives of the Organisation.

Our gathering is essentially different from meetings of other fora. Though many or even all of us belong to other groupings, our congregation in this manner every 3 years, while representing a community of nations is also a meeting of the Islamic "Ummah" in consonance with the injunctions of our holy religion, Islam. While we are Kings, Presidents and Prime Ministers, we are all faithful servants of Allah, and in accordance with the teachings of the religion of Allah, we must try, despite our human frailties and weaknesses, to common good of the Islamic "Ummah". The mantle of power that each of us wear as leaders in our own countries is but nothing before Allah if it is not used for the betterment of the Islamic world and the "Ummah".

The Islamic World may be fragmented into numerous political and ethnic entities but the brotherhood of the "Ummah" must and should transcend these divisions. For good or for bad, the 900 million Muslim "Ummah" impacts upon the world at

large. Our issues have become issues of world concern. Our wars have threatened the fabric of international peace. Whether we like it or not, we are as accountable to humanity as we are to the Ummah. In the eyes of Allah this is as it should be, for Muslims are as much the custodians of this world as are the others.

We can speak of the past glory of Islam, but really this is an admission of our present decline. The past is irrelevant and meaningless unless it teaches us the way out of our present failures. There must be lessons from history which can help us overcome our present problems; help us achieve greatness again. Indeed the Hadith, the true traditions of the Prophet are a part of our historical heritage, and are meant to guide us. But we frequently ignore them in favour of our ambitions and passions.

If the Muslim world was before like a meteor containing within it the human treasury of knowledge, the wisdom and insights that have made permanent contributions to the betterment of mankind, today it is weak and divided. The spirit of Islam is missing. Unity and brotherhood is largely absent. We are left only with the rituals in most cases.

That the machinations of the outside powers have resulted in the appearance within our midst of the State of Israel intended to permanently drive a stake into our hearts is undeniable. It is equally undeniable that our eclipse came also from our own weaknesses as we let our ambitions and passions take over. Driven by doctrines alien to us, we have built walls around ourselves so that our common faith, Islam, can no longer penetrate and bring us together. We fight wars and foment revolutions and interfere in the affairs of our Islamic neighbours in furtherance of our ideology or the needs of our mentors.

The Conference of Heads of States and Heads of Government of Islamic countries is the supreme gathering of the Muslim world. It must be here that we ponder and deliberate over problems and issues by falling back on the essence of our faith for the further progress of the Muslim world and "Ummah". If we meet in a salubrious surrounding such as this only to repeat yet again the points we made at the General Assembly of the United Nations or the Non-Aligned Movement, it will all add up to a wasteful and futile exercise. It pains us to have others outside our fold talk with derision of our fractious gatherings, all sound and fury from which emerge little that is of consequence.

The world around us has changed tremendously, due in some measure to the enlightenment that Islam brought to the world in the early centuries after the demise of the Prophet. It is questionable whether in the context of a world of scientific advances and an accelerated process of change, we from the Muslim world have taken our rightful place. If we have not we must refocus our attention to the changing world outside or else the Muslim people will be left forever at the periphery, helpless even to defend ourselves and our faith. In essence we must rekindle the vision of a dynamic Muslim community. The fallacy of regarding the Islamic way of life as con-

fined solely to codifying the "dos" and "don'ts" will shut the gates of "IJTIHAD" - the quest of knowledge, judgement and reason in accord with Muslim values and mind. It is time that we discard outdated interpretations which still linger in our thinking that this world and all its wealth and potentials are not for us - that our reward is purely in the Hereafter.

Economic and technological progress in the Muslim world has been tortuously slow. Islamic nations reel under the impact of a world economic recession and an increasingly uncooperative developed world. These are the realities. Whether we like it or not, what others do will effect us. We cannot shut ourselves in as we used to do in the days of the camel and the sailing ships. If Islam is for all times, then its followers must know how to handle the changes that effect us.

With North-South efforts abandoned, greater effort must be made for the implementation of a network of cooperation among member states of the OIC and other developing countries. While this will take time to materialise it is important that a start should be made now. We appreciate the special efforts of Turkey as Chairman of the Standing Committee on Economic and Commercial Cooperation.

In the eyes of Allah Subhanahu Wataala, all Muslims are equal. If they differ it is only in the degree of their submission to the will of Allah. In the affairs of the Muslim world, all Muslim have equal right to be concerned and to act. No particular race or nation or ethnic group has more right than others when something that effects the faith and the well-being of Muslims is involved.

We deserve, therefore, to have our affairs and our problems given equal and fair treatment. Yet, we find that on the basis of Islamic universalism, some countries claim special rights to disregard boundaries and sovereignty. However, these same countries object to the slightest violation of their own territories.

We would like to think that the Muslim "Ummah" forms just one single integrated community unseparated by boundaries of race or worldly ideologies. And indeed they do belong to one community when their faith and religion is threatened or besmirched. But otherwise there is a need to acknowledge that we do belong to separate countries and races in matters that do not threaten the "Ummah" as a whole. There should therefore be no interference in the purely domestic affairs of each other. There should be no subversion or instigation merely because we do not like the rulers of a particular Muslim country or their system.

Yet we find that the problems of the Middle East have become a web of power rivalries and intrigues among Muslim states to the extent that the central issue that is the restoration to the Palestinians their homeland and to end the desecration on our holy shrines in Al Quds has been side-stepped? Why have we, through our strife and discord, enfeebled ourselves to the extent that there is hardly any resistance left against the rampaging Zionists? Any perceptible chance of a real solution in the Middle East now depends primarily on the initiatives of others, not us. We have at va-

rious OIC meetings declared our unity of purposes on this matter but the fact is, we remain in disarray. When we should all be behind the PLO, some of us plot for the downfall of its acknowledged leader, Yasser Arafat.

The Iraq-Iran war is further evidence of the manipulation of religion in the interest of narrow nationalism. The war has become a monster, a vehicle for the destruction of Muslims and their faith. We see and we know of the hands of superpowers in the perpetuation of this hideous war. We know they want to perpetuate this war for their own purpose, to ensure the continued weakness of Muslim countries and prevent the solution of the Palestinian problem. But it is saddening that there should be Muslim countries, knowing all these, working hand in glove with the enemies.

Islam is concerned with justice everywhere. Justice is not for Muslims alone. It is for everyone. Just as we do not want to see Muslims oppressed, we cannot just stand apart and watch others being oppressed with injustice. It is for this reason that we must strive to bring about the demise of the apartheid regime of South Africa. If there are Muslims in South Africa who are also oppressed, we should be even more concerned. It behoves us to cut all trade and economic connections with the dastardly regime of South Africa.

Malaysia is also gratified that two major issues have now been included in the agenda of the OIC. I refer to the status of Antarctica and the drug problem. The concern of this Conference will strengthen the efforts to make Antarctica accessible to everyone, while the fight against drug addiction will be more like to yield result.

There is a catalogue of other problems and tragedies in the Muslim world which have already been mentioned by others in this debate. I do not propose to repeat them except to say that I share the views expressed. Fortunately the grim picture that has been painted is pierced by one small ray of hope.

For a long time the OIC has been striving to bring to a successful conclusion the struggle of the Moro people of the Philippines. The efforts of the OIC have now resulted in an agreement which will accord autonomy to the islands peopled by Muslims. We congratulate the office of the OIC which has helped in bringing about this agreement. We hope that both side will honour the agreement and this problem in the Islamic world can be taken off our agenda.

Malaysia hopes that this Conference will be fruitful for the "Ummah" and the Muslim nations. We pray for peace among Muslims and we pray for all those Muslims and Muslims nations struggling to be free from alien oppressors.

Malaysia will play its role as a Muslim nation without fear or favour and will continue to support the Organisation of Islamic Conference in its work towards Islamic unity and the well-being of the "Ummah".

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER HOSTED BY
THE PRIME MINISTER OF INDIA, HIS EXCELLENCY
MR. RAJIV GANDHI, NEW DELHI, INDIA
29TH. JANUARY, 1987**

It is, as always, a great pleasure to be in New Delhi, a city that I have visited on several occasions in the past. Successive Malaysian Prime Ministers have always found a warm and friendly welcome on their visits here, which I think attest to the excellent relations between our two countries. I am especially honoured, Mr. Prime Minister, that despite the tremendous demands upon your time and that of your colleagues and officials as well, the welcome accorded to me and my delegation has been as unstinting and meticulous as they could possibly be. Allow me to thank you on their behalf as well as mine for your very warm welcome and hospitality.

We are meeting, Mr. Prime Minister, at a time of extreme confusion in the affairs of the world. Change, a normal enough situation in international relations and dealings has become greatly accelerated. We have not only to adapt to these changes but also to the speed that they take place. Technology has advanced so fast, particular in the field of communication, that there is literally no more domestic problems. All problems have been internationalised. Since we have never really been able to resolve international issues, our capacity to deal with domestic issues has shrunk with their internationalisation. Indeed, everyone now claims a right to solve our domestic problems even though most have never been able to solve their own domestic problems. The fact that situations and even public mores differ receives no consideration. Still we must soldier on for we are indeed living in a global village.

It is a matter of deep satisfaction, Mr. Prime Minister, for me to observe that India has equipped itself well for the onslaughts of the future. You and your Government have not allowed the complexities of our times to blunt your resolve to find imaginative and workable solutions for the many problems that confront the world. We note with appreciation the initiatives that India, alone or in concert with like-minded nations, have taken, to ease global tension and distrust, to bring more equitable economic order and to search out and build new linkages among and between nations. These initiatives are by no means easy to sustain but we hope you will persevere for the common good. We in Malaysia extend our full and sincere support to you in these endeavours.

India and Malaysia have much in common. Throughout history your country and mine have maintained links of the most pervasive kind. These links have never been

broken. Our peoples have freely interacted with one another. Today these links have achieved impressive breadth and depth, reflecting our greater inter-dependency even as we pace each other's growth.

It is perhaps natural, Mr. Prime Minister, that such a freely developed bilateral relationship should allow for the development of a political relationship marked by uncommon understanding. We share membership of many overlapping international groupings in which we share common perspectives and basically common approaches. The great moral and ethical problems of our time, — racial injustice and political repression under the obscenity of apartheid in South Africa, Israel's illegal occupation of Arab lands and continued opposition to the creation of a Palestinian State, occupation of Afghanistan and Kampuchea by foreign forces, ever-widening North-South economic inequities and the ever-escalating arms race require that we work together to strengthen international solidarity to resolve them. The Solidarity Fund for Southern Africa which you are so ably chairing, the International Commission for South-South Economic Cooperation under the Chairmanship of Dr. Julius Nyerere and the Five Nation Disarmament Initiative with which you are deeply associated, are the kind of endeavours reflective of the determination of countries such as ours to initiate fresh approaches to seemingly intractable international problems.

Closer to home, Mr. Prime Minister, both India and Malaysia, in concert with our regional partners, are pushing the frontiers of mutual goodwill and cooperation as far as they are politically and economically practical and feasible. We in ASEAN will celebrate the completion of our second decade in 1987. Much has been done but even more are required to be done. Our experience teaches us that the conscious effort at consultation and cooperation invariably develops a momentum of its own and after a time becomes irreversible. We have watched with admiration the achievement of South Asian countries in making regional cooperation under SAARC a reality. In just two short years you have, through collective commitment, impressed SAARC on the global consciousness. We in ASEAN look forward to constructive engagement with SAARC in the near future.

As India and Malaysia march forward in consonance with the dynamics of change, I wish to record my firm conviction that the ties that bind us throughout history will become ever stronger. My visits to your country — and this particular visit is no exception — have been altogether too brief for me to appreciate fully the complexity of the Indian subcontinent and the magnitude of the tasks that you have set for yourself. But from what little I have seen and heard each time, I am acutely aware of the quantitative and qualitative progress that your country, through successive inspired leadership, has achieved. During this visit I shall have the opportunity to acquaint myself with some of the progress through the years, and I hope it would not be too long before you, Mr. Prime Minister, can venture to "discover" Malaysia. Our mutual progress offers, I believe, excellent opportunities to explore new complementarities even as we seek to entrench previous and present ones. India's relations with Malaysia are very much in the idiom of that great percept of Indian civilization — the notion of "change within permanence". In that spirit I look forward to expanding, in scope and depth, the several discussions that we have managed to exchange during our past encounters over several international conferences.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE 37TH. SEMI-ANNUAL CONFERENCE OF
THE ASIA-PACIFIC COUNCIL OF AMERICAN CHAMBERS
OF COMMERCE, KUALA LUMPUR, 3RD. APRIL, 1987**

I am very pleased to be here this morning to address the 37th. Semi-Annual Conference of the Asia-Pacific Council of American Chambers of Commerce (APCAC). I believe the APCAC is an important and influential business organisation in the Asia-Pacific region. Hence your meeting here today is of particular significance to Malaysia.

We are honoured that Kuala Lumpur has been selected as the venue for your meeting. It will help to publicise Malaysia, the least known of the ASEAN countries. We cannot attract people to invest here if they do not even know where we are.

Much has been said about the Asia-Pacific region being the next growth centre in the world. It is a fact that over the past decade, high growth rates were the norm in this region. Although a number of economies have been adversely affected by the world recession, including the Malaysian economy, future growth prospects for the Asia-Pacific basin are considerably brighter than in most other regions. The abundant natural resources, a responsive labour force, dependable infrastructure and overall stability are features which will contribute to this optimistic view.

Despite this optimistic picture, we cannot deny the fact that the world is going through a critical period. Radical structural changes have taken place which require new approaches. Commodities can no longer be relied upon to give a fair return. Currencies have lost their stability completely. Despite publicly-declared commitment to de-regulation, Governments are much more involved in regulating world trade, urged on by the very people who demand less Government interference.

It is a measure of our faith in good common sense and confidence in our skills that risks are still being taken in business. Malaysia is a beneficiary of this faith and confidence as witnessed by the continued investments in this country. Today the big names in American industries, particularly the electronics, are well represented in Malaysia. And they have mostly done well - National Semiconductor, Motorola, HP, Mostek, Monsanto, RCA, General Electric and the rest. I am sure more will be coming if they care to ask their friends (or rivals) who have been here already.

US Among Five Major Investors

The United States is today one of the five major investors in Malaysia. According to the latest survey by manufacturing companies in production, a total of 96 existing

manufacturing and tourism projects in Malaysia have American interests, involving a total paid-up capital of RM287.6 million and fixed assets of RM663.7 million. These figures do not include American multi-nationals which have sourced their funds from third countries such as Singapore, Hong Kong, Bermuda and Europe. They also exclude investments by major oil companies.

In 1986, of the 448 projects approved for the year, 25 projects were with American equity amounting to RM17.1 million. Sixty percent of these projects were in fact expansion projects, clearly demonstrating the continued confidence of existing American companies in the investment climate in Malaysia.

As I said, Malaysia is not well-known to Americans, particularly the small and medium size American businesses. Hence only the well-known companies are represented here. True, medium and small industries seldom go abroad. But we think we can offer them some advantages.

In our effort to promote Malaysia, several major programmes have been planned for this year. In May/June of this year the Malaysian Industrial Development Authority (MIDA) will be organising a series of round-table meetings in the U.S. to cover the cities of Boston, Dallas, St. Louis and Washington D.C.

In conjunction with 'Internepson', an exhibition of electronic semi-conductor and related service, which will be held in Kuala Lumpur in July this year, MIDA will be organising a seminar-cum-study tour for participants attending the exhibition, who are mainly expected to be Americans.

Another major investments/trade and tourism seminar covering the cities of Los Angeles, Chicago and New York will be held in September/October this year.

In early 1988, MIDA will organise a seminar whereby U.S. companies will be invited to attend an investment forum and study tour in Malaysia. It is hoped that these measures would assist in making Malaysia a little more known to Americans, especially American businessmen and entrepreneurs.

Export-Oriented Industrialisation

The emphasis of Malaysia's development will be on export-oriented industrialisation, accelerating growth in priority industries selected on the basis of world comparative advantage, manpower development, and the acquiring of technological capability. We believe that our future lies in the greater value-added secondary and tertiary processing of our raw materials and in higher technology industries. Industries located in Malaysia utilising these resources will enjoy certain comparative advantages.

I will not enumerate what these advantages are, but the Government has taken steps to make them more tangible. Thus the Government has taken a number of

measures over the past years such as giving greater flexibility to manufacturers in starting up new projects, for capacity expansion and for product diversification. We have further relaxed the guidelines for foreign equity participation in the manufacturing sector and provided attractive tax incentives for the manufacturing, agriculture and tourism sectors. The Government has also launched the New Investment Fund (NIF) to channel funds at preferential rates of interest for the financing of new productive capacity in manufacturing, agriculture and tourism. It is hoped that these measures would further stimulate investment activities in Malaysia's manufacturing sector.

We have also announced new conditions for foreign equity and expatriate staff which I believe you are already familiar with. These new conditions are applicable to new foreign investments in industries whose products will not compete with products presently being manufactured locally for the domestic market. They also apply to expansion of foreign-owned or partly foreign-owned industries which do not compete against existing local industries.

These new incentives have met with enthusiastic and quick responses from our traditional foreign investors. I am sure American investors will not be found wanting.

Benefits of Relocating

The ASEAN common market still remains a dream for the future, but we are working hard at it. There is every likelihood that some of the barriers will come down and a market of 250 million people with higher purchasing power than the billion people of China, will open up. When it does, those industries already in place are bound to enjoy certain advantages. Locating your industries in Malaysia or in other ASEAN countries can mean good foresight in investment. Already the foreign partners in two major ASEAN Industrial Joint Ventures are reaping huge profits.

The theme of your conference "Meeting the Competitive Challenge" is indeed appropriate, especially for this region. There is strong competition not only between investors keen to invest in this fast growing region, but also between countries competing for foreign investment. Malaysia is fully cognisant of the fact that investment incentives exist in other Asia-Pacific countries as well, but remains confident that our track record as evidenced by the presence of a large number of American firms here, will stand as effective testimony to our capability and dependability. In addition, the new range of investment incentives that we have introduced should continue to make Malaysia a very attractive investment proposition.

As representatives of American companies operating in the Asia-Pacific region, I believe your experience and exposure to the region will no doubt contribute towards a greater awareness among the business sector in the United States of the potentials that Malaysia can offer. American technology and know-how combined with Malaysia's natural and human resources can result in mutual benefit for Malaysia and the American investors as evidenced by the many successful American ventures to

date. I would therefore urge you to consider Malaysia as an alternative location in your plans for expansion in the region.

A Preferred Investment Source

Although Malaysia welcomes foreign investment from all friendly countries, the United States has always been a preferred source because of the technology and expertise that American corporations have to offer. We hope that American investors would contribute toward the development of this country by imparting their expertise and technological know-how.

A word about protectionism. It is the surest means to reduce world trade and impoverish the already poor. Thus markets will shrink not only for products of developing countries but those of developed countries as well. Poor countries cannot buy the capital and consumer products which they can never manufacture themselves. Reduced world trade in the end will impoverish all of us - i.e. the developed and the developing countries. As American businessmen very much involved in foreign trade, I know you will agree with me. I commend your efforts to make the U.S. Government appreciate the need to reject protectionism.

I would like to thank the Asia-Pacific Council of the American Chambers of Commerce for inviting me to share my views with you at this meeting. I know you have worked hard in the past few days but I do hope you have some time off to see a little of Kuala Lumpur and perhaps after the meeting, a little of the rest of Malaysia. I wish you success in your deliberations and hope your meeting here today is another indicator of greater American interest and desire to participate in Malaysia's economic development and progress.

UCAPAN PERDANA MENTERI
Y.A.B. DATO' SERI DR. MAHATHIR BIN MOHAMAD
DI PERASMIAN SEMINAR PENGURUSAN ISLAM ANJURAN BERSAMA
BANK PEMBANGUNAN ISLAM (IDB) DAN KEMENTERIAN PELAJARAN
PETALING JAYA, 6HB. APRIL, 1987

*A*lhamdulillahirabbil alamin wasalatu wasalamu ala syidina Muhammadin wa ala Alihi wasahbihi ajmain. Segala puji bagi Allah Subhanahu Wataala dan salam sejahtera ke atas junjungan kita Nabi Muhammad s.a.w. Dengan izin Allah kita dapat bersama-sama pada hari ini untuk menjayakan Seminar ini.

Saya ingin merakamkan ucapan penghargaan dan kegembiraan Kerajaan kepada Bank Pembangunan Islam yang telah memilih Kuala Lumpur sebagai tempat mengadakan Seminar ini. Saya juga merakamkan penghargaan kepada Kementerian Pelajaran kerana menjadi penganjur bersama Seminar ini. Adalah diharap Seminar ini akan berjalan dengan lancar dan memberi faedah kepada kita semua. Saya yakin hasil dari Seminar ini kelak boleh membantu negara-negara Islam, termasuk Malaysia, dalam usaha memperbaiki lagi pengurusan masing-masing.

Seminar ini disertai oleh peserta-peserta dari luar negeri, dan oleh itu saya meminta izin untuk menyampaikan ucapan saya seterusnya dalam Bahasa Inggeris.

Praise be to Allah, from Whom we seek aid, guidance and forgiveness. And the blessings of Allah on His noble Prophet Muhammad s.a.w., his family, his friends and followers till the end of time.

It is indeed an honour for me to have been invited here to open this Seminar on Islamic Management, jointly organised by the Islamic Development Bank and the Ministry of Education. I hope that this Seminar will try to muster the experiences and ideas of the participants to assist in achieving a dynamic, thriving, and practicable Islamic system of management in the modern world.

As we are all aware the religion of Islam is not determined by the acceptance and practice of rituals alone. Islam is a way of life, a practical religion which guides and provides for dealing with every aspect of life. Muslims cannot continue to be satisfied with vague statements that "Islam is a complete way of life" with no attempt to operationalise Islam's eternal ideals in our practical day-to-day life. If we say that Islam is for all times then we must apply it to the conditions prevailing in our times. Any attempt to recreate the state of affairs at the time of the Prophet, in order to enable us to practise the teachings of Islam would be an admission that Islam is good for Arabia in the 7th. century of Masihi or the 1st. century of the Hijrah only. Such a tacit admission would be contrary to Islam.

The challenge of developing a modern management system compatible with Islam and yet capable of competing with the current Westernised system is only daunting because we emphasise difference as being the essence. And so we strive to change all the practices in order to be different. Yet Islam is not Islamic because it differs from the earlier religions of the book. Indeed there are many origins, ideas and concepts in Islam that are identical with those of the Christians and the Hebrews. Islam is Islam because it practises the holy and noble values which the others either did not have or have discarded. It is these values and practices which distinguishes Islam and makes it a way of life rather than a set of rituals for the hereafter. And these values are for all times and are compatible with any and every age and situation.

An Islamic system of management in the fifteenth century Hijrah must of necessity be a new and modern experiment directed towards achieving the goals of Islam and translating its values and principles in the context of present day life. The Quran and the Sunnah are the primary sources of course, but there is also a great deal to be learnt from the history of the Muslims who ruled most of the civilised world for centuries with one of the most efficient systems of management and administration known to mankind.

However, the challenge for those who would try to seek out ways of Islamising the discipline of management by reference to old practices and books, is made more difficult by the neo-conservative approach of some Muslims who demand a total re-introduction of a hotch-potch of ossified ancient laws and regulations devised to deal with situations which have long since disappeared. Past practices may be used as guides but they are certainly not an intrinsic part of Islamic dogma. The static traditionalism of some Muslims whose taqlid-orientation goes against the dynamism of the Quran has meant that they have divorced themselves from human needs and conditions. These scholars have given the legal decisions of the early Muslim jurists the value of eternal law elevating them to the status of divine authority. Such is their insistence that even when these old authorities contradict the Quran, no one may dispute them. The role of *ijtihād* is forgotten or circumscribed and that of *al-istislah* or public interest not even mentioned in passing.

Apart from drawing out the general and ethical principles from the specific rulings of the Quran, we also need to learn to analyse contemporary reality using the basic and eternal concepts of Islam. It must be remembered that the early interpreters of the Quran and the Sunnah worked within the context of the situation prevailing at their times. They were not wrong. But the times and the situations have changed much and what was appropriate then may not be so now. The Quran and the Sunnah serve to guide us. Only on exceptional matters are they specific. For the rest, what is required of us is to stay within the guidelines when we formulate or devise solutions to our contemporary problems.

Indeed, that was the way of the Muslims during the glorious era of Islam. The end of this glorious period came when rigidity set in and the changed conditions were ignored when interpreting and formulating the *fiqh*. If after 800 years Muslim Spain finally fell into Christian hands, it is because the Muslims and their administrators and managers failed to recognise the changed situation and tried to solve 15th. century problem with 7th. century methods.

fair and efficient Islamic management. It is my belief that what this Seminar will come up with will constitute an 'ijihad'. It must therefore examine interpretations of the Quran and Hadith in the light of the management problems faced by Muslim societies at present. If we fail to consider that point, we will fail to ensure that Islam is a religion for all times.

I pray that you will achieve success in your pioneering deliberations. It is with this hope and in the name of Allah the Merciful and the Compassionate, that I declare open this Seminar on Islamic Management.

ment and development," is thus most appropriate and relevant. The considerable influence that you still wield, would, we hope, lend meaning to your deliberations.

Within the space of some twelve years from now history will record the flow of time into not only a new century but also a new millennium. Rightly we should be moving into the twenty-first century with a sense of pride and accomplishment considering the tremendous strides that mankind has achieved in the twentieth century. We have seen the world undergo a massive transformation particularly in technological terms. The scientific achievements that have come about are particularly astounding in the fields of communication, transportation, medicine and space. Many of us today fly around the world in a 747 without so much as a minute's reflection upon the fact that the whole aircraft is about twice as long as the distance the Wright brothers were airborne on their maiden flight only eighty years ago.

In our enthusiasm for the good life made possible by science and technology, we often forget about the miseries which accompany this so-called progress. There is a price to be paid for all these progress. Far too often it is the poor who have to pay. Thus the miracle of laser and fibre optics have forced the closure of copper mines with the accompanying unemployment of workers in developing countries. Pollution from chemical wastes have blighted the lives of many, of which Bhopal is just one poignant example. Advances in the technology of food production should reduce starvation. They do, but they also impoverish the farmers of developing countries by the resulting gluts and drops in prices.

The art of war has become the science and technology of war. As new weapons and counter-weapons are invented the meagre treasuries of poor countries are emptied in an attempt to acquire expensive defence systems. Even as a country buys a new weapon it is told that it will be obsolete as an improved version or a counter-weapon would be in the market in a year or two.

Science has saved many lives but one wonders what are these lives being saved for? Even as one wonders, the population keeps growing. We are told by Malthus that if we don't control population growth, we will outgrow our food supplies. Is this true? Not for the present at least. We now have more food than we can consume. But such is the economic system we have created, that those who most need the food are unable to pay for it. And they are unable to pay because those who can afford have destroyed their means of earning sufficiently to buy the food. The fall in commodity prices, restrictive trade practices by the rich, unfair competition by the technologically advanced, control of the means of transport, the sponge-like soaking of investment capital by the rich and a host of other factors have all combined to make the poor even poorer.

And so the lives that science saves and the consequent growth of population have merely compounded the problems that plague our planet. Telling people not to multiply is not the answer when the problem is in the economic injustice of a system that favours the rich and the powerful.

The poor in this world have as much desire to breathe fresh unpolluted air as anyone else. They do want to live in an environment that is naturally clean and beautiful. Bhopal and Chernobyl horrify them. But the problem is affordability.

If they cut down trees for firewood it is because they cannot afford other fuels. If they tear down their ancient forests it is because they need the money from the timber they sell. If they treat their country like a huge rubbish dump it is because they cannot afford expensive waste treatment and disposal.

It is right to want to preserve the pristine beauty of nature. But if the only way for the poor countries to earn money is to export logs at very low prices, can they be blamed for tearing down their forests? Pay good money for their timber and set up factories in their country to add value – these will obviate the necessity for them to decimate their beautiful forests. Boycotting the use of timber and turning to substitutes like plastic will only impoverish them and force them to chop down more trees to maintain what little they have been earning.

In Malaysia we are concerned about the environment too. But environment costs. There will be no pollution from palm oil factories if the factories can afford to pay for pollution-control equipments. But when palm oil prices are forced down by subsidised production of competing oils, environment and pollution become secondary to the more pressing needs of earning minimal profits.

Actually for most developing countries the problem of environment is academic. More important is development. Aid is important. Soft loans are welcome. But it is important not to take away with one hand what the other hand gives. Development aid will not help if the resultant development is negated by restrictive trade practices.

No country wants to live on aid forever. Every country wants to earn money for itself. This it can do only if there are no trade restrictions. The incentives offered by developing countries for export manufacturing can only be worthwhile if the developed countries open their markets.

The trade wars of the rich should not result in blanket restrictions which affect developing countries. Restrictions should be discriminating in favour of developing countries. The rich should be allowed to avail themselves of the favoured treatment of developing countries if those countries themselves are unable to produce on their own. What matters is that the developing countries are able to reap some benefit which can contribute to their development.

What we are seeing today is a near total disregard for the poor. Seven rich countries meet and make decisions in their favour without any regard for the rest of the world. Thus to solve their trade imbalances they decided to revalue the Yen and Deutschmark and undervalue the American dollar. For Malaysia, for example, this decision has pushed up her Yen loan by 70% while reducing her earnings from petroleum exports. And very much the same thing has happened to other developing countries.

This is what happens when the rich become inward-looking. Multi-lateralism is left battered, condemned to a slow death through fund deprivation. And the poor pays the price even as it gets poorer.

We have yet to learn to accept the fact that we are interdependent. There are some who think that they can be rich in the midst of poverty. History has taught us little. It is almost as if someone is again saying, "if you have no bread, why not eat cake instead."

Actually enriching the poor will enrich further the rich. After all we cannot escape from being the market for the rich. The more spending money we have the more things we will buy from the rich.

It is in this context that we see the role of the InterAction Council. You may no longer be wielding power. But you do have influence. You are the conscience of the world. We welcome you here in Malaysia because we think the world needs its conscience now more than ever.

The greatest achievement of the post-war years is the liberation of so many colonial territories. How tragic it would be if the good work done by far-sighted leaders of those years are negated by a slide towards a new and no less debilitating form of imperialism. We do not like to talk of neo-colonialism. A lot of work has gone into discrediting the word. But neo-colonialism does exist. The term is not important but the fact is.

A few people, able and famous though they may be, cannot resolve all the problems that beset our planet today. But if you can manage to prick the conscience of the powers that be, that would have done the world and the cause of the poor nations in particular a great service indeed.

I am not a member of your organisation and I hope that the next few days would not qualify me to be a member of your organisation. Nevertheless, I would like to thank Your Excellencies for this opportunity to share my thoughts with you. I wish you every success in your deliberations and I hope you have a pleasant stay in this country.

**STATEMENT BY THE PRIME MINISTER
Y.A.B. DATO' SERI DR. MAHATHIR BIN MOHAMAD
TO THE GENERAL COMMITTEE AFTER TAKING THE CHAIR
AS PRESIDENT OF THE CONFERENCE IN VIENNA, AUSTRIA
17TH. JUNE, 1987**

Thank you Mr. Secretary-General for having officiated the occasion. I remain indebted to you for your kind sentiments. Your commitment to the fight against drug abuse and illicit trafficking is well-known. It was your address at the Economic and Social Council on 24th. May, 1985 calling for a global concerted and comprehensive undertaking that has brought about this Conference.

I am very grateful for the honour you have conferred on me, to preside over this Conference on Drug Abuse and Illicit Trafficking. I can only promise that I shall do my utmost to ensure the success of this Conference. I accept this heavy responsibility with some trepidation but I am confident that I shall be guided by your collective wisdom and the unswerving unity of purpose on an issue, a scourge, that spares neither individual nor institution. We have before us an important task, a fateful one. In the next several days we must harness all our determination and our expertise to chart a clear programme to rid us and the society we live in of the cancer within our midst; drugs and the peddlers that make profit from human misery. Let us therefore work towards ensuring that we accomplish this task to the best of our abilities in order that the world will benefit from it.

Time and effort move in a continuum. It is a truism that the major achievements of Man have been the result of hard work in a continuing process - of responses to changes and challenges in dynamic situations. It is equally true that major achievements have been made possible because we pause along the way to take stock of the situation, to make critical adjustments before we continue on a set course.

Our meeting today has this significance - this opportunity to look critically at our work, at what we have done in the past, that will help us improve and take timely decisions for the future.

An Important Quest

Today we bring to fruition more than two years of painstaking preparations. But we are also setting out on a new beginning; the start of an important quest - that of seeking and galvanising the political will of all nations to act in concert against the plague that has afflicted the international community - the pervasive spread of drug abuse and illicit trafficking.

It is not true that the United Nations lacked a programme against drug abuse. On the contrary, the United Nations had continued the work of drug control functions formerly carried out by the League of Nations. It was under UN auspices that the 1961 Single Convention on Narcotic Drugs was adopted. This represents a significant effort by the international community to bring together various decisions and agreements into a coherent and effective entity. The 1961 Convention was subsequently amended by the 1972 Protocol. Additionally in 1971, following a clear realisation of inherent inadequacies in the 1961 Convention, the Convention on Psychotropic Substances was adopted. In 1981, the UN General Assembly adopted the international drug abuse control strategy aimed at combating drug abuse and illegal trafficking. This evolved into a five-year programme of action in 1982. In 1984, the Assembly by its declaration on the control of drug trafficking and drug abuse, declared that trafficking in narcotic drugs, and drug abuse has become an 'international criminal activity', demanding the most urgent attention and maximum priority of the international community, and that eradication of illicit trafficking in narcotic drugs was the collective responsibility of all states.

Clearly, therefore, there was no lack of intention or programme on the part of the UN; rather it had been the inadequate commitment, the insufficient manifestation of the political will in many producing, transit and consuming countries to act in concert against this common problem that has allowed the rapid spread of drug abuse and illicit trafficking. One unofficial estimate put the size of the global trade in illicit drugs at US\$300 billion, a mind-boggling figure. But to counter this, the United Nations system as a whole can only mobilise a budget of several hundred million dollars. This is but one measure of the inadequacy of our response.

Our inadequate response is perhaps symptomatic of our different perceptions. For some governments in consuming countries, drug abuse and addiction is held to be a social aberration, akin and on the same level as cigarette smoking and alcoholism. For many in the producing countries, the dilemma is more fundamental. Social restructuring becomes a major and sensitive problem as production has historical and cultural roots. Finding an alternative to what many hill tribesmen and villagers have come to consider as a primary source of income will be a challenge for governments in these producing countries. For transit countries, the frustration is how to stem the flood caused by the enormous profits that trafficking generates and equally important is how to prevent drug addiction and to rehabilitate those who have become addicted either as a result of the availability of drugs left unsold because of interdiction in consuming countries or as a result of demand from a home-grown addict population.

A most serious manifestation, for a growing number of countries in Latin America, North America and Southeast Asia is that the drug problem has become a security problem with implications for the country's continued viability and the maintenance of its national sovereignty.

Against this background, it is my view that this Conference is not to work out or negotiate specific programme proposals for implementation. This will be largely the

task of the competent technical bodies such as the Commission on Narcotic Drugs, the International Narcotics Control Board and the United Nations Fund for Drug Abuse Control in the first instance, and many other UN agencies such as the World Health Organisation, the International Labour Organisation, the United Nations Educational, Scientific and Cultural Organisation, and the relevant chapters of non-governmental organisations. The two sessions of the Preparatory Body for this conference had established valuable guidelines to the Conference Secretariat to produce the Comprehensive Multidisciplinary Outline (CMO) of future activities on drug abuse control which is being examined and finalised for adoption as possible guidelines for specific project development and for implementation at national, regional and international levels. What this Conference should focus upon is the manifestation of the political will to act in concert against the drug menace. The significance of this cannot be over emphasised.

Expression Of Commitment

How this manifestation should be expressed is for this Conference to formulate. Its major significance lies in that governments, henceforth, will be reminded of their commitment expressed at this Conference to act together to effectively combat drug abuse and trafficking as a global problem, for the international drug problem has assumed such scope and extent that an effective campaign against it cannot be mounted without international cooperation.

The expression of commitment that must emanate from this Conference is important not only as a reference and reminder of a government's moral obligation, it must also be a powerful message to the drug traffickers that their activities cannot continue with impunity – that henceforth, there will be a heavy price for them to pay.

Equally important is the message to the international community, to public opinion, the ordinary man in the street, that their governments are now agreed to act in concert against those traffickers who have brought misery and havoc to their communities. Let us show that we are indeed doing so by ensuring the early adoption of the new Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

For all these messages to get through, for their objectives to be understood and to be realised, it is important that this Conference approaches the drafting of its decisions clearly so that there can be no ambiguity that the determination to eliminate illicit drug trafficking is unequivocal and their resolve to help those already given to addiction to enable them to return as useful members of society is unquestioned. These, ladies and gentlemen, should be our primary and rightful focus.

National, Regional Efforts

In the context of national efforts, many countries are already compelled to exert the required political will to act against the drug threat because of dire necessity. The experiences of many have also taught us an important lesson; that to effectively counter the drug problem, action must be undertaken in a coordinated manner and

directed by the highest political level working in tandem with the administrative and judicial system in the country. No means can be spared. The struggle against drug abuse and illicit trafficking must also be undertaken at the social and economic level.

Internationally, regional collaboration in the fight against drug abuse and illicit trafficking has been relatively well developed. This is evident in Latin America, in Europe, the Middle East and in ASEAN – but there is room to increase these regional efforts particularly among states that have become staging posts for the transit of illicit drug consignments. Perhaps a major weakness which this Conference can address is the interregional cooperation which is still in its early stages of development. While there has been cooperation between the European Economic Community and ASEAN there is strong potential for developing such cooperation between the sub-regions of Asia, Africa, Western Europe and the Americas.

Role Of International Institutions

Another major focus is to strengthen the role of international institutions to supplement the national, regional and inter-regional efforts. Here I must commend the 40 years of good work done by the United Nations system in the global effort to combat the drug problem. Of the implementing agencies, impact has been made by the United Nations Fund For Drug Abuse Control (UNFDAC) whose projects cover the entire range of narcotic control activities including integrating rural development and crop substitution, treatment and rehabilitation of drug addicts, preventive education and information, law enforcement assistance, and training and research.

We welcome the role played by the World Health Organisation (WHO). The WHO has the difficult task of carrying out the responsibilities assigned to it by the international drug control treaties. It plays a pivotal role in helping to determine which substance should be placed under international control in accordance with the provisions of the 1961 Single Convention on Narcotic Drugs and the 1971 Convention on Psychotropic Substances.

The contribution made by the International Labour Organisation is also significant. Its work focuses on drug abuse in the workplace and on vocational rehabilitation and social reintegration of drug-dependent persons.

Of equal importance is the prevention of drug abuse through public education and awareness and this has been a primary preoccupation of the United Nations Educational Scientific and Cultural Organisation (UNESCO). The integration of preventive education concerning drug use into school curricula and out-of-school education is one of the most effective measures for averting the serious consequences of drug abuse among young people and adults.

There are of course many other institutions and organisations. Strengthening these international institutions and their programmes of work will contribute to

national, inter-regional and global efforts in accelerated programmes to counter the growing drug menace.

For this Conference, extensive groundwork have been prepared by the two sessions of the preparatory body held here in Vienna in February 1986 and February 1987. It is my hope that all these groundwork, the result of collaborative and cooperative action by all participating delegations, will develop into an agenda for the 1990s for the United Nations system in the continuing campaign against drug abuse and illicit trafficking.

The drug problem that confront us is of such magnitude, such complexity that an effective counter would require our fullest commitment, cooperation and sustained action. Our efforts cannot end here at this Conference.

Call For Follow-up Meetings

I personally envisage the usefulness of follow-up meetings, in particular the convening of inter-regional gatherings of experts and policy makers to be assisted by the United Nations where appropriate, to examine in greater detail every aspect of the drug problem. This meeting should be an inspiration for us to follow through at regional and national levels the suggested ways and means of fighting the drug war. We must return from this Conference with steely resolve to win the war at home. The Conference is only a success if the joint-efforts and co-operation it generates are translated into genuine and sustained action domestically. The global war against drugs, will never be successful if nations continue to maintain passive resistance even after this Conference.

The struggle that we are engaged in today is a struggle for the minds and hearts of every individual in every country in every part of the globe. The reason for the rapid spread of the international drug problem has been our failure to reach the minds of our people - to alert them to the real dangers that drug abuse portends and the havoc it can create. The tide of the battle cannot be turned around until we have raised that level of awareness that drug kills and that drug destroys. We have to correct the fallacy that drug addiction happens only to someone else's child but never ours, that the source of the problem lies in some far-away land but never at home. The battlefield is in each individual household, each community, each country.

Today, the marvel of our scientific achievements are creating tremendous changes in the relationship between man and his environment. They are also putting to test various norms and values. Man, clear and steadfast in his commitment to progress, can bring about bountiful advancement to all humanity. We can today mine the oceans and the moon, direct electronic signals and laser beams through the atmosphere and travel in outer space. The genius of man by the grace of God seems to be boundless. Let us then not destroy this promise of a better future by succumbing to the ravages of drug abuse.

Our work here is therefore of utmost importance and priority. Let me conclude by extending to all my good wishes for success in your deliberations. There will be many days and nights of hard work but for what the Conference will accomplish, these efforts will be well worth our while.

**CLOSING STATEMENT BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
PRESIDENT OF THE INTERNATIONAL CONFERENCE
ON DRUG ABUSE AND ILLICIT TRAFFICKING IN VIENNA, AUSTRIA
26TH. JUNE, 1987**

More than two years ago, we began an ambitious undertaking to address ourselves seriously and collectively to the problems of drug abuse and illicit trafficking. Efforts have been expanded in the last two years in many directions, spanning two preparatory meetings, culminating in this conference that is coming to a close today. Looking critically at what we have done, we should ask ourselves whether we have been able to match initial expectations with desired results.

We can say with full conviction that this conference has realised a major need. It has brought together 139 countries and 173 non-Governmental organisations, represented at authoritative levels with 82 ministers of Governments participating in addition to the numerous area experts and dedicated campaigners on the subject. By any yardstick, this must constitute political commitment of the highest order. If the question is whether our political response has been adequate, then the answer is a resounding 'yes'.

The declaration we have just adopted today is a clear expression of our collective political will to respond to the drug menace. It underlines a shared responsibility to provide appropriate response and resources to combat drug abuse and illicit trafficking. It heralds the advent of a more systematic and balanced world approach. It will provide strong encouragement to the professional and other workers against drug abuse to sustain and upgrade their work. At the national level the priority of anti-drug work will be reinforced and given added emphasis. No nation or political leadership can now afford to ignore or stand in the way of the campaign to rid us of the scourge of drugs and drug traffickers.

The next important question we need to ask ourselves is whether we, as the international community can translate our political commitment into effective and sustainable action. History is littered with high and grandiose pronouncements that are cast aside unimplemented.

Our response to this is the CMO. The document does not have the status of a legal charter but must nevertheless be regarded as a morally binding pledge towards a collective effort on the part of all participating countries to implement the guidelines for reducing drug abuse and illicit trafficking.

The varied approach of the CMO adds to its applicability and relevance whatever the particular situation of the country concerned. Peoples, nations and international

institutions will find in the CMO something which when acted upon will contribute towards an integrated universal assault on drug abuse and illicit trafficking. No nation need say that the recommendations of the CMO are incompatible and that there is nothing it can contribute towards the effort. Where there is political will there will always be a way in the CMO.

I am encouraged by the many suggestions made in the plenary debate for follow-up activities to this conference not only to retain the high level of awareness of the problem but also to enable us to take stock of continuing developments and to monitor progress of our efforts. There have also been many important proposals including, proclaiming a year devoted to the fight against drug abuse and illicit trafficking; a follow-up conference; the observation on June 17 every year as an international day against drug abuse and illicit trafficking and the establishment of an international drug abuse prevention resource centre under the auspices of the United Nations. All these suggestions are worthy of further consideration. I commend them to the appropriate forum of the U.N. Perhaps, the General Assembly, following preliminary review and recommendations by the Commission on Narcotic Drugs and through the Economic and Social Council can follow up on these proposals.

In my opening remarks, I alluded to the inadequacies of resources available to counter the drug problem. This is true not only at the international but also at the national level. At the national level, individual Governments will have to find the much needed resources that must necessarily be diverted to tackle this urgent problem. At the international level, extra effort will have to be exerted to make available additional funding allocations if we are to make permanent gains on drug traffickers and the attendant spread of drug addiction. Now is the time to do this. The longer we wait, the bigger will be the fund needed.

Of course, increased funding alone cannot make any impact if the mechanism in place, the principal organs and bodies of the United Nations involved in the fight against drug abuse and illicit trafficking do not effectively coordinate their activities. There have been views expressed for a tangible body to be formed to look into the implementation of some of the programme proposals discussed during the conference. In the reality of current financial situation worldwide, this may not be possible. I would counsel that in the early instance, this be done through institutions already at hand. While enhanced international cooperation such as on-going efforts on the draft convention against illicit trafficking in narcotic drugs and psychotropic substances could begin plugging essential loopholes, much will still depend primarily on national efforts by individual countries. The parallel efforts at the national and international levels that must increase following upon this conference should help bring about improved results in our struggle against the drug problem.

The NGOS' contributions have also been immeasurable. We have obtained valuable insights into their efforts individually and worldwide in our common struggle. Our recognition of the NGOS' contribution is embodied in the acknowledgement carried in our declaration.

This conference would not have been successful without your participation and contributions in the deliberations. Your collective wisdom and the cooperation that delegations have shown made possible the many consensus we have reached during our discussion. This is our greatest accomplishment and the best affirmation to the world that we are capable of cooperative action and shared enterprise.

It would be remiss if I do not make special mention of those who have contributed to our collective efforts over the past several days. A special tribute must be made to His Excellency Mr. Guillermo Bedregal-Gutienez, the Presiding Officer who so ably guided the work of the main committee; to His Excellency Ambassador Jacques Gignac of Canada, who took on the draft declaration, the embodiment of our collective will to counter the drug menace; to the Rapporteur-General, Mr. Phillip O. Emafo and his friends who have to ensure that the principal documents from this conference accurately reflect the results of our deliberations. There are also many others who have influenced and guided the course of this conference. First and foremost, the U.N. Secretary-General Mr. Javier Perez de-Cuellar for his inspiration and initiative in proposing this conference and for his deep personal involvement; to the Secretary-General of this conference, Mrs. Tamar Oppenheimer who heads an able crew who have worked from day one till many more days after this conference, I am sure, to ensure that the conference results will be accurately recorded and disseminated; to Monsieur Jean Gazarian, a bulwark here at the podium. To the two vice-presidents for coordination and the twenty-four vice presidents, special thanks for helping with the conduct of the plenary and the work of the Bureau.

I have not forgotten many others, particularly those I have not met, who sit patiently behind the window-screens, diligently working to facilitate communication across language barriers. To those who have assisted in conference services and to the U.N. security detail, I convey our special thanks; and to beautiful Vienna, in fair or foul weather, and the very hospitable people and Government of Austria our appreciation for playing host to this conference.

Finally, allow me to extend to each and everyone of you, my appreciations for your contributions towards the success of this conference.

I now pronounce this conference officially closed.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER HOSTED IN HONOUR OF HIS EXCELLENCY
U MAUNG MAUNG KHA, PRIME MINISTER OF THE SOCIALIST
REPUBLIC OF THE UNION OF BURMA, KUALA LUMPUR
4TH. JULY, 1987**

It gives me great pleasure to welcome Your Excellency and members of your delegation to Malaysia. Indeed, Your Excellency is no stranger to Malaysia, having visited us privately once before in 1961. Your Excellency's visit is therefore not only timely but is of great significance to Malaysia as this is the first high level visit from Burma after a lapse of almost thirteen years. We are greatly honoured by your visit as we regard it as a manifestation of your Government's desire to further strengthen the long established relations and to expand the scope of cooperation between our two countries. Let me take this opportunity to reiterate our readiness to reciprocate this desire in full measure. Burma is a close and special friend. Malaysia always has close and abiding interest in Burma and the Burmese people. Many years and events have we both experienced, our respective countries undergoing various challenges. Yet we have lost neither our entity nor resilience.

I am happy to note that there is fairly significant economic and technical cooperation between our two countries. In this respect, Malaysia highly values the services of Burmese doctors and specialists who have served and are still serving in Malaysia through the generous understanding of the Burmese Government. For our part, Malaysian agencies are continuing to extend training facilities to Burmese officials in various fields. Let me assure Your Excellency that the Malaysian Government is willing to consider whatever assistance that is within our means that the Burmese Government may require in fields where Malaysia has gained some expertise.

It is also gratifying to note that there are increasing people to people contacts which I am sure will contribute towards closer bilateral relations. Both our countries have also in the past exchanged cultural troupes and sports teams. It is my earnest desire that we should not only renew the socio-cultural contacts but also intensify them.

Certainly, Your Excellency would agree with me that our two countries have mutually benefitted from our close collaboration. This state of affairs is possible because of goodwill and understanding between our leaders. The time has now come for us to endeavour to build on the existing goodwill and understanding to expand further the scope of cooperation. In this respect, I am convinced there are great prospects ahead. Our economic relations, though insignificant, could be further expanded. It is therefore necessary for us to find ways and means of cooperating more

effectively in promoting trade and economic interaction. The intensification of exchange of trade delegations and the holding of exhibitions would contribute towards greater awareness of each other's products and technology as well as capability. I am convinced that given the necessary Governmental encouragement, both the national enterprises in Burma and the private sector in Malaysia could seize the opportunities available in the fields of trade and joint venture investment.

Malaysia and Burma are relatively small countries which firmly believe in establishing friendly relations and cooperation among countries in the region. The Malaysian Government's support for ASEAN as a viable economic organization is a testimony of Malaysia's commitment towards regional cooperation.

Countries in the South East Asian region like anywhere else require an environment of peace and stability in order to fully devote their efforts to socio-economic development. However the prevailing situation in Kampuchea poses a threat to peace and stability in our region and represents a retrogressive step in our efforts towards peaceful collaboration among all states in the region irrespective of political ideology. It is a matter of serious concern to us that the people in Kampuchea are still experiencing foreign military occupation and domination. They continue to be denied their right of self-determination.

Today, all developing countries alike, are confronted with an economic predicament. All of us have to cope with the problems of high interest rates, high level foreign debts, the continuing trend towards protectionism and falling prices of primary commodities. All these cannot be redressed in isolation, nor could it await a global consensus for the creation of a new international economic order. The lack of commitment on the part of the developed countries to see these problems in their proper perspective have contributed towards the prolongation of the economic issues. It is therefore imperative that the developing countries themselves should take the initiative to promote greater cooperation among ourselves. In this regard Malaysia has not only strived to generate the necessary momentum for a greater South-South Cooperation through the formation of a South-South Commission but through our limited resources has extended technical and other assistance to other developing countries through the Malaysian Technical Cooperation Programme.

Another issue that concerns us all, relates to the problem of drug abuse and illicit trafficking. The magnitude of this problem has caused serious global concern since it has spread over a wide geographical area with increasingly devastating effects on individuals as well as societies. In this respect, it is gratifying that a fresh beginning has been made in the war against illicit drugs. The recently concluded International Conference on Drug Abuse and Illicit Trafficking (ICDAIT) was able to adopt a comprehensive programme action to combat the drug abuse and trafficking. I am convinced that the drug abuse problem can be eradicated if all nations show the necessary political will. Probably towards this end, both our countries should lead the way in implementing the ICDAIT declaration. In this connection, I wish to take this opportunity to thank the Government of Burma not only for supporting my candidature but

also for the constructive contribution of the Burmese delegation during the Conference.

I am happy that our discussions this afternoon on the subjects of mutual interest have been most useful. I have no doubt that Your Excellency's visit will contribute to the strengthening of bilateral relations through greater mutual understanding and expanded cooperation. Lastly, I also hope that your stay in Malaysia will be memorable.

SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER HOSTED BY THE HONOURABLE
MRS. MARGARET THATCHER, PRIME MINISTER
OF THE UNITED KINGDOM IN LONDON
20TH. JULY, 1987

Let me begin by congratulating you again for your historic third consecutive victory in the general elections. Your victory speaks clearly of your very able leadership. I have myself overcome some squalls. I am happy to state that we can now continue "to do business as usual", so to speak.

I am a frequent visitor to London and yet find much pleasure in making this first official visit to this capital city with its various charms. Members of my delegation, no doubt, are taking in avidly all that London has to offer.

I have undertaken this visit with a positive mind, convinced that our bilateral relations could be raised to a level that would do justice to the many ties that had long characterised relations between our two countries. It is important that we move forward. In developing our relations let us add meaning to our efforts, substance to our initiatives and imagination to our approach. Let us tolerate criticism of each other, if necessary and yet remain strong on the commonality of interest that binds us.

For historical reasons, Britain has been the favoured country for most Malaysians — for education and training, for technology, and for holidays to name some. Ability to use the English language has become "de rigueur" for most Malaysians. The average Malaysian knows more about Britain than the average Britons do of Malaysia. But structural adjustments taking place within our two countries and influences by competing external factor are bringing considerable changes to all those which we have hitherto taken for granted.

It has always been in the finest tradition of Britain to recognise early the winds of change. With that recognition comes ability to adjust, anticipate and finally participate in the processes brought about by change. This is an invaluable talent, a national genius; to have it is to be able to survive and thrive. Malaysia too has been honing its reflexes to change. We believe we have read the signals well. The falling price of our commodities, restrictive markets, volatile exchange rates, etc. - these are storm warnings that we must heed in order to effect the proper responses. Bilateral relations between Malaysia and Britain must adapt well in these circumstances. Sentiments and tried old ways are poor alternatives. Malaysia would like to look at Britain anew, to come to terms with Britain's new priorities and to gain if possible from effervescent

new ideas that may be afoot in your industries. Britain too should do likewise to Malaysia. Britain should be more sensitive to Malaysia's needs and aspirations.

The Malaysian Government does not want to look back. There is little to gain from that. In order to upgrade the quality of our relationship, Malaysia and Britain must provide the necessary underpinnings. In this respect, I clearly see a proactive role for the private sector of both countries, as much as both Governments must also contribute.

The economic relations between Malaysia and Britain must be the focus of both Governments as well as the private sector of both countries. Ideally, the relationship should be a model of a mutually beneficial relationship between the former colonial power and the independent country. However, 30 years into independence there are still adjustments to be made. It is a matter of concern for Malaysia that we continue to experience a substantial deficit in terms of our invisible trade with the United Kingdom. The efforts made by Malaysia to bring about a more favourable balance in this respect have yet to bear fruit.

It is imperative that we urgently rectify the problem encountered in areas of insurance, education, consultancy and shipping. These indeed are the major areas in which Britain can play a positive role towards achieving a more equitable economic relationship. It is in this context that we wish to see Britain diversifying its imports from Malaysia rather than confining to importing only Malaysia's primary commodities. We also wish to see an increase in British investments in Malaysia especially now when we have greatly liberalised conditions for foreign investments.

Malaysia has accepted fully the priorities that Britain has established for itself. Britain's entry into the Common Market, its special concerns over East-West relations and its identification with the United States on some foreign policy issues are in our view the prerogatives of Britain. We do not question although we are mindful of the stalemated positions on North-South issues, the New International Economic Order, challenge to multi-lateralism and a host of other problems of the developing countries. There is much disillusionment with the North for us in the South on these issues. Developing countries like Malaysia cannot afford to wait indefinitely for deliverance. This has impelled us towards the establishment of the South Commission to chart out practical and sustaining cooperations between countries of the South. Still it will be well for the world to remember that all countries are interdependent and the North cannot really do without the South.

It would seem that the technological break-through that have fired everyone's imagination are not only not going to help make qualitative changes in the developing world but may make the disparity between North and South even greater. Not having the expertise, even the exploitation of our own resources like petroleum gas will mean added dependence on the developed countries, at a heavy price. And new technology has of course reduced the need for our commodities even as they increase the production of the same.

Malaysia, as I said earlier, is honing itself to respond effectively to these new challenges. We have been buffeted by numerous economic storms and pressures in the last few years. The resulting setbacks have shocked us out of our complacent view that growth is a function of time. We now realise that wealth creation needs entrepreneurship, management skill and greater productivity. It is because of this that we need to learn from the successful countries of the East.

Some people decry Malaysia's Look East Policy, accusing Malaysians of forgetting old friends from the West. We have not forgotten. One hundred thousand students studying in the West bear testimony to that. We have only about one thousand students in Japan, Korea and Taiwan. But we need to learn what makes these countries succeed in competing with established industrialised countries if we are to enter the fray ourselves. It is the work ethics, management methods and business strategies that we are interested in. Look East does not, I repeat, does not mean giving contracts or buying goods exclusively from the East. I hope our British friends, in both sectors, understand the objective of Malaysia. Countries like Malaysia cannot afford to evolve at the same pace as the developed countries in their early days. We have to programme ourselves for quantum leaps. We may land on quite a few toes. We hope we do not hurt too much. We hope our friends will understand why we do this.

Notwithstanding the differing degrees of influence that our two countries exercise in international affairs, I am happy to note that there are a number of issues where we both share common stands. I refer specifically to Kampuchea, Afghanistan, the problem of drug abuse and illicit trafficking, the European Commission's proposed levy on vegetable oils and fats and the need to convene an International Conference on the Middle East.

Of the above international issues, the proposed levy on vegetable oils and fats is certainly an area of immediate concern to Malaysia. Our US\$2 billion worth of palm oil export would be badly affected by the levy. We are accordingly very appreciative of the crucial role played by Britain in preventing the passage of the proposed levy at the recent EEC Summit.

We view very seriously drug abuse and illicit trafficking. Malaysia's strong role at the recently concluded conference in Vienna reflects our concern. All of us need to follow up on the commitments given in Vienna. We must collectively rid us of this menace. There has to be a co-ordinated effort linking the national programme to the regional and the international. I look forward to Britain to play a prominent role in the Commonwealth forum, possibly on the question of forfeiture, so that all of us can benefit.

Malaysia holds the view that the Commonwealth is still a useful forum although personally I feel that it has not risen to the occasion when it is most needed. I refer to the despicable policy of apartheid practised by the white regime in South Africa. Malaysia applied sanctions unilaterally against South Africa since 1965 and we have

lost billions of dollars as a result. I cannot believe that any British Prime Minister would want to see apartheid perpetuated. Yet Britain is unwilling to apply sanctions in the belief that it will do the blacks more harm than good. I don't think so. Indeed, I feel that more than any other member of the Commonwealth, Britain has a moral duty to join the majority to bring about the end of minority rule and apartheid in South Africa.

I am happy indeed that discussions on this and other issues have been conducted frankly between our two countries. I think by now, both sides are used to the merits of plain speaking. Our discussions on bilateral issues in particular augur well for the future of Malaysia-British relations. My delegation and I are very appreciative of the warm welcome and generous hospitality extended to us and I look forward to completing the programme of my visit which I hope will help pave the way towards better bilateral relations.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE ROYAL INSTITUTE OF INTERNATIONAL AFFAIRS
LONDON, 21ST. JULY, 1987**

I am pleased to have been invited to speak at this Institute today. I am indeed honoured to be able to share my views with members of this prestigious Institute which has made a tremendous contribution towards a better understanding of international affairs.

Making speeches is the favourite occupation of politicians. In the course of years of doing this, one develops a fondness for certain quotes. For me the favourite quote is George Santayana's "Those who do not learn the lessons of history are condemned to repeat their mistakes over and over again". I would like to repeat this quote in this speech because it deals mainly with the current economic situation and for those who have gone through the recession of the late twenties or at least read about it, they must have this "deja vu" impression when studying the present world economic situation and its political consequences.

A great book to read and to remind us about the Depression or the Great Slump of the late twenties and early thirties is H.V. Hodson's "Slump and Recovery, 1927 - 1937" published by your Institute in 1938. Perhaps quoting a few paragraphs from this book would explain why I said that we have gone through it all before. I quote:-

"The fall in commodity prices proceeded with only intermittent relief. The pressure upon debtor countries to sell at cut prices had been grievously enhanced by the reduction in lending".

"The abrupt curtailment of international lending - however wasteful and unjustifiable some of the previous loans may have been - had dislocated world trade and depressed commodity prices"

"The combination of different or harrassed lenders and weak or even bankrupt borrowers automatically prevented the revival of international lending on the scale of earlier years"

Let me continue to quote:

"In general, the prices of raw produce fell more rapidly than those of goods at the later stages of manufacture, a fact which temporarily assisted industrial countries ... but which could not do so for long, since their markets abroad were being concurrently impoverished".

"The purchasing power of raw-material producing countries enormously diminished. Markets contracted, profit fell, production was curtailed, buying of stocks was restricted, and prices dropped still further...."

"The fluctuations in international lending, the embarrassments of debtor countries, the fall in prices, the depressed conditions in the creditor countries, all naturally had a profound effect upon the volume and distribution of world trade"

"The slump, once started, continued a swift and snowball career."

One may be excused if on hearing these quotes one gets the impression that some present-day writer was writing about the present world economic situation.

Mr. Hodson wrote a great deal on the causes and the course of the Great Depression, not much on the political consequences, but he did write on the social changes and political upheavals, including the growth of extremism in Germany. Writing as he did in 1938, Mr. Hodson might be forgiven for not having a clue at all about the profound meaning of the ascendancy of Adolf Hitler and the Nazis in Germany. Mr. Hodson was no specialist on Asia and Latin America. He can therefore also be forgiven for having little inkling of the almost immediate effects outside Europe.

Let me make myself perfectly clear. I am not predicting that the world will enter another global Great Depression, although I feel that for most of the countries of the South, that second Great Depression descended quite some time ago.

Some people have seen close parallels between the New York Stock Market boom of 1929 and recent developments in Wall Street. Certainly the world has not seen in the last two years such a bull run or so many American banks going bankrupt since 1929. I am told that there is this Kondratieff economic long wave-cycle theory which seeks to explain the great depressions of the 1830's, the 1890's and the 1930's in terms of a cycle of 45 to 55 years; according to which we should have a great depression descending upon us any moment now.

But the economy of the world is not governed by the movements of the stars or the planets. It is created and managed by men. In this day and age we do not consult astrologers or astronomers before adopting economic policies. We study and we plan. Surely no one would plan for a slump. What has happened is that we have forgotten the lessons of history and we repeat our mistakes. If the same people lead for longer periods, perhaps mistakes will not be repeated. But, of course, there will be other prices to pay.

In the years after the First World War, the victors forced vanquished Germany to pay huge war reparations. Obviously if Germany had to pay out so much, it must also earn so much or borrow the required sum. Thus the beginnings of economic distortions were set in motion by the leaders themselves; leaders who had apparently not read history.

Of course, the downfall of the Muslims was also due to the slow rot that their prosperity and power brought them. They deserted the Quran and gave themselves up to the good life. Tyranny, backwardness, exploitation and corruption then eroded the foundations of Muslim kingdoms. Political and administrative life became a playground for the nefarious activities of self-seekers and knaves. The combination of fossilised methods and approaches and the decline of Islamic moral values, particularly in administration and management, finally caused the downfall of the Muslim nations.

What is there that distinguishes Islamic management from others? Is it the organisation and the hierarchy of managers? Is it the accounting systems? Is it the strategy or the objective? Actually the stress in Islam is on justice. It is right to make profit but not from the misery of others. Riba is forbidden because it has always been a well-known cause of human misery. Similarly excessive profit is proscribed by Islam because of the misery to those who could otherwise afford to have the goods and services offered.

The Prophet (Peace be upon Him) was a manager and trader. The quality most associated with him is trustworthiness. It is for this that he became known as 'Al Amin' or the trustworthy one. Muslim managers who would follow the sunnah of the Prophet like everyone else must be trustworthy. Such is the stress on trust that in Islam a written contract is not really necessary. A Muslim's word should be his bond. It is a measure of how much we have forsaken the teachings of Islam that we have to have written agreements all the time now.

There are some articles of faith in Islam that we must all accept without question. But in the conduct of our daily affairs the injunctions of Islam are always based on reasons which thinking men, Muslims or otherwise, can readily accept. It is up to us to look into these reasons for guidance in our daily affairs rather than to regard the injunctions as determinants of our belief in Islam.

Only Allah is perfect and capable of perfection. Man can only strive towards it but never achieve it. Islam urges and instructs us to strive for perfection but does not condemn those who, having tried, fail to achieve it. But try we must. Certainly Muslims must try to adhere as perfectly as possible to the Islamic ethical code in the management of all worldly affairs.

The contemporary Muslim world presents a bewildering array of stigmas and problems. There is a great deal of discussion and debate about the role of Islam in the world today. Some of it is constructive, some obviously not. But from debates and discussions there should emerge ideas which can present a practical route to a Muslim civilisation of the future. It is the fusion of new ideas based on the eternal principles of Islam and their practical implementation that will shape the destiny of the ummah. I hope this Seminar will exhibit an openness and flexibility which can contribute to the process of implementing Islamic codes and methods in the 15th. century of the Hijrah.

It is hoped that this Seminar will propose management styles and ethics propagated by Islam. It certainly must ensure that both Muslims and non-Muslims enjoy a

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE FIFTH SESSION OF THE INTERACTION COUNCIL
KUALA LUMPUR
19TH. APRIL, 1987**

It is a distinct honour and a privilege for me to address this distinguished group of eminent international leaders and world statesmen. We have never had this rare occasion to host so many prominent personages in our country before. On behalf of the Government and people of Malaysia may I wish Your Excellencies "Selamat Datang" and a pleasant and productive stay in our country.

Everyone of you has the reputation for dedication, courage and breadth of vision; accomplishments which have not only benefitted your respective countries but also the world at large. Each of you has also held high offices, having it through tortuous courses, in fair as well as foul weather. You have experienced the heavy responsibility of power and the agonising decision-making that determined the fortunes of your respective country. Added to this are the external implications of your actions as no country is an island, particularly in this rapidly shrinking planet.

Decisions in the national interest in these days cannot help but affect neighbours, regions and the world. This is especially so with powerful nations. It is important and imperative that there be greater accountability not just to the nation but to the world. World leaders are now truly world leaders, not just leaders known to the whole world. International fame must carry with it international responsibility as well. That responsibility cannot just cease because one is out of office. The world should continue to benefit from the experience and knowledge that you have accumulated while in office. I believe that it is because you do feel responsible that you have founded the InterAction Council of world leaders. In a world gone slightly unbalanced your wise counsel are much needed.

You meet today in an atmosphere that is highly charged. Trade imbalances have led to tension and threats among the rich nations of the North. Currency has become totally destabilised. Commodity prices have collapsed. Nations are incapable of paying their debts. The East-West confrontation and the arms race continues and absorbs much-needed funds for totally useless unproductive activities. The wars in the Middle East show no sign of abating. Religious and racial tensions have grown, fanned by fanatics and racists. Proxy wars are being fought in Central America and Central Asia. In the Sahel belt of Africa starvation and death stare in the eyes of millions. And to top it all drug habits have destroyed much of the flower of our youths, bringing crime and disaster to people who are already impoverished.

It is with this as a backdrop that you meet here in Kuala Lumpur. The theme you have chosen, "International cooperation in the areas of population growth, environ-

The poor in this world have as much desire to breathe fresh unpolluted air as anyone else. They do want to live in an environment that is naturally clean and beautiful. Bhopal and Chernobyl horrify them. But the problem is affordability.

If they cut down trees for firewood it is because they cannot afford other fuels. If they tear down their ancient forests it is because they need the money from the timber they sell. If they treat their country like a huge rubbish dump it is because they cannot afford expensive waste treatment and disposal.

It is right to want to preserve the pristine beauty of nature. But if the only way for the poor countries to earn money is to export logs at very low prices, can they be blamed for tearing down their forests? Pay good money for their timber and set up factories in their country to add value – these will obviate the necessity for them to decimate their beautiful forests. Boycotting the use of timber and turning to substitutes like plastic will only impoverish them and force them to chop down more trees to maintain what little they have been earning.

In Malaysia we are concerned about the environment too. But environment costs. There will be no pollution from palm oil factories if the factories can afford to pay for pollution-control equipments. But when palm oil prices are forced down by subsidised production of competing oils, environment and pollution become secondary to the more pressing needs of earning minimal profits.

Actually for most developing countries the problem of environment is academic. More important is development. Aid is important. Soft loans are welcome. But it is important not to take away with one hand what the other hand gives. Development aid will not help if the resultant development is negated by restrictive trade practices.

No country wants to live on aid forever. Every country wants to earn money for itself. This it can do only if there are no trade restrictions. The incentives offered by developing countries for export manufacturing can only be worthwhile if the developed countries open their markets.

The trade wars of the rich should not result in blanket restrictions which affect developing countries. Restrictions should be discriminating in favour of developing countries. The rich should be allowed to avail themselves of the favoured treatment of developing countries if those countries themselves are unable to produce on their own. What matters is that the developing countries are able to reap some benefit which can contribute to their development.

What we are seeing today is a near total disregard for the poor. Seven rich countries meet and make decisions in their favour without any regard for the rest of the world. Thus to solve their trade imbalances they decided to revalue the Yen and Deutschmark and undervalue the American dollar. For Malaysia, for example, this decision has pushed up her Yen loan by 70% while reducing her earnings from petroleum exports. And very much the same thing has happened to other developing countries.

Germany, perhaps more than any other country was thoroughly disorganised industrially after the World War. Hodson pointed out that "the economic history of the whole of the first post-war decade is a tale of attempts to meet or to defy the disorders that the war had brought in the world's economic system." The 1919 boom which was followed by a collapse in 1920 was symptomatic of the economic disorder and it must be indicative of the economic disorders that were to follow. But the leaders of the period continued with their punitive approach against Germany. The result was the 1929 slump and the rise of extremism as portrayed by Nazism.

Partly as a result of that experience there was less desire to punish the defeated countries after the Second World War. Except for dismantling the huge industrial conglomerates thought to have been responsible for sustaining the war machines, the Allies adopted a more liberal attitude towards Japan and Germany. The result was a very quick recovery for these two dynamic countries, which in time posed a threat to the economies of the U.S. and some European countries.

So far, so good. The lessons of the post World War One were well learnt and applied. But the U.S. and the Western Allies then began to feel threatened by the economic power of the two former enemies, and an easy solution was looked for. First interest rates were raised and the American dollar was effectively valued upwards. Much money flowed to the U.S. but, at the same time, U.S. goods and services became uncompetitive. This in turn resulted in more foreign goods being imported while American industry declined and unemployment consequently increased. Shortly after, there was a contraction in the purchasing power of the Americans which must affect adversely new investments and production. The economy deteriorates further. As the American economy deteriorates, raw material exporters began to lose their markets. Prices and earnings went down. To earn more the commodity producers produced more and prices went down further.

Elsewhere the oil producers were smarting over the minimal royalties they earned from the strategic commodity they produced. The conduct of the Arab-Israeli War gave them the excuse for raising oil prices. Suddenly the world was flooded with petro-dollars. Such huge sums of money cannot but destabilise the world's financial system. Extravagant as the oil producers were, they still could not spend all their money. All kinds of restriction prevented them for buying into the major industries of Europe and America. Inevitably the petro-dollars found their way into the vaults of European and American banks. The stage was even reached when Arab oil producers had to pay to keep their money in the bank.

The petro-dollars must be lent out. Only nations can borrow huge sums. And so sovereign loans became the main business of western banks. Nor were the Arabs allowed to withdraw their deposits because it would disrupt the financial stability of the Western countries. On the other hand the fall in commodity prices undermined the capacity of the borrowing countries to repay their loans.

Simultaneously the United States discovered that a strong dollar and high interest rates was not helping its economy. The balance of trade was very much in favour of the

old foes - Germany and Japan. It was decided that it was better to devalue the U.S. dollar against the Yen and the Deutschmark in order to reduce Japan's and Germany's exports to America. The idea did not work for the U.S. as predicted by many economists and international decision makers. Japanese and German goods kept pouring into the U.S. Meanwhile commodity producers, including oil producers, who sell in dollars suffered as the dollars earn less in terms of purchasing capacity. The oil producers not only earned less but find their external reserves much diminished in value. Of course, countries that borrow in Yen or Deutschmark suddenly found themselves even more indebted than before.

Since the U.S. is not getting much benefit from the de facto devaluation of the dollar, protectionism began to look more and more attractive. The target is Japan but the developing countries are dragged willy-nilly into the maelstrom. The U.S. now talks of balanced trade even with its smaller developing country trading partners.

Economic policies cannot be expected to yield only one desired result. Just as Germany cannot be made to pay reparations after the First World War without disrupting the world's economy, so today there can be no single remedy for the economic ills of a rich state which will not have undesirable effects on itself and on other states. The more drastic the solution, the greater the side-effects on itself and on others. This being so, it is important that powerful economies do not devise economic policies in the absence of the weak.

Multi-lateralism has now become a bad word among developed countries. The disillusionment with the United Nations has led to the setting up of exclusive rich men's club. The Group of Five is an alliance of the rich which must inevitably work against the interest of the poor. The five has now become the Group of Seven, again unrepresented by the poor countries.

Although in Venice the seven discussed the problems of the poor, it is doubtful that they fully appreciate these problems. It is even doubtful that they take into account that the increasing poverty of the poor will adversely affect their own economic performance. It is worthwhile remembering that the Third World accounts for 40% of the exports of the world's biggest economy. As a market the non-socialists third world is bigger to the U.S. than Western Europe, Eastern Europe, the Soviet Union, Australia, New Zealand and China put together. Economic depression in the Third World is one reason why the U.S. will continue to have difficulties in reducing its trade deficit.

If we are going to find a solution that will work somewhat better than the currency manipulation which is the main result of the Group of Seven meeting so far, we must return to multi-lateralism. If having 150 different countries sitting together to formulate a solution is impractical, then there should at least be the presence of a few representatives of the poorer countries when the Group of Seven meet. No action should be taken until the representatives of the poor have been given a hearing.

For a long time the South or the developing countries begged for a New International Economic Order. The North saw in this another attempt to extract aid from them. Accordingly they formed the Group of Seven and imposed a New International Economic Order of their own. It must be painfully obvious that it is not working. It fails to solve even the problems between the members of the Group. Why else should the U.S. clamour for its very own protectionist policy if the currency manipulation and other measures adopted by the Group of Seven had worked?

Indeed, far from solving the problems, the exchange rate adjustments have worsened the situation. Developing countries unable to service debts now simply refuse to pay. There was much protest by the banks in the North but finally they are forced to provide for these bad debts. And weak banks are going bankrupt by the dozens.

The South admits that they cannot do without the North. But then they cannot hope to be heard if they speak with a hundred voices. And so the South have decided to set up a Commission. The South Commission, as it is called, is presided over by Dr. Julius Nyerere and is given the task of mapping out the areas and manner of cooperation between the countries of the South so as to reduce dependence on the North. But it should be within the scope of the work of the Commission to formulate effective representation for the South in any North-South forum intended to correct the world's economic problems.

Admittedly the record of the attempts to cure the economic ills of the world is not very encouraging. Certainly what has been done lately has not had the desired effects. As we can see strengthening the American dollar and raising interest rates has been no more effective than weakening the dollar and lowering interest rates. Protectionism has not been successful. The EEC economic policies simply resulted in mountains of butter, sugar and meat due to artificially high prices and costly subsidies.

Yet we have had boom times in the world's economy. The 1960's and 1970's were definitely prosperous years for most of the world. Even the poorest and least efficient economies suffered less because prosperous countries were prepared to give them aid. We must also remember that we did come out of the massive slump after the First World War. We must have done something right to be able to prosper after a period of economic slump. If we study carefully the situation before and during the prosperous years, there is bound to be something which happened to help the recovery and the subsequent boom.

Situations have changed, of course. The solutions of yesteryear cannot be the solutions of today. But there must be some lessons from the historical past. Human ingenuity is such that we cannot just be fatalistic and accept the theory of 50 year cycles.

But how many of the people who determine economic policies which affect the world really study the depression of the late twenties and the subsequent recovery? Is war the answer? But we know that the economies of all belligerents suffered as a result of both the First and the Second World Wars.

Somewhere in the prosperous years there is a solution waiting to be found. And it is more likely to be found if the North can sit with the South and listen to each other. If the Group of Seven had heard Malaysia's views they would not have forced the value of the Yen up so much that suddenly our external debt is doubled.

I am not saying that the mere listening to the views of the developing countries would result in a foolproof plan for economic recovery. Some countries of the South are possibly irresponsible and extreme. But the participation of a small representation from the South would help in highlighting the effect of any policy on the South, and the subsequent effect on the North if the South prospers or it is impoverished.

At the beginning of this talk I said something about not learning from history, implying that the situation now is like that during the slump of the late twenties. The fact is, of course, the present situation is not identical with the late twenties. We do not have a full-blown depression now. We have a very odd mixture of prosperity amidst poverty or poverty amidst prosperity within countries, between countries, and between regions.

We see for example economic growth taking place while unemployment increases. We see countries with massive trade surpluses yet with high cost of living and high unemployment rate. Some countries accumulate huge reserves trading with countries with huge deficits. Where normally prosperity in developed countries have beneficial effects on poor countries, now we see rich countries getting richer at the expense of poor commodity-producing countries.

In the developed countries, stock market prices go through the ceiling even as record numbers of banks go through the floor. Companies make little profit but their shares go up in value quite independently. Billions of dollars boost the value of junk bonds while real business suffer because they are considered not creditworthy.

Obviously this is not a slump. It is a case of the world's economy going haywire. We are in a madhouse. The need is for sanity. Confrontationism, isolationism or protectionism are about as helpful as a hole in the head. More than at any other time we need to sit down and talk to each other as sane people.

Democracy is wonderful. Leaders should be elected by the people, or at least the majority of the people. But this need to be popular has resulted in some Governments losing their political will. European leaders, for example, have little time for economic principles or historical lessons. They are busy pandering to the views of the farmers who are illiterate in economics or history, but whose votes determine whether the politicians get seats or not. And so, despite their better judgement they subsidise and protect farmers, thus giving rise to the butter, meat and sugar mountains.

Democracy is great and we must have it even if it kills us. I am reminded of the American who said, "I don't agree with what you said, but I will die to defend your right to say it" or words to that effect. It is very noble but if everyone dies, including

the person you disagree with, what is the benefit to be derived? A dead man who is free to speak is not much use because he cannot exercise that freedom anyway.

We must have democracy. But we must define its limits. We cannot allow democracy to kill us. If democracy prevents leaders from doing the right thing for the good of mankind, then let us redefine it. If we are to save this world from the economic chaos we are in, leaders must be able to free themselves from the pressure of the need to be popular and take the necessary action.

This is heresy, of course. But let us remember that the sacrosanct ideologies we believe in today are the heresies of yesterday.

Coming from the developing world, I cannot help but be biased in favour of the Third World. But the fact remains that we are interdependent, now more than ever before. Just as the economic performance of the rich North will affect the performance of the South, so will the prosperity or poverty in the South affect the North. If I talk for and of the South, interdependence implies that I am also talking for and of the North.

As Hodson said. "In general the prices of raw produce fell more rapidly than those of goods at the later stages of manufacture, a fact which temporarily assisted industrial countries but which could not do so for long, since their market abroad (in the raw material producing countries) were being concurrently impoverished". What Hodson means is that if there is a slump in the Third World, sooner or later there will be a slump in the developed countries.

There is a slump in most of the Third World countries now. The question is, will there be a slump in the developed countries next year or the year after – in other words will there be a global recession in 1988 or after? If we believe in the 50 year cycle, then there must be a recession soon. But if we don't, then it is imperative that we – and here I mean not just the economists but also the world leaders – must learn the lessons of past slumps and booms and devise ways of avoiding the impending recession. The will to do this must be exhibited and we must get away from the pressure exerted by narrow sectarian interests even if it means ignoring some of the current interpretations of democratic rights.

The present recessionary economic situation is man-made and it must be unmade by man.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE INVESTMENT SEMINAR ORGANISED
BY THE MALAYSIAN INDUSTRIAL DEVELOPMENT AUTHORITY (MIDA)
LONDON
22ND. JULY, 1987**

It gives me great pleasure to address this investment seminar in London and I would like to take this opportunity of thanking both Peat Marwick and the British-Malaysia Industry and Trade Association in Malaysia for their assistance to MIDA in organising this gathering.

As many of you are well aware, setting up a seminar or convention in an overseas country takes a very considerable amount of forward planning, and when we started plans for this seminar, we were not certain when a general election was to take place in Britain. As we now know, Prime Minister Margaret Thatcher has been returned to power for a further term, making her achievement unique among Prime Ministers in Britain in the twentieth century. It also probably made this seminar possible.

We are pleased to note the mood of confidence in Britain today and credit should go to the nation's leadership and to the British people themselves. The fact that one of Malaysia's more important trading and industrial partners is doing well is most certainly heartening news for us, for in the symbiosis of a healthy relationship both parties must be strong so that our efforts at economic and industrial cooperation can be mutually reinforcing.

Malaysia has always welcomed foreign investors. We may impose conditions in order that we share in the benefits but we have never been anti-foreign. We have never indulged in nationalisation. Even when we were saying "Buy British Last", we still laid out the welcome mat for British investors.

Realising the importance of political stability to economic growth, particularly where foreign investments are concerned, Malaysians have always opted for inter-racial and inter-party trade-offs when solving their political problems. They abhor street solutions.

Recently a member of a British Parliamentary delegation asked me how many parties are there in the National Front, the coalition which forms the Government. He was astounded when I said there are thirteen. In the U.K., he said, it is difficult even for two parties to cooperate in an election. It is a measure of the tolerance of Malaysians that 13 parties can work together for years and years. It must also be remembered that if the Malays are truly racialists, as they have been accused of, they could rule the country on their own. But despite having sufficient majority, they chose

to form the Government in coalition with the other races. The result is that all races are represented in the Government and issues are removed from the streets and transferred to the Cabinet room. The net result is a reduction in the tension and turmoil so common in multi-racial countries.

That the people endorse this approach, there can be no doubt. The National Front and its predecessor have won elections time and time again and formed the Government since independence 30 years ago. The consequence is a peaceful Malaysia which achieves economic growth with ease.

I have been told that the differences of views and opinions among the component parties of the National Front of late has been a source of concern to some people overseas. The fact that there are differences of views is a sign of a healthy and vibrant democracy. The political debates and discussions taking place in Malaysia today is the result of the liberal attitude of the Government and a sign of a mature democracy. It should not be considered as a sign of political weakness. Indeed, the more significant thing worthy of note is the ability to resolve problems time and time again. Look back on the reports on Malaysia and you will smile at the number of times it was reported that Malaysia would go up in flames because of racial problems. But we are far from being burnt. We are very much a vibrant and democratic country. You will perhaps appreciate our achievement more if you can imagine how difficult it would be for you if Britain is populated by 50% Indians and Chinese, both wanting to remain Indian and Chinese and rejecting the British way of life.

Very much inter-woven within the fabric of Malaysian politics and development is the question of the New Economic Policy (NEP). I am sure you are familiar with the NEP which has been designed to eradicate poverty and to restructure society so as to reduce and eventually eliminate the identification of race with economic functions. These objectives are to be achieved within the context of an expanding economy and without depriving any section of the population. The NEP can be compared to the American programme of "affirmative action", whereby communities that are less economically developed are given an opportunity to catch up with the rest.

Malaysia is not the first country in the world to introduce a programme of positive support for the deprived section of the community. In fact, the idea of graduated taxation on income is based on the same social awareness and principle. Economic disparity in a homogeneous society can and often do lead to social upheavals. Imagine how much more explosive the situation would be if, in a multi-racial society, economic disparity is directly linked with racial differences. We believe that the NEP has succeeded in reducing the kind of racial tensions that led to the 1969 race riots. You have only to look at several examples in other countries to appreciate what I say.

Because of the present recession, we have held in abeyance the implementation of certain provisions of the NEP. The result is that we will not achieve the NEP target by 1990. We feel that the reasons for the NEP will be no less cogent after 1990 than before 1990. So long as glaring disparities are present something has to be done to

correct them. But we are more experienced now. We will structure the Malaysian society economically, socially and politically in order to reduce disparities without causing too much negative effects. The different races in Malaysia understand this need. But, of course, there will be the vocal minority who will make a song and dance about everything that we do. As for the foreign investors, I can assure them that any inconvenience will be minimal. In any case those who invest between now and 1990 will not be affected, whatever may be the decision on the future of the NEP.

Lately a lot of questions are being asked by foreigners about the so - called Islamic fundamentalism in Malaysia. I believe that some people may have confused the term fundamentalism with extremism. The two are not the same. Islamic fundamentalism means adhering to the true teachings of Islam, and the true teachings of Islam advocate values which are universally acceptable. The spread of Islamic fundamentalism should, therefore, worry no one. Indeed, it should be welcome.

But admittedly there are some Muslim extremists in Malaysia. They are intolerant of the ways of others, including other Muslims. From the point of view of the Islamic religion these people are wrong. And because they are wrong, the fundamentalist Muslims, like myself, have been able to counter them.

We are fortunate that Muslim extremists in Malaysia are not violent. But they are very politically inclined. However, they have not been able to make any headway. They are in fact losing ground. Whereas before they formed the Governments of two states and had as many as 16 members in Parliamentary seat in last year's general elections. The UMNO, the biggest Malay Muslim party, won 86 seats.

Malaysia is known for its religious tolerance. Freedom of religion is enshrined in the Malaysian constitution and Malaysians strongly uphold religious freedom and tolerance. The religious freedom and racial harmony in Malaysia has often been cited as an example of how a multi-religious and multi-racial country can be stable and harmonious.

I have touched on these points because it appears to surface time and time again whenever the media reports on Malaysia. It may help to remember that Malaysian Muslims have lived in peace and harmony with Hindus, Buddhists, Taoists, Christians, pagans, animists, etc., for the past 200 years. Surely, they have to be tolerant to do this.

The Malaysian economy has been positively improving since the beginning of '87. Share prices are up and dealings brisk; commodity prices have picked up and sales volume increased, deficit trade balances have now become a surplus and manufactured goods are yielding greater export earnings. Growth in 1987 will be higher than projected and foreign loans will actually shrink.

What has Malaysia done to effect this turnaround? Firstly we did not panic. No currency devaluation. No reneging on debt repayment. Basic economic policies

remained the same. The people did not throw out the Government or adopt a new ideology or economic theory. We made adjustments and corrections instead. We adopted a more flexible stance. Government spending was reduced and taxes lowered. Efficiency was improved and, where possible, Government privatised utilities and services. Foreign investors were given additional incentives and wooed with greater fervour, as are the tourists.

We accept that commodities will never regain their old price levels. Modern technology will increase commodity production and reduce usage. So, we try to reduce the cost of production and we waited patiently. Now the price of commodities are picking up again. But we are not taken in. We will diversify into manufacturing. It is an area that we are not bad at. In a few years we have become the world's biggest producer of room air-conditioners and integrated circuits after the US and Japan. True, these are not Malaysian-owned companies. But why is it that foreign owned companies do so well in Malaysia? Surely there must be some Malaysian inputs. Otherwise they could be just as big and successful in other countries. You will find this out if you invest in manufacturing for export in Malaysia.

A policy that has caused a lot of misgivings among Europeans and Americans is Malaysia's Look East Policy. Lurid stories have been told about Japanese and Koreans having exclusive rights to contracts for projects and supplies in Malaysia. There were quite a few stories of bribery and corruption. The truth is that the Look East Policy has nothing to do with contracts and tenders. The best bidder wins and everywhere in the world the Japanese and the Koreans have been able to price their goods and services attractively. Even in England, unless you are fiercely British, you find difficulty not to buy Japanese goods.

The Look East Policy is concerned with learning Japanese, Korean and Taiwanese work ethics, management methods and organisation of business. These people are obviously successful in competing with the developed countries of the West. Surely there must be something they are doing right. We want to know what that something is. So, we look East.

But we have not stopped looking West. We have some 100,000 students studying in the West as compared to 500 in Japan and even less in Korea. For a long time these figures are not going to change much. So there is really little ground for worry. Malaysians are a conservative lot. They do not respond to change readily. They speak more and better English than they ever will Japanese. The Look East Policy notwithstanding, you still have a considerable edge. You know better how to use that. And the British Government will back you. Look at Biwater. It landed one of the biggest contracts in Malaysia.

Things are looking up in Britain. The British disease is slowly being cured. British inventiveness and innovativeness are as strong as ever. Management is more professional. All these add up to a powerful economic force. It would be a pity to confine yourself only to Britain. In South East Asia, Malaysia is waiting for you. We have

many things that will make you and your products even more competitive. Unlike others you have the advantage of knowing the language and familiarity with the systems and the laws. Indeed, you have all the advantage in Malaysia which others envy. We have buried the Buy British Last policy long ago. So do come to Malaysia. You are in the best position to nail the lie that only the Japanese can succeed in Malaysia.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER HOSTED BY
THE BRITISH-MALAYSIAN SOCIETY
LONDON
22ND. JULY, 1987**

It gives me great pleasure to meet members of the British-Malaysian Society tonight. Your Society's list of membership is most impressive. A Society such as this can certainly play a key role in further enhancing bilateral relations between our two countries. I am pleased to learn of the various activities undertaken by the Society towards this direction and would like to assure you that the contribution that you have made is indeed appreciated by the Malaysian Government.

In developing bilateral relations the role of the Government and the private sector are complementary. The quality of the relationship, its breadth and depth, would depend considerably on the private sector of both sides if it is not to become too formal. After all it is the private sector which provides the people to people contact so essential towards upgrading relations between two countries.

The quality of the relationship between countries cannot be taken for granted. History, that great but frequently ignored teacher, tells us that yesterday's friends can be today's foes and today's foes can be tomorrow's friends. If we value friendship then we should all work to develop and sustain it. When the private sector has a good content of personal relationship, Governments can be easily influenced by it. I remember when relationship between Malaysia and Britain was strained some years back, it is the non-Governmental people, in particular the members of your society, who paved the way towards an acceptable reconciliation.

It is imperative, therefore, that the British-Malaysian Society maintain its interest and love for Malaysia in order that Malaysia/Britain relationship should always be friendly. You are what the Americans call, a lobby. Happily you don't require to be paid for your services. You do it out of genuine concern and friendship. And you are, of course, the more effective because of that. Malaysia is grateful and appreciative.

Let me say something about Malaysia. We are what we are partly because of the contribution by the British. I will not pretend that there was such a country as Malaysia before the British came. We were separate small Malay Sultanates which had a tendency to break up into smaller states because the Sultans gave away chunks of land which then became Malay states. The British created Malaya and created the preconditions for Malaysia.

The Democratic form of Government, Constitutional Monarchy, the separation of the Legislative from the Executive and the Judicial branches was also British. The Civil Service system was pioneered by British officers. The rubber industry and the expansion of tin mining also took place during the British colonial period.

But the British were also responsible for the biggest headache that Malaysia faces today – race relations. The British brought in Chinese and Indians without thinking at all about the effect on the Malays. Today we are saddled with the problem of managing three separate races with three separate incompatible cultures and religions. If today these people are not at each other's throat it is certainly not due to any help from others.

The British left us this problem. We are independent now and we really do not expect to be helped in resolving our race problems. But it is disappointing that certain sections of the British society refuse to see how successful we have been at managing race relations in Malaysia. Instead, they have gone out of their way to undermine our efforts.

We wish to be friends with the British. The British Government and certainly the British-Malaysian Society are a great help. But we do get irritated by what seems to be deliberate efforts to misunderstand Malaysia. One influential opinion-maker in Britain derided our production of commodities which it says nobody wants. But this same institution also condemns Malaysia's efforts to industrialise. If you don't produce commodities and you don't industrialise, then what do we do?

I say the failure to understand is deliberate because even someone who is not an old Malaysia-hand would notice the progress that Malaysia has made since independence. Economic growth attained an average of 6% per annum. Clean elections, in which it is possible for opposition candidates to win, are held at regular intervals. Racial tolerance and harmony are well above average. Development is rapid and well spread out. Per capita income rose from about RM300 in the year of independence to RM4,000 now. Indeed the whole appearance of the country has changed that many find it difficult to classify Malaysia as a developing country - and consequently charge us higher interest rates.

But none of these positive aspects has received any attention from the British media. This is fine. But if there is but one negative aspect or happening, the world will be told about it in vista vision. We know it is not the British Government. We know it is not the majority of the British people. But the kind of unfair treatment of Malaysia cannot but sour relationship. We cannot do anything, of course. Press freedom is the essence of democracy. We must have it even if it destroys us.

Malaysia has progressed despite the myriads of problems which it has to face. And Malaysia will continue to progress. We are great believers in the market economy – in free trade. Every country has to protect itself. We accept that too. But the rich and the powerful should not bully the poor and the weak.

We believe strongly in interdependence. No country can be so self-sufficient that it can isolate itself, neither the United States nor Russia. We have to trade with each other. To trade we have to have money to buy the goods we need or the luxuries. The only way we can pay for these is for us to be able to sell our produce at fair prices. Impoverishing a country does not help anyone.

I used to think that increasing prosperity in the developed countries cannot but enrich the poor countries —as the commodities that poor countries produce will find better markets. But now I know better. It is possible for rich countries to get richer by forcing the prices of commodities down. That is what is happening now.

In addition rich countries meet and fiddle with currencies and exchange rates. The net result of commodity and currency manipulation is that some of our exports now fetch only one-fourth of their former prices. With that kind of earnings we are not likely to buy the products of the rich countries. On the other hand the forced depreciation of our currency has resulted in almost doubling the local cost of our foreign debt.

As a society dedicated to the affairs of Britain and Malaysia, I am sure you would like to see the relationship between the poor countries and the rich be productive and beneficial to both sides. During the early period of Malaysia's independence, British-Malaysia relations was good. But quite earlier on, a policy of equidistance with all countries was adopted by Malaysia. Gradually Britain and Malaysia drifted apart.

The old relationship will never return. But neither should we drift further apart. There is a tremendous reservoir of goodwill in both countries. It should be an easy matter to tap this reservoir. There are bodies in Malaysia and in the United Kingdom who can do this. Certainly the British-Malaysian Society is one of them. Then there are the trade and industry organisations in both countries. Even the press can play a role, if it chooses to do so.

I look forward to a future where Malaysia and Britain would be close and mutually respecting friends. God-Willing, we will both gain by it.

Lastly, I would like to thank the British-Malaysian Society for kindly holding this dinner and inviting me to partake of the sumptuous meal as well as to speak on my particular perception of British-Malaysia relations. I do hope I have been able to contribute towards a better appreciation of Malaysia's views. I pray that our relations will be improved in the process.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE LUNCHEON HOSTED BY THE CONFEDERATION
OF BRITISH INDUSTRY IN LONDON
23RD. JULY, 1987**

I would like to thank the Confederation of British Industry for inviting me to this luncheon and to share some of my thoughts with you today. Among us here are distinguished representatives of some of the most successful companies in British industry. I am indeed very glad to have this opportunity to meet you.

Malaysia is not an industrialised country in the accepted sense of the word. But we do intend to industrialise, at least, partially. The primary products like tin, rubber, palm oil, and timber have seen their best days. The future lies in the production of manufactured goods. And so we study avidly the development and progress of the industrialised countries, including Britain, with a view to getting some ideas on how to switch from agro-based industries to manufacturing.

Britain is still the most important example of the industrialisation of a nation. Indeed, it was the British who gave meaning to the word industry. You have had your ups and downs, of course. But lately we noticed you are on your way up again. We are happy regarding this turnaround because not only can we learn much from you but we may probably be benefitting from your success. Britain was once the biggest investor in Malaysia. There is no reason why you cannot regain, at least, some of the past glory.

Malaysia's ties with Britain are historical. There were a few bad patches during the colonial period but by and large the memories are quite pleasant. We do not deny that you did a much better job as colonial master than a lot of others. It is to you to a large extent that we owe our present civil service system, the opening up of our country and the development of our industries such as rubber and tin which subsequently became the main source of our wealth.

We regret very much that the advantageous position that you had when we gained independence was not exploited by you. But partly this was our fault. We Malaysians look up to you so much that you must have felt taller than you really were. It took the shock of dealing with a reputedly abrasive personality to correct an out-dated patron/client relations. Now I believe we understand each other better and there should be no looking back. We, Malaysia and Britain, should get along well as two nations with good and even fond memories of the past, and a bright interdependent future. Malaysia, of course, is not in the same league as Britain, but young nations do tend to take equality seriously.

As I said just now, Britain is still the best example of the industrialisation process of a country. There were many factors which led to the industrialisation success story of Britain. Entrepreneurship and innovativeness were certainly among them. But so were low wages and even child labour. The early successes were no doubt due to some or all these factors. Once success and strength was achieved, British industries were in a much better position to face the competitors and to deal with the labour problems following upon extensive unionisation of the work force.

I am not saying that Malaysia, which is just beginning to industrialise, should not face competition or should resort to child labour. But people should understand if we have to subsidise our industries and our labour laws should be less liberal i.e. be more in keeping with labour laws in the early stages of Britain's industrialisation.

As it is, Malaysian labour laws were lifted directly from contemporary British labour laws and we are now expected to practice the very latest in liberal philosophies – which even the current British Government is discarding. The end result may be failure to industrialise and to compete, which will mean that our people, including the workers, will never enjoy higher standards of living. We want to learn from Britain but we must acknowledge that our present state of development is only comparable to that of Britain of 40 years ago. We cannot therefore indulge in the luxuries of present day Britain. And people should not expect us to. If we appear in any way restrictive it is because others were even more restrictive when they were at our stage of developments.

You may have heard about our Look East Policy. Some have made the worst possible interpretation by saying that Look East meant giving all contracts and buying all goods from eastern nations like Japan and Korea. We have explained 'ad nauseam' that the policy means learning the work ethics, management methods, business practices, and Government/business partnerships in Japan and the successful NICs of the East. We have not ceased to look at the West. The fact that we continue to have some 100,000 Malaysian students in Western countries as compared to 500 students in Japan is clear testimony of this. But we really cannot afford the luxury of 35-hour weeks, old school-ties management, antagonistic Government/ business relations, etc. if we want to industrialise successfully.

British business really have nothing to fear from our Look East Policy. It did not motivate our Buy British Last Policy. But British Last was the result of Britain's lack of appreciation of the million Pounds we have been pumping into the British economy through fees and living expenses of our students in this country. Happily this problem was resolved and the Buy British Last Policy was dropped even before Mrs. Thatcher visited Malaysia in 1985. This does not mean that we are going to buy British first. It does mean that British goods will compete on equal terms with everyone else's. There will be no discrimination. So, may I repeat, Buy British Last Policy is dead and has been buried for good.

The industrialisation programme of Malaysia cannot be carried out by Malaysians alone. We still lack the know-how and even the entrepreneurial skill. We

accept and welcome foreign participation. We certainly welcome British participation – you happen to speak the language we understand and we still speak that language reasonably well. Your virtues and even your vices are known to us and we are not uncomfortable with them. Hence there will be no surprises. We do hope that along with some of your selling missions should come investors as well, ready to participate in our industrialisation.

The collapse of commodity prices in 1986 dealt a heavy blow to our economy and our industrialisation programme. But it opened our eyes to the foolishness of being dependent on primary products alone. We accept now that commodities will never regain their old price levels. And so the moderate recovery we are experiencing now is handled with greater wariness.

Nevertheless there is economic recovery with every indication that it is going to continue. The stock market is experiencing a minor boom as foreign funds flow in to take advantage of low prices. The effective though involuntary devaluation of the Malaysian Ringgit has made Malaysian industries and products more competitive. The Ringgit has also depreciated against the Pound Sterling – making the country attractive for British investments. Consequently the manufacturing sector recorded a growth of 6.8% in 1986.

To stimulate investments further the Government has removed certain conditions attached to foreign ownership and jobs. Hundred per cent ownership will be easier and more expatriates can be employed. In addition ownership of property has been liberalised. Details are available with the Malaysian Development Industrial Authority (MIDA) which has a British Investment Advisor stationed in its headquarters in Kuala Lumpur and an office here in London.

We have been told on several occasions that the Malaysian industrialisation policy is unwise and unrealistic. We have been asked why should we go into heavy industries and why we should manufacture motor cars. The Malaysian car has been called a Malaysian nightmare and it is losing money, argue its critics. But how many new motorcar industries even in developed countries make money the first few years of their existence? In fact, quite a number of new car factories went under without selling hardly one car. Companies making aeroplanes fold up even faster. What I am trying to say is that industries fail and industries succeed. It is a bit too early to say that the Malaysian Industrial Policy is wrong. In any case it should really not concern others, particularly foreign industrialists. Let Malaysians muddle their way through but do take advantage of their policy. Whatever may be our faults, we have honoured our debts and are not bankrupt. And with reserves equivalent to seven months of retained imports, we are not likely to be. I assure you that you will be safe in Malaysia.

Among policies which might interest you is the privatisation programme. Indeed, we were into privatisation earlier than Britain, but I must admit that implementation is rather slow. The Malaysian Telecoms has been privatised. The Malaysian Railways will be privatised, for one Malaysian Ringgit only. So will be the various

ports, highways, power and other public utilities. Foreigners are welcome to participate. I am sure, at least, a few of the 50 million Britons can find some opportunity somewhere in the privatisation programme in Malaysia.

The British are well-known for their spirit of adventure. You are not afraid of far away places with strange sounding names. Malaysia is neither far away nor strange sounding. But we are just not seeing enough Britons in Malaysia. Perhaps you find investing in Malaysia still unattractive. Perhaps you worry about the so-called Islamic extremists whom we trounced completely in the 1986 elections. Perhaps you cannot believe that we have really discarded the Buy British Last Policy. But you can still come to Malaysia as tourists. You will be welcome and it will cost you a fraction of your holiday anywhere else. What you will see and experience will, I am sure, convince you that at least some of what I say is true. At the very least you would have enjoyed Malaysia and its friendly, frequently English-speaking people.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER HOSTED BY MR. KAAROLY GROSZ
CHAIRMAN OF THE COUNCIL OF MINISTERS
IN BUDAPEST, HUNGARY, 27TH. JULY, 1987**

May I first extend my heartiest congratulations on your recent appointment as Chairman of the Council of Ministers. Under your able leadership, I am confident Hungary can look forward to continued prosperity and stability.

I would also like to take this opportunity to express my gratitude to the Government of Hungary for the kind invitation to visit your country and for the excellent arrangements and generous hospitality accorded to me and my delegation.

The warmth of your welcome and the impact Budapest has had on me promise to make my first visit to Hungary a truly memorable one. Budapest has been reputed to be one of the most magnificent cities in the world and my visit here has only helped to confirm the truth of what generations before me have known. I look forward to seeing more of your beautiful country in the remaining days of my visit.

It is indeed remarkable that even though you have a small population you could match the capacities of other bigger developed nations. Your pragmatic approach to planning and fresh perspectives on East-West relations have brought about important changes in the economy. The growth of your industry has been phenomenal and Malaysia would do well to emulate some of your industrial practices. You have adapted your industrial planning to the country's resources where the emphasis has been on the use of few raw materials and greater labour utilisation. This has paid off handsomely and today Hungary can be proud of her achievements in telecommunications, public transport and ship-building, the latter an amazing feat for a landlocked country.

It is often said that in an attempt at rapid industrialisation a nation loses its soul but I see that Hungary is in an enviable position where many cultures have been fused to ensure a unique Hungarian culture. The artistic and philosophical attainments of the Middle Ages rooted itself in congenial soil where Hungarian values joined the great stream of medieval Western culture while retaining its own individual colour. Hungary excels in various fields of music, literature, the arts and the sciences. The Hungarian Academy of Science that dates its foundation to the mid-19th century has produced scientists that have few peers. Who, may I ask, has not heard of the Rubic Cube and your famous Herend porcelain?

Malaysia and Hungary have enjoyed cordial and friendly relations. Although trade between our two countries is relatively small, it does not mean that the situation must remain static. I am confident that we can study various ways by which trade can be improved and increased to our mutual benefit. I believe one way is for Hungary to buy directly from Malaysia rather than through indirect channels.

My visit here affords the opportunity for us to examine the future prospects as Malaysian businessmen are even now talking with their Hungarian counterparts on how we can achieve a greater flow of goods between our two countries. I wish them all success in their deliberations.

It is also my hope that greater efforts would be made to make our people aware of the various opportunities available for mutually beneficial economic cooperation. The holding of another Hungarian Week in Kuala Lumpur in October this year is a positive step in this direction. I hope a Malaysian week can be held here in Budapest.

On the Malaysian side, a train ride out of Kuala Lumpur will help many realise that Hungarians export comfortable coaches. Our cooperation need not begin and end with railway coaches only. As developing countries with common aspirations we can branch out into other fields such as pharmaceuticals, fertilisers, and training in the agricultural sector. We could also look into the possibility of extending technical assistance to each other as from one developing country to another.

It is my fervent hope that our bilateral relations will grow from strength to strength given the fact that our two sides are desirous of enhancing the existing ties and building on what we have for greater consolidation in the future.

Technology is contracting our world. Improvements in modern communications mean that any point on the map is only a flight away. Interdependence has become a necessity in the conduct of relations between states. It is not enough anymore to co-operate among friends within regional groupings. Efforts must be made to reach beyond immediate or adjacent regions in the name of interdependence. My visit here is taken on the premise that no distance or barriers divide us or stand in the way of our cooperation.

Interdependence also means a deep awareness of sharing and caring over issues of peace, stability and international cooperation. The records of your country and mine place both of us in the same plane. Although we are small countries we insist that our voices should be heard. We do not believe that giants own this earth and that others have no role to play. In that context, we should express concern over the spiralling arms race and, while present indications with regard to relations between the United States and the Soviet Union give some reason to be hopeful, we must continue to urge early and qualitative progress on disarmament and the abatement of the superpower rivalry which looms in various regions.

I believe we should also voice our concern on oppression and repression on our less unfortunate brothers. The plight of the Palestinian people and the valiant struggle

of the PLO for their homeland, the unconquerable spirit of Africans fighting against the apartheid regime in South Africa; the endless stream of refugees from the fighting in Afghanistan, and in Kampuchea should continue to occupy the priorities of our foreign policy.

We are appreciative of Hungary's support for Malaysia at the International Conference on Drug Abuse and Illicit Trafficking in Vienna recently. All of us have an obligation to carry out the fight, even those countries that are least affected by drugs. There are no safe havens. There has to be a continuing programme on the basis of the Comprehensive Multi - Disciplinary Outline Of Action, the document we adopted in Vienna, which all countries should undertake where our national efforts are linked regionally and internationally.

I am very happy to be in Hungary. My delegation and I have enjoyed your kind hospitality and would like to thank your Government for all the courtesies extended to us. I look forward to returning the compliment. My wife and I would be delighted to receive you, and your charming wife, as our guests in Kuala Lumpur in the not too distant future.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE STATE BANQUET HOSTED BY HIS EXCELLENCY
MR. V.S. MURAKHOVSKY, THE ACTING PRIME MINISTER
OF THE UNION OF SOVIET SOCIALIST REPUBLICS, MOSCOW
30TH. JULY, 1987**

I am happy to be in Moscow the capital city of this great country, Russia - a city that I have read so much about but have never been to. May I take this opportunity to express my gratitude to the Government of the Union of Soviet Socialist Republics for the excellent arrangements and generous hospitality accorded to me and my delegation.

The program that has been drawn up will enable me and my delegation to see different parts of your country and enable us to meet your people of various nationalities. It will no doubt give us a better perspective and a deeper understanding of your country and your people.

I am happy to note that the process of domestic reconstruction has been complemented with new and vigorous foreign policies, especially in the search for peace and finding new solutions in ending regional conflicts.

As a non-nuclear nation, firmly committed to peace and disarmament, Malaysia welcome your initiatives on nuclear disarmament. We agree with you that the world must deal with the threat posed by nuclear confrontation and that new thinking and political courage are required to end the arms race. It is our hope that the Geneva talks will bear some fruit soon for the sake of mankind. Many other pressing issues could be easily resolved if the threat of nuclear war is lifted and goodwill prevails among nations of the world. Just think of the enormous resources that it will free for the constructive development of nations and mankind.

Our discussions have revealed that the Soviet Union and Malaysia share many common perceptions on global issues. We share your concerns on disarmament and the need to enhance global security. Both our countries are supportive of the role of the United Nations and its associated agencies. We both implacably support the struggle in South Africa for human dignity and freedom. Our views on the situation in the Middle East coincide. As a non-aligned nation Malaysia welcomes Soviet understanding of the aspirations of the Non-Aligned Movement.

Malaysia recognises that the Soviet Union is an integral part of Asia and Pacific. In this context we welcome the important statement on Asian-Pacific security made by General Secretary Gorbachev in Vladivostok last year. The statement was a timely reminder that the Soviet Union gave due prominence to its place and role in the Asia-Pacific community. We are encouraged to hear that the Soviet Union is prepared to

work with the United States to terminate the arms race, to improve relations with China and Japan, to withdraw its troops from the territories of other countries and to enhance its relations with the other nations in the region, including Malaysia.

Malaysia and the other members of ASEAN are very concerned with the prospects for peace, stability, and regional cooperation in the Asia-Pacific region. We are, however, keenly aware that the complexity and diversity of the countries that make up the Pacific Basin defy an institutionalised approach to these issues. We believe that efforts should initially be concentrated on the defusion of regional tensions caused by conflict situations that have led to the escalation of great power rivalry which polarise and divide the region.

Our immediate concern are the conflict situations in Afghanistan and Kampuchea, the resolution of which are a sine qua non if an atmosphere conducive to peace is to be created.

Mr. Gorbachev has called Afghanistan "a bleeding wound". To us Kampuchea has become a festering sore which seriously infects the health of our region. If the ideals of Vladivostok and Delhi are to be substantiated these conflicts must be settled as soon as possible.

As a member of the Organisation of Islamic Conference, Malaysia is deeply concerned with the situation in Afghanistan. We can never accept what has happened in Afghanistan, an independent and sovereign nation, as a fait accompli. We welcome the Soviet Union's stated policy of withdrawal and we look forward to an early agreement at the Geneva Talks on this subject. We believe that the principle of self-determination must be applied in Afghanistan. Although we are a small developing country, we will, nevertheless, make our stand clear against any instances when fundamental principles of relations between nations are ignored and violated.

Kampuchea is at the forefront of our concerns. At the end of the Second Indochina War, Malaysia and other ASEAN nations were among the first to offer friendship and assistance to Vietnam, Laos and Kampuchea. We were motivated by ASEAN's doctrine of regional cooperation and our objective was to substantiate the ASEAN proposal for a Zone of Peace, Freedom and Neutrality (ZOPFAN) in South East Asia which can only be achieved by the effective cooperation and inter-action of its component nations based on mutual understanding and confidence. The ZOPFAN concept presupposes a policy of equidistance between the regional states and the great powers which will allow the former to control their own destinies and assume responsibility for their own security.

Reference is often made to the realities of the situation in Kampuchea. The fundamental reality is that the occupation of Kampuchea by a foreign power has breached an important principle of international relations, creating a dangerous precedent. The ASEAN countries have made reasonable proposals for the resolution of the issue. These proposals have the support of the overwhelming majority of the international community.

ASEAN has proposed the withdrawal of foreign forces and their replacement by an international peace-keeping force to ensure that no party can dominate Kampuchea in the interim before internationally-supervised elections are held for a government of a neutral non-aligned Kampuchea. This would allow the long-suffering Kampuchean people to determine their own future. The interests of all external powers will also be safeguarded by this process.

ASEAN has worked hard to keep a dialogue open with all interested parties so that such a solution may be negotiated. We believe that the Soviet Union's role in this process is critical. Your leaders have already met and discussed the issue with some ASEAN leaders. I feel our talks have further enhanced these consultations. The ASEAN Summit in Manila at the end of the year will provide an opportunity for my colleagues and I to review the results of our consultations with you and other interested parties.

Resolution of the above outstanding conflicts followed by demilitarisation of the region and other "confidence-building measures" will certainly allow the states of the Asia-Pacific region to come together in a cooperative effort to exploit its enormous potentials for the well-being of their peoples. Without progress on the issues I have mentioned, the region will remain divided and potentially unstable.

This year marks the twentieth anniversary of the establishment of diplomatic relations between our two countries. During this period a great deal has been achieved. A major purpose of my visit here is to consolidate our links and to discuss our future cooperation. Tomorrow, two new agreements on maritime arrangements and double taxation will be signed providing further incentives for cooperation. Government-to-government arrangements can, however, only secure the foundations of cooperation. We have an open free-market economy and your organisations must develop effective business links with our private sector. You may be assured that my Government will be supportive of this process.

In the short time we have been here we have seen the beautiful cities of Leningrad and Moscow and visited the fascinating Uzbekistan Republic. We have learnt something about your leadership's efforts for a better society in this country. We have seen for ourselves some of its results. It has been, altogether, an unforgettable experience which we shall cherish when we leave the Soviet Union.

On behalf of my wife and the Malaysian delegation, may I thank you and the Soviet Government for the very warm welcome and generous hospitality that we have experienced during our stay here.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF THE 33RD.
COMMONWEALTH PARLIAMENTARY CONFERENCE
AT PARLIAMENT HOUSE, KUALA LUMPUR
1ST. SEPTEMBER, 1987**

I am happy and honoured to be with you today on the occasion of the 33rd. Commonwealth Parliamentary Conference. Malaysia considers it a great privilege to host this Conference for the third time. We first hosted the Conference in November 1963 and again in September 1971. On behalf of the Government and people of Malaysia, I would like to extend a warm welcome to our distinguished guests, the Honourable Parliamentarians from the Commonwealth countries.

Yesterday Malaysia celebrated the thirtieth anniversary of its Independence. I understand that all of you joined in the celebrations yesterday. I do hope that what you have seen yesterday and also during your tours of the country would enable you to have an impression of multi-racial, multi-religious Malaysia which you are not likely to get especially from reading about it.

You have before you matters of importance to deliberate. These matters relate directly to the welfare of the countries and people you represent, their relationship with each other and the roles that they and their Governments play. This is in the best tradition of the Commonwealth Parliamentary Association or the CPA and it is very commendable indeed. I wish you well for I am sure that only good can come from your meeting and exchange of views. The knowledge and experience gained cannot but help you to understand your own problems better and may even contribute towards their solution.

I am on record as being critical of the Commonwealth. I still am. But the CPA is somewhat different. The Commonwealth I criticize because far too often it did not live up to its name. There is nothing common about the wealth of the Commonwealth. Often there is not even a great wealth of understanding between us. Thus the rich among us frequently refuse even to understand the problems faced by the poor - even when the problem is of their making. As the poor struggle to deal with these problems they are belaboured with carping criticisms for being not democratic enough, and so on.

But I am not completely right, of course. My officers often remind me of the help we and other poor countries receive. There is the Commonwealth Fund for Technical Cooperation, the Commonwealth Foundation, The Commonwealth Science Council, the Commonwealth Youth Programme, etc. It would be churlish of me not to

admit that all these help. That is why we are still in the Commonwealth despite our other disappointments.

The CPA is, as I said just now, quite a different body. It is without doubt part of the Commonwealth but it serves the very useful purpose of spreading the role and practice of parliament in a parliamentary democracy. This is not to say that we cannot learn from other sources but the constant exchange of ideas and visits and intermingling of parliamentarians during the various conferences of the CPA cannot but heighten the perceptions of the parliamentarians of what parliament is all about.

It is important to remember that most of the members of the Commonwealth gained independence only a scant three decades ago. During the period when they were colonies parliamentary democracy was quite unknown. They were governed by bureaucrats with near absolute authority. There may have been Legislative Councils but the members were appointed and consequently were beholden only to the authorities. There was therefore none of the traditions, and the practices associated with Westminster.

Yet when these countries gained independence they were expected to suddenly practise parliamentary democracy. No allowance was made for the fact that they had little or no experience or training. From Legislative Councils where no opposition existed they were expected to take on the thrust and parry of open debate between the Government and the Opposition. It is a miracle that these countries manage to retain parliaments and survive.

Perhaps it is the fact that they were able to borrow the traditions and practices of the older Commonwealth countries that saved them from anarchy. If it is, then we have to thank the CPA for enabling the borrowing to be effected. We all know, of course, that the CPA is instrumental in exposing and educating many a parliamentarian from Commonwealth countries in the intricacies of parliamentary practice and its traditions.

But the CPA, of course, does more than that. It holds conference in countries of the Commonwealth. It also holds council or executive committee meetings in the smaller countries which are unable to host the big conferences.

A lot of people travel these days. But many countries are missed out because they are out of the way or are too small. The people of the Caribbean find little reason to visit South East Asia or the South Pacific and vice versa. But with membership of the Commonwealth Parliamentary Association these places are visited and friendship and understanding is the result.

Malaysia is one of those countries which appreciates the friendship and understanding of parliamentarians every where. We are a multi-racial country. It is not of our own making. It was thrust upon us during the period when we under colonial rule. Since Independence we have been trying to foster racial harmony. It is not easy. As an example the Malays are Muslims and eat beef but abhor pork. The Chinese are Taoists

or Buddhists and eat pork. The Indians are Hindus and do not take both pork and beef. Theoretically, we cannot even sit down together to eat. But we do and we do it often. This clearly demonstrates that Malaysians respect each other's religions, customs and beliefs, are able to give and take and are also tolerant of one another. We, therefore, get on reasonably well.

One would think that the people who inflict this on us would appreciate this, appreciate the tolerance of the three major races in Malaysia. One would think that we would be helped. But no such appreciation is forthcoming. Instead, we read reports that some races are badly treated in Malaysia, that very soon there will be racial violence, etc. The fact that very soon, soon passes by with nothing happening does not deter them. Soon they will report again that very soon there will be racial riots in Malaysia.

Your meeting here therefore is very welcome because you can see for yourself the truth and you will hear also the views - both Government and Opposition. You will be able to judge for yourself. I am sure other countries in the Commonwealth who are the subject of such calumny would welcome the opportunity to put themselves on display, so to speak, for all and sundry to examine.

The CPA is, of course, not so inward-looking that each country is interested only in its own image. You are also very interested in the fate of humanity in every corner of the globe. In particular you are interested in the struggle of the blacks in South Africa against the crime of apartheid and minority rule. Malaysia has been unequivocal in its abhorrence and condemnation of the racist white regime in South Africa. It was Malaysia which initiated the expulsion of South Africa from the Commonwealth. And as early as 1965 Malaysia applied sanctions against South Africa.

We in Malaysia feel strongly that South Africa should be completely ostracised. The excuses that sanctions would hurt the blacks more than the whites have been disproved by the realities that we see today. The blacks are being oppressed, ill-treated and murdered even without sanctions. We are only prolonging their sufferings by our half-measures. The only answer is total sanctions and isolation. The CPA must urge the doubting Margarets from among the Heads of Government attending the CHOGM in Vancouver to resolve to apply sanctions now. Then and then only will the Commonwealth be meaningful. The few should not allow the many to suffer so much for filthy lucre.

The CPA is a multi-national organisation. As such its discussions are multi-lateral. The greatest multi-national organisation of all is the United Nations. It was founded on the premise that all nations are equal and therefore have equal rights to discuss world affairs. However, of late, we see a tendency to ignore the United Nations multi-lateralism in favour of bilateralism or limited small groups.

If the discussions of these small groups do not affect other countries they are welcome to it. But in many instances the resolutions adopted at these meetings affect adversely a lot of other countries.

A case in point is the Group of Seven rich countries. It is as a result of this Group's meeting that suddenly many poor countries have been made poorer. The exchange rates of different currencies have been manipulated so that suddenly poor countries find their external debts have been doubled and their export earnings reduced.

Poor countries find it difficult enough to handle banks which speculate in their currencies. But against the currency manipulation of rich countries they don't stand a chance. And when rich countries get together to rearrange the financial and economic affairs of the world to their advantage, poor countries cannot but be the losers.

We must return to multi-lateralism. Admittedly the United Nations is cumbersome and some members can be unreasonable. But it is still the only truly representative body of the countries of the world. It can be improved but it must not be bypassed. The CPA, itself a multi-national body, must support multi-lateralism as exemplified by the United Nations.

I am sure that as your plane approached Malaysia you would have been warned of the extreme penalty for trafficking in drugs in Malaysia. Our law is harsh but we make no apology. Our youths are being destroyed by this scourge. We consider those who distribute drugs as their destroyers, their murderers. And it is as murderers that they will be treated. We thank all members of the Commonwealth for supporting Malaysia's candidature at the Vienna Conference on Drug Abuse and Illicit Trafficking.

Malaysia welcomes you. We hope that your stay here will be both interesting and pleasant. Like most capital cities, Kuala Lumpur, or KL as we call it, is cosmopolitan and not quite typical of the rest of the country. Nevertheless, it has its own character. If you have the time and the inclination, do visit other parts of the country especially Sarawak and Sabah, where you will see what is more typical of Malaysia.

My wife and I feel privileged to be with you this morning. We look forward to meeting you again tomorrow evening. Your charming ladies will come to Sri Perdana tomorrow afternoon for tea with my wife and I hope they will have sufficient opportunity for exchanging views.

I wish the Conference all success and wish you well in your deliberations which I hope will contribute to greater friendship and understanding among Parliamentarians of the Commonwealth countries.

I now have much pleasure in declaring open the 33rd. Commonwealth Parliamentary Conference.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE 1987 ASIA - PACIFIC REAL ESTATE CONGRESS
KUALA LUMPUR
2ND. SEPTEMBER, 1987**

I would like to thank the organising committee of the Congress for inviting me to officiate the opening of this Congress. I would also like to thank the Council of Asia Pacific Real Estate Federation for choosing Kuala Lumpur as the venue for this year's Congress and to congratulate the Malaysian Chapter and the Institution of Surveyors, Malaysia for organising it and the Housing Developers' Association for co-sponsoring the event. To the foreign delegates, I wish you all a very warm welcome.

It is appropriate and beneficial that you all have a chance to meet and exchange information and new ideas for the advancement of the real estate industry. This sector in Malaysia is currently facing difficulties after the many real estate booms which we had enjoyed. I believe that others in the Asia-Pacific region too have faced similar problems. The Congress would also provide the participants an opportunity to learn and discover innovative and efficient approaches to solve contemporary problems related to the industry. In this context, the theme of your Conference 'Economic Growth Through Real Estate' is indeed appropriate.

This Congress provides an opportunity for delegates from the Asia-Pacific region to forge greater rapport and understanding. It will also encourage greater international ties and promote more real estate investment among the Asia-Pacific nations. Furthermore, it serves to provide the professionals and the public in general a greater understanding of the industry through presentation by professional speakers on various aspects of their areas of expertise. I have been told that the papers to be presented touch on a variety of subjects relevant to the developing countries of the Asia-Pacific region.

Manufacturing Thrust

Touching on the economic situation in Malaysia, in the past we depended largely on primary commodities such as tin, palm oil, rubber, and cocoa. Like other primary commodity producers, our economy has also been affected by the global recession. Fortunately, we recognised the need to diversify our economic activities early. The main thrust of the diversification strategy has been in industrialisation. In line with this strategy, we embarked on a programme of industrialisation with emphasis on manufacturing for export for more than a decade. This strategy has proven to be right and our achievements in the manufacturing sector in the last few years have helped to cushion the effects of declining commodity prices and demands. With the recent intro-

duction of various measures and generous incentives for investments, and with the improvement in prices of some primary commodities, we are optimistic of the future outlook.

In the past, our economy has achieved an average of 6% growth per annum. However, foreign investors need not fear and need not be pessimistic because of the current low growth. Although we are not yet an industrialised country, we have achieved a high degree of success in our industrialisation. As a matter of fact, we have entered the hightech and heavy industry areas. The formulation and implementation of the Industrial Master Plan, with an emphasis on export-oriented manufacturing sector, will accelerate further industrial growth. We also have the resources, ingredients and resilience to steer us out of the present setbacks to higher economic growth in the years to come.

Property-Owning Policy

Given that economic background, the construction and real estate industry used to be one of the pillars of Malaysia's economy and has experienced rapid and vigorous growth until 1984. It has advanced from developing small estates to well-planned townships. Where development companies were once mere family businesses, Malaysia now boasts of large conglomerates to equal any that other nations have to offer. Since then, the industry has faced problems arising from the backlash of the economic recession. But I must emphasise that we have a property-owning policy which has generated many booms, and we are confident that the policy can help to rejuvenate the real estate industry.

Malaysia is making every possible move to help and boost the real estate industry. Such measures include lowering alienation premiums, reduced land use conversion charges, trimming of infrastructural requirements, minimising red tape to quicken the approval process, cheaper financing charges, enabling partial withdrawal of contributions to the Employees Provident Fund for purchasing of houses, just to mention a few from the long list of measures that we have introduced and implemented.

Foreign Investment In Real Estate

One of the significant changes that we have made is to enable foreigners to purchase various types of real estate, namely agricultural, residential, commercial and industrial. Perhaps, investors should take this opportunity to invest in real estate in Malaysia as long-term investment. In relation to that, our present population is about sixteen million and our country has a growth rate of about 2.6%. With a rapid demographic growth, there will be a continuous strong demand for shelter.

There is still a shortage of housing for the lower and medium-income groups. In order to cater for the lower income group, we have introduced and implemented a special housing programme which has set a target of 80,000 homes per annum for three years from 1986. Although we have technocrats and professionals looking into more expedi-

tious methods of constructing buildings with some of them already in use, there is still room for further foreign expertise and capital investment in this sector .

There is also a strong demand for medium cost houses throughout the country. With lower prices for some building materials and reduction in construction costs, developers and entrepreneurs with the right strategies can enjoy a reasonable margin of profit.

I hope that your deliberations at this Congress will generate mutual benefits to our respective nations. I also hope you will have a pleasant stay in Kuala Lumpur and that you will also have the opportunity to visit other places in Malaysia. I now have much pleasure in declaring the 1987 Asia-Pacific Real Estate Congress open.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER IN HONOUR OF HIS EXCELLENCY
SIR KINGSFORD DIBELA THE GOVERNOR GENERAL
OF PAPUA NEW GUINEA
KUALA LUMPUR
8TH. OCTOBER, 1987**

On behalf of the Government and people of Malaysia it gives me great pleasure to welcome Your Excellency and Lady Dibela to Malaysia. My wife and I are indeed honoured and privileged to have Your Excellencies with us this evening. We hope that Your Excellency's stay in Malaysia would be a memorable one.

I wish also to express on behalf of their Majesties the Yang di-Pertuan Agong and the Raja Permaisuri Agong their cordial greetings and welcome to Your Excellency and Lady Dibela and to express His Majesty's deep regret for his inability to receive Your Excellency as His Majesty is presently overseas. His Majesty expresses His confidence that Your Excellency's visit to Malaysia will be successful.

Your Excellency's visit to Kuala Lumpur is a historic as this is the first visit by a Governor General of Papua New Guinea to Malaysia. We in Malaysia place great importance to Your Excellency's visit. I hope that this visit will not only further strengthen our ties but will also enable Your Excellency and Lady Dibela to catch a varied glimpse of Malaysia, see a little of our country and meet with some of our people.

Relations between Papua New Guinea and Malaysia have always been close and cordial. It is the intention of the Malaysian Government to maintain, nurture and invigorate further the relationship between us. Your Excellency's visit to Malaysia contributes at the highest level towards consolidating that relationship, symbolising a friendship that will withstand changes and time.

We in Malaysia follow with keen interest the vigorous efforts by Your Excellency's Government to improve the economic and social well-being of the people of Papua New Guinea. We have pursued similar objectives and are only too happy to share our knowledge and experiences. I am confident that there is indeed great potential for wider cooperation in trade, economic and technical areas for the mutual benefits of our two countries. It only remains for us, particularly our private sector, to identify the areas and joint from them.

Malaysia is fully committed to the concept of cooperation among developing countries, or South-South Cooperation, not only in trade but also in other aspects of

economics and technical cooperations. We consider the recent establishment of the Independent Commission of the South, headed by former President Of Tanzania, His Excellency Dr. Julius Nyerere, as a significant step towards greater cooperation among developing countries.

Malaysia has initiated its own assistance programme the Malaysian Technical Cooperation Programme (MTCP) in which we share our experiences and expertise with other developing countries including Papua New Guinea . It is hoped that this modest programme would be of benefit in the development of Papua New Guinea . Furthermore the contacts made and the friendship established between the peoples of Papua New Guinea and Malaysia will no doubt contribute towards cementing the existing friendship and goodwill between us.

Like most other developing countries, Malaysia continues to be affected by the global economic predicament including unfavourable terms of trade, growing protectionism and declining prices of primary commodities. All these cannot be redressed in isolation nor can it wait for global consensus on the creation of a new international economic order. What is also needed is effective and sustained cooperations among developing countries. All developing countries have to tackle these problems ourselves so as to ensure that our products receive fair and stable prices and that we could reap the benefits which can contribute to the development of our countries.

Once again, I would like to warmly welcome Your Excellency and Lady Dibela to Malaysia and hope that both of you have a pleasant and memorable stay in Malaysia.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER IN HONOUR OF HIS EXCELLENCY
MOHAMMAD KHAN JUNEJO, PRIME MINISTER OF THE ISLAMIC
REPUBLIC OF PAKISTAN, KUALA LUMPUR
5TH. NOVEMBER, 1987**

On behalf of the Government and people of Malaysia I would like to extend a very warm welcome to Your Excellency on the occasion of your official visit to Malaysia. I recall with fond memories the generous hospitality accorded to me and my wife by the Government and people of Pakistan during our visit to your beautiful country in March 1984. Two years earlier, in 1982, we had the privilege of hosting your President, His Excellency General Zia Ul-Haq. It is therefore an honour and pleasure for me to be able to play host to Your Excellency during your three-day visit to Malaysia. As this is Your Excellency's first official visit to Malaysia, I sincerely hope that your stay here, though a brief one, will enable you to understand the varied aspects of Malaysia and meet with some of our people.

Pakistan and Malaysia have a long history of ties and contacts. Our people share a common faith in Islam. We have many things in common and our discussions earlier this afternoon confirmed, once again, that Malaysia and Pakistan share a mutuality of interests.

Both our countries are already engaged in a formal and continuing dialogue through our Joint Committee on Economic and Technical Cooperation. Your visit, Excellency, will no doubt provide the impetus for further discussions as well as contacts at other levels. But we welcome your visit most for the friendship it brings and for the closeness of ties between our two countries. Your visit will also strengthen our common resolve to bring progress and prosperity to our people and peace and security to our region.

We in Malaysia follow with keen interest the determination and urgency with which your Government is pursuing socio-economic reforms to bring development to the people where they are needed most. We pray for your success in this endeavour. That you and your partners in SAARC are also endeavouring to adopt regional approaches to achieve the common good cannot but receive acclaim from us in this region who have long believed in and derived benefits from our own regional collaboration in ASEAN.

Pakistan and Malaysia can take pride in that we have put into practice the principle of self-help. Your nationals have received training in Malaysia, and ours in Pakistan, in various technical fields. Pakistani professionals have provided service in Malaysia and many young Malaysians are enrolled in institutions of learning in

Pakistan. Malaysia is also appreciative of the warm gesture of friendship shown by Pakistan by the provision of places for Malaysian students in Pakistan's institutions of higher learning, particularly, the special consideration that has been given to us for additional places. Excellency, we are now left with the task of exploring new areas for technical and economic cooperation and identifying weaknesses if any.

Malaysia and Pakistan face the same problem of inequities in international economic relations while aspiring to deliver the benefits of development at home to our people. In our endeavours we are beset with the rising threat of protectionism and the so called "solutions" reached by developed countries at our expense without due regard to our needs. In response to this international environment, we, the developing countries of the South, have in some measure responded through the formation of the South Commission. We both support the South Commission chaired by H.E. Dr. Julius Nyerere which has the task of charting a framework for cooperation among developing countries.

Our time is characterized by swirling changes and perennial problems. Developing countries, particularly, are confronted at both ends. The inequalities of the past, economic and political, remain largely unresolved and yet the challenges of the future in the wake of a revolution in technology place developing countries in an even more unequal and precarious situation. Options become limited. In this context, it is comforting that Pakistan and Malaysia are in the vanguard of efforts within the Non-Aligned Movement and other affiliations to effect common positions to overcome problems affecting developing countries. Sharing common perspectives and approaches to the issues of our time, Pakistan and Malaysia have worked together to strengthen international solidarity to find solutions to the problems of foreign occupation in Kampuchea and Afghanistan which have destabilized our respective regions, the Israeli occupation of Arab lands and their continued opposition to the creation of the state of Palestine which is an affront to the "Ummah", and the inhumanity of apartheid which is an abomination to civilized people everywhere. We share the anguish over the unending conflict between the brotherly nations of Iran and Iraq and we view with equal concern the militarization and the dangerously escalating situation in the Gulf.

The Soviet occupation of Afghanistan has not only posed a threat to Pakistan's security but it has also burdened Pakistan with millions of Afghan refugees escaping the ravages of occupation of their country. The international community should be appreciative of the continuing role of Pakistan in this matter.

We observe with a deep sense of admiration that Pakistan has been playing an active and motivating role in the O.I.C. for the cause of the "Ummah". Notable amongst these are your contributions and role towards the promotion of Islamic solidarity in the economic, social and educational fields, and for the upliftment of Muslims all over the world. In this regard, I am happy to see that both our countries have been cooperating very closely and actively as an extension of our close and warm bilateral relations.

Your stay amongst us is altogether too short. Nevertheless, we hope it will give you some impressions about the efforts we are making to bring progress to our people. And as we strive on with the task of national consolidation in a common quest to better the lot of our people, let us be mindful always about the rewards of sharing which is indeed enjoined by Islam and the strength we can derive from reciprocal assistance.

Let me say once again how delighted we are to have you in our midst. Ladies and Gentlemen, may I now invite you to join me in wishing for the continued good health and happiness of the Prime Minister of the Islamic Republic of Pakistan, to the continued prosperity and well-being of the Government and people of Pakistan and to the ever-expanding relations between Malaysia and the Islamic Republic of Pakistan.

**STATEMENT BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE CLOSING CEREMONY OF THE THIRD MEETING
OF THE ASEAN HEADS OF GOVERNMENT
AT THE PHILIPPINE INTERNATIONAL CONVENTION CENTRE, MANILA
15TH. DECEMBER, 1987**

With the blessing of the Almighty, we have come to the conclusion of this Third Meeting of ASEAN Heads of Government. The Meeting has been a significant event.

All of us, the ASEAN Heads of Government, have come to Manila with great confidence for this Meeting despite dire predictions by all and sundry. I congratulate our hosts for making the excellent arrangements in all aspects to make the Meeting possible. My delegation and I have had a pleasant and comfortable sojourn in this colourful and vibrant city of Manila.

The atmosphere surrounding our Meeting has been characteristically ASEAN – warm, friendly and sincere. We had frank discussions and serious exchanges of views on many issues. We went over the reports and deliberated over the recommendations of the Ministers. We agreed on a number of things in keeping with the spirit of consensus, mutual respect and understanding. We were particularly in accord on one major aspect of ASEAN : the need to enhance ASEAN cooperation particularly in the economic areas.

Our deliberations have covered a wide area. This has largely been necessitated by many recent developments in the international arena which are inextricably linked to our hopes and fears, our expectations and our vision of the future. The ASEAN member countries cannot be effectively insulated from these developments. Nor can we isolate ourselves in the light of increasing interdependence.

The political, economic and security interests of the member countries are diverse, yet intertwined. The increasing strategic and economic importance of Southeast Asia and of ASEAN in particular, as well as the continuing turmoil in Indochina makes it more relevant for the region to achieve accelerated development and progress and to maintain durable peace and stability. ASEAN's commitment to achieving the early realization of ZOPFAN should be translated into positive action, particularly now that the superpowers themselves have come to new and positive phase in their relationship with one another.

The focus of this Summit has most appropriately been on ASEAN economic cooperation. For it is through economic cooperation that we can hope to promote

development in this region, thus bringing about an environment of peace and stability. However, we have our own realistic expectations for ASEAN and of ASEAN. When our countries ventured into ASEAN as a regional grouping designed to help the member states, we knew of its potentials and possible limitations. We stood ready to develop those potentials in 1976 by signing the Declaration of ASEAN Concord. We again stand ready to further exploit those potentials. This we have duly said in the Declaration which we just signed today. This Manila Declaration is testimony to the continued commitment of the member states to ASEAN.

The Declaration reaffirms our commitment to the objective of ASEAN and states openly what we want for the future of ASEAN. It is an important milestone in ASEAN's progress. It is a synthesis of thoughts, ideas and visions; a fair and frank assessment of ASEAN's achievements and shortcomings, and a guide for a realistic approach towards ASEAN cooperation. The signing of the four agreements and memoranda of understanding is a significant indicator of ASEAN's seriousness in developing ongoing programmes in economic cooperation.

ASEAN's good standing in the international community is beyond doubt. To the international community ASEAN is a reality, to us in the region it is both a reality and a state of mind. The fact that we have developed a successful dialogue relationship with the industrialized countries is indeed a feather in ASEAN's cap. Later today, we meet the Prime Minister of Japan, leader of one of ASEAN's most important Dialogue Partners. I am sure we will have a very fruitful discussion with him.

I have been fully satisfied at the outcome of this Meeting. I am sure what we have achieved here in Manila will provide the motivation for increased cooperation among the ASEAN countries in the various areas. Such increased cooperation should be accompanied by a gradual and systematic improvement in the ASEAN machinery.

I wish to thank and congratulate you, Madam Chairperson, for the efficient and elegant handling of the proceedings of our meeting. You have shown us that the first woman President in ASEAN is a person of great calibre and charm. On behalf of the Malaysian delegation, I also wish to extend our sincere appreciation to the Government and the people of the Philippines for the excellent arrangements, warm reception and generous hospitality that make this Third Meeting of ASEAN Heads of Government a successful and memorable one.

**UCAPAN PERDANA MENTERI
Y.A.B. DATO' SERI DR. MAHATHIR BIN MOHAMAD
DI MAJLIS MAKAN MALAM MERAIKAN
T.Y.T. ENCIK GIOVANNI GORIA, PERDANA MENTERI
REPUBLIK ITALI DI SRI PERDANA, KUALA LUMPUR
4HB. JANUARI, 1988**

Saya berasa sukacita mengalu-alukan kedatangan Tuan Yang Terutama dan ahli-ahli rombongan Tuan Yang Terutama ke Malaysia. Saya serta isteri saya berbangga kerana dapat meraikan Tuan Yang Terutama dan Puan Goria pada malam ini. Lawatan Tuan Yang Terutama adalah satu peristiwa yang istimewa oleh kerana lawatan ini adalah lawatan rasmi yang pertama oleh seorang Perdana Menteri Itali ke Malaysia. Saya berharap dalam lawatan ini, walaupun singkat, Tuan Yang Terutama dapat menyaksikan serba sedikit negara ini serta melihat cara hidup masyarakat majmuk Malaysia.

Itali bukanlah sebuah negara yang asing kepada Malaysia. Perhubungan kita telah bermula semenjak dari dahulu lagi. Setengah daripada kita mengenali Itali dari segi kesenian dalam kemajuan bidang muziknya dan sebagai tali penghubung bagi kebudayaan Eropah. Itali juga adalah merupakan sebuah negara yang matang, sebagai sebahagian daripada sejarah dunia yang telah mengalami zaman kegemilangan dan kemerosotannya, dan akhirnya muncul sebagai sebuah negara yang maju dalam bidang teknologi di zaman moden ini.

Hubungan antara Malaysia dengan Itali telah menjadi bertambah rapat dalam masa dua abad yang lalu. Hubungan kita adalah berlandaskan kepada komitmen kita untuk meningkatkan lagi taraf ekonomi dan kesejahteraan rakyat kedua-dua buah negara, berusaha ke arah kerjasama serantau yang lebih rapat di rantau masing-masing, serta komitmen kita untuk menyelesaikan persengketaan antarabangsa secara aman. Adalah menjadi harapan kita bersama untuk terus mengukuhkan perhubungan di antara Malaysia dengan Itali melalui pertukaran lawatan yang lebih kerap di antara pemimpin-pemimpin dan rakyat kedua-dua buah negara.

Lawatan Tuan Yang Terutama telah memberi kesempatan kepada kita untuk bertukar-tukar pendapat mengenai perkara-perkara dua hala dan juga mengenai isu-isu serantau dan antarabangsa. Saya percaya terdapat banyak peluang untuk meningkatkan lagi perhubungan dua hala ini, terutamanya dalam bidang perdagangan, pelaburan dan kerjasama ekonomi. Ini adalah bidang-bidang di mana pihak swasta di kedua-dua buah negara dapat memainkan peranan yang penting dengan menggunakan peluang-peluang yang sedia ada. Hanya melalui usaha-usaha kepentingan kita bersama ini akan dapat memberi makna kepada perhubungan kita bagi mengukuhkan lagi asas yang sedia ada. Sehubungan dengan ini, saya mengalu-alukan

kehadiran wakil-wakil pihak swasta Itali dalam rombongan Tuan Yang Terutama. Saya berharap mereka akan mengambil tindakan-tindakan susulan yang sewajarnya hasil daripada perbincangan-perbincangan yang mereka adakan dengan rakan-rakan sejawat mereka di Malaysia.

Malaysia memang sedar akan peranan penting yang dimainkan oleh Itali dalam mengasaskan Kesatuan Ekonomi Eropah. Sebagai salah sebuah negara anggota ASEAN, Malaysia berasa gembira dengan hubungan yang rapat di antara kedua-dua belah pihak yang wujud di bawah rangka dialog ASEAN-EEC. Usaha-usaha kerjasama di antara kedua-dua buah rantau ini adalah menggalakkan dan saya yakin jentera ASEAN-EEC yang wujud akan dapat menyumbangkan secara positif ke arah pencapaian potensi kita serta terus meningkatkan lagi kerjasama di semua peringkat demi kepentingan bersama.

Seperti lain-lain negara yang membangun, ekonomi Malaysia adalah bergantung kepada eksport barangan utamanya. Apa yang membimbangkan kita adalah masalah sekatan cukai dan bukan-cukai yang menyangkal prinsip-prinsip asas perdagangan antarabangsa. Masalah utama ialah mendapatkan pasaran. Oleh itu, adalah menjadi harapan Malaysia bahawa negara-negara maju di dalam GATT akan mengambil langkah-langkah yang perlu bagi menyelaraskan kadar cukai untuk barang-barang tropika ke paras yang paling rendah yang kini wujud di negara masing-masing, dan mengurangkan subsidi pertanian yang telah merosakkan perdagangan pertanian antarabangsa. Saya percaya Itali akan membantu meyakinkan Kesatuan Ekonomi Eropah untuk mengambil bahagian yang aktif di dalam perbincangan perdagangan 'multi-lateral' yang bertujuan mewujudkan perdagangan yang lebih liberal dalam bidang pertanian.

Kita sekarang berada di dalam keadaan keamanan dan keselamatan antarabangsa yang terguat bukan sahaja oleh persengketaan serantau tetapi juga oleh persaingan kuasa-kuasa besar. Negara-negara yang membangun telah menjadi alat permainan mereka. Usaha-usaha untuk mencari penyelesaian yang memuaskan dan untuk menamatkan masalah-masalah seperti Kampuchea, Afghanistan, Timur Tengah dan Afrika Selatan sentiasa dihalang oleh berbagai kerumitan yang sengaja diadadakan serta oleh kepentingan-kepentingan tertentu. Walaupun pengaruh Malaysia adalah terhad, Malaysia berpendapat adalah menjadi kewajipannya untuk terus menyuarakan pandangannya di forum-forum antarabangsa demi untuk mencapai keadilan dan kesaksamaan dan juga untuk memelihara prinsip-prinsip hubungan antarabangsa yang disanjung tinggi.

Sebagai sebuah negara yang berhampiran dengan sengketa Kampuchea, Malaysia akan terus memperhebatkan usaha-usahanya, bersama-sama dengan lain-lain negara anggota ASEAN, untuk mencari penyelesaian yang kukuh dan meluas terhadap masalah Kampuchea, demi untuk mencapai keamanan dan kestabilan, bukan sahaja di Kampuchea tetapi juga di seluruh rantau ini. Di dalam hubungan ini, kami menyambut baik inisiatif terbaru yang dibuat oleh Putera Sihanouk untuk mencari penyelesaian politik melalui permuafakatan nasional.

Dengan latar belakang keadaan hubungan antarabangsa dan keselamatan yang tidak menentu, adalah menjadi satu perkara yang agak memuaskan untuk melihat hubungan Timur-Barat mencapai satu perubahan yang positif dengan termeterinya Perjanjian INF di antara Amerika Syarikat dengan Soviet Union. Termeterinya Perjanjian tersebut merupakan satu permulaan yang baik serta satu langkah yang penting bagi mengelakkan dunia daripada terjerumus ke dalam bahaya peperangan nuklear. Malahan jika ada keikhlasan di kedua-dua belah pihak, kita mungkin dapat maju beransur-ansur ke arah dunia tanpa senjata nuklear dalam masa hayat kita. Usaha-usaha untuk mengurangkan bahaya sengketa nuklear ini tidak seharusnya menambahkan risiko berlakunya peperangan 'conventional'. Proses perlucutan senjata tidak seharusnya meliputi Eropah sahaja. Ia seharusnya juga merangkumi benua Asia seberapa cepat yang boleh, oleh kerana perang nuklear tidak dapat dihadkan kepada sesuatu rantau sahaja. Perang nuklear adalah juga perang dunia.

Sekali lagi saya ingin menyatakan rasa gembira saya mengalu-alukan lawatan Tuan Yang Terutama dan ahli-ahli rombongan Tuan Yang Terutama ke Malaysia dan saya berharap lawatan ini telah membawa kenangan manis kepada Tuan Yang Terutama.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF THE 9TH. GENERAL ASSEMBLY
OF THE ASEAN INTER-PARLIAMENTARY ORGANISATION (AIPO)
AT DEWAN RAKYAT, KUALA LUMPUR
26TH. JANUARY, 1988**

It is indeed an honour for me to be here this morning to welcome the ASEAN Speakers and the Members of Parliament as well as observers from a number of countries. I bid you all a warm 'Selamat Datang' or Welcome to Malaysia.

I hope that your brief stay in Malaysia would enable you to gain a greater insight and understanding of the people and the country. I am informed that apart from formal meetings there are also excursions planned for you. I hope the excursions will enable you to have a better appreciation of Malaysia.

The 3rd. Meeting of the ASEAN Heads of Government took place in Manila in December 1987. The Meeting was a clear manifestation of the depth of regional solidarity and unity that has emerged within ASEAN. A new impetus was given to the ASEAN cooperative endeavours to see it through the next decade and beyond. The ASEAN Heads of Government agreed on a comprehensive Programme of Action aimed at enhancing and upgrading every sector of ASEAN's multifarious development activities. The Programme of Action is therefore ASEAN's strategy to meet future challenges in a comprehensive, coordinated and pragmatic way.

The political, economic and social interests of ASEAN member countries, though diverse, are inextricably intertwined. The increasing strategic and economic importance of ASEAN and South East Asia in general, and the continuing uncertainty in Indochina makes it more imperative for the South East Asian region to accelerate development and progress and to maintain durable peace and stability.

The problems of occupied Kampuchea continue to be a source of great concern to us. We in ASEAN must, however, persevere in the search for a comprehensive political solution without sacrificing the principles of national sovereignty and the right of self-determination of the Kampuchean people. The unsettled situation in Kampuchea indeed represents an impediment to the realisation of the Zone of Peace, Freedom and Neutrality or ZOPFAN in the region.

ASEAN's reaffirmation of its commitment to the early realisation of the Zone of Peace, Freedom and Neutrality should be translated into positive action, now that the superpowers themselves have come to a new and positive phase in their relationship. The concept of a South East Asian Nuclear Weapon Free Zone is therefore

ASEAN's contribution to the international efforts to keep this region free of nuclear weapons and hence help create a more stable political environment conducive to world peace.

South East Asia remains an area of strategic importance in the emerging era of the Pacific in which the major powers would no doubt continue to have a significant role in determining the region's future directions. However, it is the primary responsibility of the nations of the region to ensure a conflict-free South East Asia through closer cooperation in the political, economic, social and cultural fields among themselves, as well as with other interested parties.

Significant changes have taken place in the economies of the ASEAN countries. ASEAN countries are dependent on external markets for the export of their commodities and increasingly on their manufactured goods. However, the unfavourable global trading conditions, compounded by the protectionist trends in the developed countries have created difficulties for all developing countries, including ASEAN. With this unhealthy environment it is even more necessary that ASEAN achieve greater intra-ASEAN cooperation in industry and trade so as to be less dependent on markets outside our control.

In this scheme of things therefore, where do Parliamentarians stand and how do they contribute towards achieving these goals? While it is the Executive's responsibility to come up with suggestions on policies and their *modus operandi*, the Parliamentarians are equally responsible to find ways to overcome our national and regional problems. Parliamentarians are particularly well-placed to reject legislative measures which will reduce intra-regional and world trade.

While the Third ASEAN Summit was taking place, President Ronald Reagan and General Secretary Mikhail Gorbachev, had their summit in Washington. The Treaty they signed to eliminate intermediate and short range nuclear missiles marks an important step in the reduction of nuclear arms and disarmament. It could pave the way for a general multilateral disarmament and usher a new era of understanding among countries of varying shades of political conviction. If this is achieved then developing countries can divert scarce funds from the purchase of arms to the improvement of the living standards of their people.

In recent weeks the problem of the Palestinian refugees has taken new dimensions. In defiance of world opinion and United Nations resolutions, the Tel Aviv regime is continuing its relentless policies of systematic and brutal repression against innocent and unarmed Palestinians in the occupied territories. The increasing atrocities, bloodshed and injustice being inflicted by Israel are against human decency and all that it stands for. Malaysia strongly and emphatically condemns the Tel Aviv regime for its cruelties against Palestinians in the occupied territories, and calls on it to immediately abide by international norms and practice. Israel must respect the inalienable right of Palestinians to a national homeland so that permanent peace and stability could be achieved in West Asia. I would like to suggest that you deliberate on this issue and make appropriate recommendations.

This Assembly is the right forum to discuss the fate of suffering humanity, particularly that of the blacks in South Africa. Malaysia has been unequivocal in the abhorrence and condemnation of the racist white regime in South Africa. We in Malaysia feel strongly that South Africa should be completely ostracised. The excuse that this would hurt the blacks more than the whites have been disproved by the realities we see today. Even without sanctions the blacks are still being oppressed, ill-treated and murdered. The only answer would be for total sanctions and isolation of the racist regime of South Africa.

I would also like to touch on a matter of great importance which has become a serious problem affecting many countries in the world. I refer of course to the scourge of drug addiction which has debilitating effects on the economic and social development of our countries. The International Conference on Drug Abuse and Illicit Trafficking (ICDAIT) has recommended a comprehensive programme for all countries which can go a long way towards ridding ourselves of this scourge. It remains for the countries to implement them. Malaysia is totally committed to the fight. As you know the penalty for trafficking in drugs in Malaysia is death. Since we have demonstrated that we discriminate in favour of no one where Malaysian laws are concerned, Malaysia has become less of a transit country.

We have come a long way in ASEAN. The forging of a common stand and collective will on matters of vital concern to ASEAN, both within our region and at the international level, are only the outward signs of the quiet progress we have made in building cohesion and cooperation among our countries. The going has not been entirely smooth. The challenges that have emerged from time to time have tested our collective will as well as the resilience within our countries and in the region as a whole. The success we have had reflects the high priority that each one country has placed on ASEAN and its viability. As Parliamentarians you have a high duty to entrench this priority and progress.

ASEAN's solidarity and achievements have had the continuing attention and efforts of our Foreign and Economic Ministers, but we also owe a great deal to the roots of understanding, goodwill and cooperation that have been put down by other Governmental, non-Governmental and people's institutions across ASEAN. AIPO, as the forum of ASEAN Parliamentarians, has also played its part in developing common framework of approaches and actions on matters of deep concern to all of us. AIPO's contacts with Parliamentarians in Europe, Asia, Australia and elsewhere have been valuable assets.

Indeed, AIPO has provided a unique opportunity for the people of ASEAN, and our friends from elsewhere, an opportunity to see parliamentary institutions and legislative processes at work in ASEAN. These reflect our people's will and the diversity of historical and cultural backgrounds that we are heirs to. Democratic and parliamentary institutions and processes have been nurtured and have grown in a meaningful way in the countries of ASEAN, but they have not escaped the pressures and the tensions created by our cultural, ethnic and religious diversity within each of our countries.

They have not yet become totally immunized against the sporadic attacks of adventurous dreamers, of tunnel-visioned proponents of alien concepts and of plain anti-social forces. They will in time become immune, but in the meantime we must manage to hold the fundamentals of our nationhood intact. In the end, democratic and parliamentary processes have to ensure our people the peace and security that they are entitled to.

We in ASEAN can be proud that we have in fact been able to manage these processes, considering that we have been independent, with the exception of Thailand, only since the end of the Second World War. Before that we were colonies of Western nations, whose imperial interests preclude training in the art and science of Government, particularly the democratic form of government. The colonial Governments we were exposed to were, if not totalitarian, at least authoritarian. Except for a few tame nominees, the people of our countries were never represented in these colonial Government.

If these colonial Governments had problems, they resolved these problems without any regard for the feelings or interests of the indigenous people. Thus when faced with a shortage of manpower to exploit the resources of their colonies, they did not hesitate to import culturally and ethnically alien people. No effort was made to integrate these people. Indeed, they were deliberately separated in keeping with the dictum 'divide and rule'.

Consequently when independence was gained and democracy was adopted the peoples of these new nations found democracy very difficult to manage. A system does not work merely because it is a good system. What makes it tick is the people who manage or participate in it. Not having had any democratic experience under colonial rule, the peoples of the newly independent countries could not appreciate the restraints and the responsibilities in the exercise of democratic rights.

That the ASEAN countries have succeeded in mastering the intricacies of democracy and to develop rapidly at the same time is a matter for much satisfaction. We should not gloat over our successes, nor should we rest satisfied with them. There is much to be done still to develop our countries. For this we need stability. Members of Parliament must know this and they must contribute towards stability. Those who undermine stability in the pursuit of dubious democratic rights; those who ignore the well-being of the majority cannot be considered as having the interest of their country or even of democracy at heart. It is for these reasons that communists and extremists are not allowed to use democratic processes in order to destroy democracy.

The ASEAN Inter-Parliamentary Organisation has a role to play in promoting better understanding of the limitations and responsibilities of democracy as much as it must promote the benefits to be derived from the system.

"I hope that this Assembly will contribute towards the betterment of ASEAN countries in particular and developing countries in general.

Now I have much pleasure in declaring open this 9th. General Assembly of the ASEAN Inter-Parliamentary Organisation.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER HOSTED IN HIS HONOUR
BY THE PRIME MINISTER OF THE SOCIALIST REPUBLIC
OF THE UNION OF BURMA, U MAUNG MAUNG KHA
RANGOON, 25TH. FEBRUARY, 1988**

I am very happy indeed to be here in Rangoon. The warm welcome and generous hospitality accorded to my wife and I and the Malaysian delegation provide the perfect setting for what I am sure will be a memorable visit to your country. Indeed, I intend to imbibe the beauty and splendour of your country and to take every opportunity during this first visit to get to know Burma and the Burmese people better.

It was only a few months ago that I had the privilege of playing host to you Your Excellency and members of your delegation. On that occasion, we had a very useful exchange of views on the whole spectrum of our bilateral relations as well as regional and international issues of mutual concern. I had felt then that we had been able to touch base with each other and that we appreciated each other's positions and views on these issues.

I hope that my visit to Burma will further enhance the close friendship and co-operation between our two countries. Malaysia is very keen to inject greater substance to our relationship especially in economic and trade cooperation. I believe there are potentials to be mutually tapped in this area. It is my hope that our economic sectors take every opportunity available to seriously explore all avenues for economic cooperation and to establish ties and contacts that would enhance the relationship between our two countries.

Allow me to state that I am extremely pleased to note that substantive cooperation is going on between our two countries in the field of technical cooperation. A number of Burmese medical specialists arrived in Kuala Lumpur early this month to serve in Malaysia in addition to those who are already serving in the country. This is a manifestation of our close cooperation for which I would like to express the sincere gratitude of the Malaysian Government. On our part, please be assured that we would continue to make available places for Burmese officials and students in such institutions as the National Institute of Public Administration or in any other specialised training institute or field, in Malaysia, which Your Excellency's Government may feel would be useful for Burmese officials or trainees.

Our two countries are both from the developing world and it is only by way of mutually beneficial cooperation and learning from each other's experiences that we can hope to work for the advancement of our people. You will agree with me

Excellency, that we have both learnt the hard way that relying entirely on the developed countries will not necessarily bring us the desired benefits. Developing countries, like Malaysia and Burma, cannot afford to wait indefinitely for the developed countries to deliver. It is imperative that countries like ours take the initiative to promote greater cooperation among ourselves. For this reason, Malaysia has advocated greater South-South Cooperation. The establishment of the South Commission last year, I believe, is a step in the right direction as it will chart out practical and sustaining cooperation between countries of the South.

I am pleased to note from our fruitful discussions that Malaysia and Burma share a similarity of perception on various international issues. Indeed, it is not an exaggeration to state that we share a deep commitment to the pursuit of international peace and security. As your Excellency will agree, this quest for lasting peace and stability is a long and arduous process requiring the efforts of not one state but many. In South East Asia, Malaysia and other ASEAN countries have worked tirelessly toward the realisation of a Zone of Peace, Freedom and Neutrality or ZOPFAN. However, the situation in Kampuchea not only poses a continued hindrance to the early realisation of this objective but represents the very prognosis of a situation that ZOPFAN would have eliminated. There is no doubt also that the Kampuchean problem has all the ingredients of a global super-power rivalry. This makes a political solution acceptable to all sides even more difficult. An early political solution will minimise external power involvement and allow for full and complete rapprochement and cooperation between all the states of South East Asia.

Burma has to be commended on its wisdom and political acumen in being able to keep at arms length the pressures and counter-pressures of major and super-powers. Burma has in turn built indigenous foundations that will add to the overall resilience of the region. While Burma is not a member of ASEAN, the directions taken by Burma complement the efforts of ASEAN.

Before I conclude, may I once again say how glad I am to have accepted your invitation to visit your country. It is altogether a short visit. But in the few days I shall be here I look forward to seeing your country and your people.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE SECOND MEETING OF THE SOUTH COMMISSION
KUALA LUMPUR
1ST. MARCH, 1988**

On behalf of the Government and people of Malaysia I would like to warmly welcome Mwalimu and all the distinguished Commissioners of the South Commission to Kuala Lumpur. I am very pleased that Kuala Lumpur has been chosen as the venue for your second meeting. I hope that despite your busy schedule, you and your gracious ladies will have the opportunity to see our country and meet with our people.

Malaysia feels highly privileged and greatly honoured at being able to play host to this Second Meeting of the South Commission. The honour is further enhanced by the fact that this is the first time that the South Commission is holding a meeting in a country of the South since its inception in Geneva last July.

Malaysia has other reasons to feel honoured. Two years ago, during the South-South II Conference which was held here in Kuala Lumpur, in this very building, the idea and proposal to establish the South Commission was broached and conceived. The proposal was seriously developed and it gained momentum when the Eighth Summit of the Non-Aligned Movement endorsed the proposal to establish an Independent Commission of the South and applauded the acceptance of our esteemed colleague, Mwalimu Julius Nyerere, to become its Chairman. Hence the South Commission was born. In hosting this meeting, Malaysia must be excused for feeling slightly proprietary and gratified with the close identification of the South Commission with Malaysia.

In welcoming the distinguished Commissioners, I would like to take this opportunity to express my utmost appreciation and respect for their laudable readiness to serve on this Commission. As we are fully aware, the distinguished Commissioners are prominent personalities shouldering heavy responsibilities in their respective countries, while some are already serving the international community directly. Needless to say, the commitment to serve as a member of the South Commission imposes an additional responsibility on each and everyone of them in the noble endeavour to advance the cause of cooperation among the countries of the South. I have every confidence that the exceptional qualities and the invaluable experience that they bring with them will stand the Commission in good stead.

The Commission is set up to study and propose practical solutions to the multifacious economic maladies confronting the countries of the South. This is by no

means a simple task. For decades the countries of the South have been struggling to look for ways and means that would help them to eliminate the inequities and impediments which exist in the world economy. We have rallied together in our effort to redress the imbalance in the world's economic pattern through our call for the New International Economic Order. While it did initially stir some interest in the international community and secured a faint response from some countries of the North, nothing concrete has been achieved. And today, fifteen years after the call for the New International Economic Order was made, we continue to find ourselves enmeshed inextricably in external debts, frustrated by extensive and growing protectionism, bedevilled by fluctuations of commodity prices in favour of the developed countries of the North, and tossed about by volatile interest and exchange rates.

Against the backdrop of a devastating economic recession, a future which holds no prospect for improvement and against negative responses to the call for a New International Economic Order, the countries of the South began to look at each other, in search of potential complementarities in our own economies. This awareness motivated the spirit for closer cooperation among countries of the South. Hence we met in Mexico City nearly twelve years ago to chart the first programme for economic cooperation among the developing countries. The scope for South-South Cooperation and its implementation mechanism was further expanded and refined through the adoption of the Arusha Plan of Action for collective self-reliance.

Countries of the South were becoming more convinced of the need for closer cooperation among developing countries as a means of achieving economic and social advancement in addition to promoting a healthy and more equitable economic interaction with the advanced countries of the North. Efforts for further collaboration were further explored and intensified. Strongly committed to the ideal of South-South Cooperation, we congregated again in Caracas. The scope for South-South Cooperation was reviewed, expanded and fine-tuned to cover all major areas of fundamental economic cooperation.

It is manifestly clear that for decades the countries of the South have seriously searched for some workable solutions. Nobody could accuse us of being idle and leaving the future of our nations passively to fate. We have broached the concept of cooperation among the South when our attempt for North-South Cooperation met responses too far short of our expectations. However, while everyone is agreed on the need, progress from that understanding to the taking of positive action has been much too slow. The setting up of the South Commission has taken us a while. Should the Commission fulfil its task, and I have no doubt that it will, the action that has to be taken to implement any recommendation is going to be even more time consuming and frustrating. We must therefore be prepared to soldier on and to overcome repeated failures and disappointments. The fact is that the obstacles are not going to be just the political will of the countries of the South. We are up against the traditional patterns of economy set by history.

The South Commission has come into being at a most crucial time in the struggle of the developing countries for economic development and progress. It is

established at a time when the search for solutions in our negotiations with the developed economies of the North has practically ground to a halt. It is established at a time when multi-lateralism is severely under attack and protectionism is rampant. It is established at a time when indebtedness of developing countries is paralysing their economies. In short, it is established at a time when developing countries of the South are faced with massive economic problems which threaten to nullify their independence, gained by some only recently at tremendous sacrifices.

The establishment of the South Commission in itself is not meant to replace the efforts being undertaken by the countries of the South individually or groups to ameliorate their economic position. The attack against the problem must be multi-pronged. But the South Commission must constitute a major assault strategy which must receive the positive support of everyone.

Although the task to be undertaken by the Commission is a daunting one, it should feel encouraged and inspired by the full backing and support which it has received from all the countries of the South. If we fail then we are going to suffer a severe setback, for it is unlikely that another concerted approach can be attempted for a very long, long time.

■ Permit me at this juncture to unburden myself of some thoughts which the Commission might find useful. We have in the South many success stories and failures. These are usually more relevant than most analysis on how the developed countries achieved their present level of development. It would be very worthwhile for members of the Commission to be fully briefed by independents on the results of the many different policies and approaches adopted by the countries of the South since the end of World War II for example. In this exercise, we have to be absolutely honest with ourselves.

Obviously some ideas or approaches can be implemented earlier than others. The longer we wait, the more complex and difficult the situation will be. Perhaps it would be worthwhile if the Commission can indicate certain measures which can be implemented even before the Commission's work is over. Perhaps, the solutions or approaches may seem imperfect, but it is worthwhile to remember that there are no perfect solutions. All approaches will yield good and bad results. What is significant is the balance between the two. An imperfect solution implemented is better than the perfect solution unimplemented.

The idea of setting up in the South institutions of higher learning is one approach which can be implemented early. We already have numerous institutions in place in the developing countries. Indeed, they are already being utilised by many of us. What is needed is to identify suitable institutions which could then immediately take in students from the South. There is bound to be tremendous savings as the cost of education in developing countries is usually much lower than in developed countries. Additionally the foreign exchange will stay in the South.

Mwalimu once maintained that ignorance about each other is one of the factors that impedes a closer and more dynamic cooperation among countries of the South. I agree entirely with him. We should therefore establish as many lines of communication as we can between developing countries. The news agencies of countries of the South should be linked to each other. Our newspapers, radios and television should give priority and place for news emanating from national sources or from agencies of the South. Reporting should be fair and should avoid sensationalism. International news should not be monopolised by the three or four dominant news agencies of the West. We should balance them against those of our agencies and leave it to the readers to judge.

Apart from the news agencies, centres should be set-up in strategic parts of the world to collect and disseminate news of economic importance to the South. Contracts and demands for supplies of commodities and manufactured goods must be readily available from these centres. So must the national policies, laws and procedures required by countries and Governments in the South.

The countries of the South, being the primary intended beneficiaries of the work of the Commission, should be aware that the responsibility for the success and effective implementation of the findings of the Commission rests with ourselves. However, this must not be taken to mean that the South Commission should be perceived as autarchic or as a substitute for North-South economic relations. Rather, it should be considered as a complementary effort and strategy which would benefit the entire system of international economic relations.

I cannot but stress that the work of the South Commission deserves the full support of the entire international community, particularly in this period of economic crisis which requires commitment and imagination to transform serious challenges into opportunities for development. The international community, in giving their support to the work of the Commission should therefore return to the spirit of the 60s and early 70s which witnessed considerable practical support for efforts at economic integration and cooperation among developing countries.

In this respect, I fervently hope that the formation of the South Commission would make a valuable contribution towards the revitalization of North-South Cooperation by recommending a practical and meaningful agenda for negotiation. Such an approach, I believe, should strike a responsive chord among the developed countries of the North whose understanding and support would be essential.

The South Commission is essentially an exercise in self-help. It is not too much an exaggeration to say that the eyes of the world, in both North and South, are upon the Commission. Let us demonstrate through the effective and successful implementation of the findings of the Commission that the countries of the South are capable of looking after themselves.

I now have great pleasure in declaring open the Second Meeting of the South Commission and wish our esteemed Commissioners every success in their deliberations.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE EAST ASIA AND PACIFIC REGIONAL NARCOTICS CONFERENCE
KUALA LUMPUR
14TH. MARCH, 1988**

I would like to thank the organisers for inviting me to address this East Asia and Pacific Regional Narcotics Conference for United States officials. I understand that this meeting brings together, for the second time in Malaysia, United States officials dealing in drug matters from the East Asia and Pacific region with officials from Washington to exchange information on drug policies, issues and trends. I wish you 'Selamat Datang' to Malaysia.

Drug abuse and illicit trafficking in drugs are amongst the greatest threats to mankind today. When abused, narcotic drugs and psychotropic substances become a force of evil and destroy the lives of thousands of individuals and jeopardise the security and stability of nations. Drug addiction and illicit trafficking continue to spread worldwide and almost every country in the world suffers a broad range of tragic consequences from drug abuse.

It is imperative that we take prompt and decisive actions to eliminate drug abuse and illicit trafficking from within our midst. For the campaign to be really successful it will require global action and the cooperation of all countries to coordinate a comprehensive strategy to eliminate this deadly menace. All countries will have to close rank and work together. The war against drugs has to be a total war. Many countries have come to realise this as borne by their presence at the International Conference on Drug Abuse and Illicit Trafficking (ICDAIT) held in Vienna last June.

ICDAIT has brought together 138 nations and 173 specialised agencies and non-Governmental organisations, determine to commit themselves to reducing and eventually eradicating drug abuse and illicit trafficking. ICDAIT agreed that vigorous and cohesive action by all governments and international organisations was required on all fronts to attain this goal. The Declaration adopted by the Conference is a clear expression of our collective political will and commitment to respond to the drug menace. It underlines a shared responsibility to provide appropriate response and resources to combat drug abuse and illicit trafficking. This Declaration also provides strong encouragement to all countries to reinforce and give priority to the anti-drug drive. Subsequent to ICDAIT, I am happy to note that many countries are becoming more serious in their efforts to reduce the production, supply of and demand for drugs and to curb illicit trafficking, both at national and international levels.

There is growing acknowledgement among countries that crop substitution must finally lead to crop eradication and elimination. I feel that this process needs to be speeded up. Countries producing narcotic drugs cannot and should not be tardy. This is where the United States of America and other developed countries who are major donors for rural development or crop substitution in producing countries should ensure that eradication targets are met. Further financial assistance to producing countries should be conditional upon adherence to an agreed time schedule for crop eradication.

Together with this, an effective crop eradication programme would require an evaluation of the project area to determine the success of the programme. It also requires policing of areas where crops have been destroyed and substituted to ensure that there is no illegal replanting of poppy, coca or cannabis. In this regard we may consider the possibility of establishing a United Nations Force to work together with producing countries in the eradication or destruction of the crop and the policing of the area; or assisting countries to strengthen policing and enforcement capabilities in crop substitution areas to prevent replanting. Your field officers should be very critical in their assessment of such projects. Only with determination can we succeed in crop eradication which is an important element in supply reduction.

Cross border problems make production, manufacturing and trafficking of opiates and its derivatives in this region more difficult to control. I am sure the United States Government is facing similar problems and may in fact be seeking new forms of co-operation with and among bordering countries in producing areas. The strengthening of mutual cooperation among countries in the suppression of illicit trafficking in drugs and other controlled substances through land-locked contiguous borders may also take the form of hot pursuits. Countries with contiguous borders when contacted for assistance in hot pursuits could render such assistance without delay and in an expeditious manner.

In view of the increasing audacity of drug barons Malaysia welcomes the effort towards an early negotiation of the Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances to supplement the two existing Conventions on drugs. Let us not slacken in our resolve to produce a strong and effective instrument to deal with them. Recognising the trans-national dimensions of illicit trafficking and the impunity with which traffickers operate across borders, let us act responsively and decisively to deny safe havens for traffickers and their unlawfully acquired assets and properties. In this regard the Malaysian Parliament is deliberating a Bill to provide for the forfeiture of instrumentalities, proceeds and properties derived from illicit trafficking of drugs as well as a comprehensive scheme for providing legal assistance to requesting countries. Another measure that has proven to be successful in Malaysia and other countries is the deprivation of travel documents, passports and passes of suspected or convicted drug traffickers.

Malaysia began the war against heroin in the early 1970s. We have, since 1983, undertaken a national Anti-Drug Campaign and formulated an Anti-Drug Action Plan.

Our aggressive anti-drug efforts following this campaign has resulted in a decrease in the incidence rate from 14,624 persons in 1983 to 7,596 persons in 1987. There has also been a decrease in the number of foreign nationals apprehended in Malaysia for drug trafficking. This decrease could be attributed to the strict enforcement of our drug laws and our primary prevention efforts.

In Malaysia, experience has taught us that in order to effectively counter the drug problem action must be taken in a coordinated and integrated manner. The political leadership has to work in tandem with the administrative and judicial system in the country. There has to be clear definition of roles and responsibilities among and between government agencies, non-governmental organisations and the community. Differing values and attitudes towards dependent-producing drugs and substances should not divert us from pursuing a tough policy on addiction and trafficking.

In line with the Comprehensive Multi-Disciplinary Outline (CMO) adopted by ICDAIT, Malaysia is of the view that future actions in drug abuse control and prevention should encompass every aspect of the problem including primary prevention, rehabilitation, legislation and enforcement, manpower development, research and evaluation and international collaboration and co-ordination. In consideration of the fact that the production and availability of illicit drugs cannot be eliminated through enforcement measures alone, equal if not higher priority has to be accorded to the intensification of efforts in the field of primary prevention and also rehabilitation.

A wider framework of action giving greater weightage to demand reduction would be called for. Major consuming countries should look into the problem of demand for drugs as reduced demand will stifle supply. Therefore, there is need for a multi-pronged approach to this complex problem. Strategies and programmes need to be innovative and scrupulously enforced and adhered to.

This annual gathering of United States Officials dealing with drug matters in the East Asia and Pacific region will certainly strengthen existing efforts to combat the drug menace internationally. The opportunity to work together for a common good should not be allowed to slip by. I am sure that these meetings have contributed towards fostering closer relations between countries in the East Asia and Pacific region and the United States of America.

Malaysia and the United States have for some years now worked very closely in the drug field both at bilateral and multi-lateral levels. I sincerely hope that our joint and uncompromising efforts would contribute towards curbing drug production, abuse and illicit trafficking in our respective regions.

I wish you every success in your deliberations during the next three days.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER
IN HONOUR OF HIS EXCELLENCY MR. POUL SCHLUTER
PRIME MINISTER OF DENMARK, KUALA LUMPUR
17TH. MARCH, 1988**

On behalf of the Government and people of Malaysia allow me to extend a very warm welcome to you and other distinguished members of your delegation. I am particularly delighted by your visit as it rekindles the many pleasant memories that I had brought back with me from my last visit to your beautiful country. Indeed, your return visit is a clear demonstration of your expression of friendship towards Malaysia. We reciprocate this whole-heartedly.

It is my sincere hope that you will have a pleasant stay in Malaysia just as it is our pleasure and honour to be your host. I look forward to the discussions which we will be having tomorrow which I believe will provide a clear insight into our mutual and respective concerns, both near and far. I would also welcome your views on bilateral and international issues that would help generate greater cooperation and understanding between our two countries.

A bilateral visit of this kind is certainly a good occasion to review the state of our relations. It provides us with an opportunity to assess the progress made as well as the various shortcomings that need to be overcome to further strengthen our bilateral relations. I must say that the climate of political cooperation that exist between our two countries continues to remain good and healthy. The inherent goodwill on both sides engendered over the years continues to find positive expression in the various endeavours undertaken by our countries either bilaterally or multi-laterally.

I note that the record low prices of commodities encountered over the past few years had brought about a decline in value term of Malaysia's exports to Denmark although in quantitative term the Danish market continues to register increasing off-takes from Malaysia. Malaysia hopes to overcome the persistent trade deficit faced so as to establish a more balanced trade relations with Denmark. It is also our hope to fully tap the growing potential of the Danish market and to develop Denmark into a major distributing centre for Malaysia's exports to the Nordic countries. I believe that cooperative efforts towards realising these objectives would be a positive step in increasing the overall trade between our two countries.

Whilst various incentives have been offered by the Malaysian Government, the growth of Danish investments in Malaysia has not reflected Denmark's real potential. I hope an attitudinal change could be affected by leaders of the Danish

industry so that the quantum of Danish participation and investment in Malaysia could be significantly increased. It is indeed in our interest to welcome your capital and technology just as it is in your interest to partake of the benefits of our economic development.

Notwithstanding the modest bilateral economic collaborations, I am particularly grateful to Denmark for the positive attitude displayed in those areas of special interest to Malaysia. Your technical assistance and credit-line facilities have been well received and beneficial to us, for which we would like to express our appreciation. Similarly, your steadfast opposition to the European Community's proposed levy on vegetable and marine oils and fats is greatly appreciated by Malaysia, as a major producer of palm oil. Malaysia too recognises Denmark's positive role in absorbing some of the refugees given first asylum by Malaysia. We are aware of the constraints and domestic pressures encountered by your government on this matter but would nevertheless appreciate Denmark's continued role in helping to reduce the number of refugees that Malaysia is presently saddled with.

I am pleased with the commonality of views that we have over a wide range of international issues of interest to both countries. Of particular concern to us is the state of East-West relations. We have a common need to exercise our influence, however limited, in shaping the course of events towards securing international peace and security.

The world has come a long way since the days of the cold war. We recall the brinkmanship displayed during the Berlin blockade and the Cuban missile crisis and how relieved the world was when statesmanship won the day. The question that faces us is whether the world today is any safer than in the days of the cold war. Are the big powers really sincere when they decided to remove and dismantle their intermediate missiles or are they merely discarding out of date weaponry in favour of more lethal state of the art weapons? Are we really heading for disarmament or greater sophistication in the big powers' capacity for mass destruction?

Whilst the superpowers grappled with their strategic equations, seemingly in the interest of peace on earth, they seem to be involved directly or indirectly in a number of local conflicts. While the countries of the Third World welcome the INF treaty, we would like to reduce the proxy wars fought on our soil. We have no wish to be destroyed in order to prove which conventional weapon is most effective. We want peace in order to develop our countries and to give a better life to our people.

If the environment in Europe has seemingly changed for the better the environment in South East Asia has not. The end of the war in Vietnam should have brought peace to our region. But unfortunately, Vietnam decided to invade Kampuchea. We are still searching for a comprehensive political solution to this unnecessary and unfortunate state of affairs. ASEAN will persevere and is appreciative of the support extended by Denmark to all its efforts.

I trust your visit has afforded you the opportunity to gauge at first hand the dynamics of the social and economic engineering taking place in Malaysia. This onerous task has to be undertaken by us because we had no control over our population when we were colonised. Our multi-racial population is by comparison to other similar population fairly harmonious. We would appreciate greater understanding of our problems by our friends.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF THE 11TH. JOINT ANNUAL
CONFERENCE OF MAJECA — JAMECA
KUALA LUMPUR
6TH. JUNE, 1988**

It is my pleasure and privilege to be given the opportunity to address this distinguished gathering of industrialists, bankers and businessmen from Japan and Malaysia on the occasion of the 11th. Joint Annual Conference of MAJECA-JAMECA. The two Associations were set up in order to assist Malaysia and Japan in their efforts to foster greater friendship and promote better economic relations between the two countries. Eleven years have passed and I am pleased to note that the two Associations have grown from strength to strength. Both Associations have played a very positive role in promoting trade and investment between our two countries.

The relationship between Malaysia and Japan has become the cornerstone of Malaysia's progress towards economic diversification. It has been strongly cemented through trade and investment. I am happy to observe that the last ten years saw a tremendous spurt in bilateral trade between Malaysia and Japan and the continued inflow of Japanese direct investments, technology transfers as well as loan assistance to Malaysia. This growth in trade and investments has been achieved in an environment of close and harmonious economic relations between our two countries. My congratulations to MAJECA and JAMECA for taking it upon themselves to foster friendship and understanding between the private sectors of the two countries. Your activities have transformed policies and expressions of friendship into meaningful realities.

The Malaysian Government has always given support to your Associations and your activities. We believe that there are still tremendous opportunities for even greater economic and trade co-operation between Malaysia and Japan. I would urge both MAJECA and JAMECA to continue to play this supportive role in furthering the development of trade and economic relations between Malaysia and Japan for our mutual benefit.

After three years of depressed conditions the Malaysian economy has begun to show distinct signs of recovery. Business outlook is improving and many sectors of the economy are expected to show strong performances during the rest of 1988 and 1989.

Last year the Malaysian economy recorded a real growth of 4.7% in comparison with 1.2% in 1986. For 1988, it is projected that real GDP will grow at more than 5%. The satisfactory recovery of the economy in 1987 was basically a reflection of the high rate of growth in three major sectors of the economy: agriculture, manufacturing and services. Overall

value-added in manufacturing grew at 12% in 1987, following strong external demand for electronics, rubber goods, timber products, textiles and wearing apparels. Output growth recorded during the second half of 1987 in several manufacturing industries indicate steady progress in business activities and a bright outlook during the first half of 1988. The indications are that the Malaysian economy is poised for accelerated growth.

I would like to emphasise again that the Malaysian Government is committed to a programme of rapid industrialisation. With a rapidly growing and well-educated population we need industries to create the necessary job opportunities. Agriculture, forestry and primary industries cannot provide sufficient job opportunities even though there is still room for expansion and diversification in these areas. To industrialise we need foreign expertise both in manufacturing as well as marketing. We hope that the close cooperation fostered by MAJECA-JAMECA will enable more manufacturing joint ventures to be set up. Eventually as Malaysians acquire greater technological and marketing know-how, locally-based industries will be started and will grow in the way Japanese industries grow.

The prospects are good for this progress to be made. But Malaysians must learn also some of the philosophy of the Japanese; in particular the need to move step by step. We may telescope the process as we are in a hurry to catch up. But the step by step approach is necessary if we are to gain fully from our experiences. I would suggest that MAJECA-JAMECA, which frequently discuss problems obstructing investments and trade, should also devote some time to discussions on ethics and business philosophy of Malaysians and Japanese.

Japan and Malaysia are geographically fairly close to each other. By jet the flight time is only 6 hours. Yet frequently we are misinformed about each other. We are dependent far too much on the Western controlled media. The controlled Western media practise censorship which distorts the image of countries like Malaysia. Time and time again I have been told by foreign businessmen that they are surprised to what they see and experience in Malaysia. It is not at all as they pictured it from what they read or saw on television.

With Japanese manufacturers looking abroad to re-site their factories, it is necessary that knowledge about Malaysia be based on factual reports without censorship. MAJECA-JAMECA can help here by prevailing upon the Japanese press to stop relying on tendentious reports by the Western media. Better coverage by the Japanese media through reporters stationed here would reduce distortions.

We are not saying that Malaysia is totally free from problems. With a multi-racial, multi-religious population only a miracle can free us from problems. But by comparison, Malaysia is more democratic and more stable than many other developing countries. Those who have been here for a long time can testify to the fact that their investments have never been threatened. Indeed, repeated explanation can only be due to their faith in Malaysia. Matsushita which has been here for over 20 years and has invested over half a billion Ringgit in seven companies, with the prospect of two more

being set up in the near future, should convince Japanese investors that reports about Malaysia's instability are just propaganda by people with vested interest.

Clearly the problems faced by Malaysia do not affect the investment climate or even the economic health of the country. For many years in the 70's and early 80's economic growths of 8% were achieved. While growth was slowed down and even reversed during the world recession, recent recovery shows that the fundamental structure and administration of the economy remains sound. There should therefore be no reason for anxiety over the future of Malaysia. The post-independence history of the country shows consistency of policy and predictability which should satisfy the most cautious of investors.

Bilateral trade and economic commissions are now very common between countries with economic links. But such official commissions are often quite formal in their relations. On the other hand MAJECA and JAMECA are unofficial in character and feel quite free to criticise official policies and procedures in both countries. This has resulted in very open discussions which in turn have helped highlight many problems and the possible solutions to them. I would like to congratulate the two organisations and their enduring relations. I hope you will continue your good work for the economic and social benefit of our two countries.

● In conclusion I wish this Conference successful deliberations and I now have much pleasure in declaring open the 11th. Joint Annual Conference of MAJECA and JAMECA.

**STATEMENT BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
TO COMMEMORATE THE 26TH. JUNE
AS THE INTERNATIONAL DAY AGAINST DRUG ABUSE
AND ILLICIT TRAFFICKING, KUALA LUMPUR
26TH. JUNE, 1988**

It has been exactly a year since 138 states together with nearly 200 non-governmental organisations and other regional and inter-governmental bodies gathered to address the growing universal problem of drug abuse and illicit trafficking. The convening of the International Conference on Drug Abuse and Illicit Trafficking from the 17th. to 26th. June 1987, in Vienna, Austria, was indeed an expression of the political will of nations to fight the drug problem in all its manifestations. The Conference made a major breakthrough in generating an international plan of action to fight this plague that threatens to destroy us.

The Comprehensive Multi-Disciplinary Outline of Future Activities in Drug Abuse Control (CMO), that was unanimously adopted by the Conference, is a compendium of practical measures for Governments, inter-Governmental and regional organisations, the United Nations, academic, institutions and individuals to adopt in efforts to fight the drug problem.

I am proud to note that over the last year a great deal has been done by participating nations to ensure the implementation of the CMO. An item on drug abuse and illicit trafficking has been on the agenda of almost every international, regional and bilateral meeting. The Non-Aligned Movement, the Organisation of Islamic Conference, the Commonwealth Heads of Government and regional fora like the Organisation of African Unity, the European Economic Community and ASEAN, have all addressed the problem. The work of the Heads of National Drug Law Enforcement Agencies (HONLEA), United Nations bodies, particularly the work of the Commission on Narcotic Drugs and the Division of Narcotic Drugs in pursuit of the relevant targets in the CMO within their respective mandates, has been very encouraging.

Equally important is the on-going efforts to finalise the new Convention Against Traffic in Narcotic Drugs and Psychotropic Substances. This new Convention covers areas that are not dealt with in the existing 1961 Single Convention on Psychotropic Substances. The adoption of this new Convention by all nations will be pivotal in our efforts to destroy the problem of illicit trafficking and drug abuse.

The progress we have achieved could not have been possible without the commitment and contribution of all concerned. Vast potential however remain for further efforts and cooperation among us. It is crucial that we sustain the momentum of our

"march" in this "war". We must move forward towards our goal of an international society free of drug abuse. It is vital that we further consolidate our efforts to translate the commitment we made a year ago into concrete action. Let us not delude ourselves into thinking that we have done all we can in containing the problem. Drug abuse and illicit trafficking continue to exist!

Although much has been done much hard work remains. We have however made a courageous beginning. Dedication and commitment are vital in our unyielding resolve to fight the problem of drug abuse and illicit trafficking. Let us go forth with greater conviction in the years ahead in our battle against the drug problem.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF THE CONFERENCE
OF THE 10TH. ASIAN SECURITIES ANALYSTS COUNCIL (ASAC)
AND OF THE 7TH. EAST ASIAN STOCK EXCHANGES (EASEC)
KUALA LUMPUR
18TH. JULY, 1988**

I am happy to welcome delegates to this 7th. East Asian Stock Exchange Conference and the 10th. Asian Securities Analysts Council Conference. I understand we have among us here today representatives not only from our neighbouring Asian countries but also from other parts of the world. We are honoured that Kuala Lumpur has been chosen to host this gathering of distinguished officials of the East Asian Stock Exchanges, analysts and prominent speakers. This event will be another important milestone in the efforts towards a better understanding and a more accurate perception of the Malaysian capital market and its place in the global capital market.

The shock of the Pan-Electric affair, which resulted in an unprecedented three-day closure of the market in Kuala Lumpur and Singapore, followed by the October '87 Crash which virtually left no securities market unaffected, has tested the resilience and underlying strength of the Malaysian stock market. The combined effect of these two crises have, in fact, undermine the Malaysian stock market to an extent that it created serious doubts as to its ability to recover. Investors confidence was greatly shaken and foreign institutional investor scammed for cover. But apparently even this disaster can bring some good. There is now a greater sense of responsibility and willingness to self-regulate the securities industry. I am glad to note that the Kuala Lumpur Stock Exchange or the KLSE and relevant regulatory authorities had spared no efforts to strengthen the stockbroking industry and to protect the interests of the investing public.

Despite the Pan-Electric crisis which wiped off 33% of total market capitalisation in the KLSE in five days and the recent October Crash which wiped off 36% of total market capitalisation of the KLSE in 14 days, the year 1987 has generally reflected a strong build-up of market sentiment. These improved sentiments started in early 1986 and continued to be felt in the first 7 months of 1987 except for a few short bearish periods. During this time, the buoyant market sentiments were to a large extent supported by foreign institutional investors. The Malaysian Government's efforts towards strengthening the securities market and the relatively cheaper bourse had a positive influence in encouraging a steady inflow of foreign institutional funds into this country. It is noted that interest to invest by both local and foreign investors have also increased considerably during the first quarter of this year which reflects the strengthening of confidence among investors in response to the better economic condition.

Underlining this improved investors' confidence is the turnaround of the Malaysian economy. Since the second half of 1987, most of the major economic indicators have shown steady improvements in response to higher commodity prices, strong external demand as well as a gradual recovery in the domestic market. These favourable factors have continued to prevail during the first half of 1988. With the strong fundamentals already in place, the Malaysian Government is quite certain that the economy will expand faster to record a real GDP growth rate of more than 5 per cent in 1988. As indicated earlier on, our optimism is not without support. Some economists have expressed the view that growth this year may even be in the region of 6 to 7 per cent.

The current lower interest rates and liquidity in the market had set the stage for the gradual switching of funds from fixed-income investments to the stock market. This was reflected in both the higher volume and value of shares transacted on the KLSE in 1987. In sharp contrast to 1986, the volume of shares transacted in 1987 rose by nearly two-and-a-half times while turnover increased fourfold. The first six months of this year has seen the Malaysian stock market staging a remarkable recovery with share prices being around pre-Crash levels during the same period. The total market capitalisation of the top 100 listed companies was an impressive RM82.35 billion which reflected an increase of 33.8 per cent above the market value of the top 100 listed companies at the end of last year, and 49.8 per cent over the value at the end of 1986. The KLSE has learnt well from the major crisis faced during the past two years and has undoubtedly emerged much stronger and more resilient.

It is Malaysia's earnest desire to develop her capital market comparable to those of advanced nations. Towards this end, serious efforts are currently being undertaken to develop, amongst others, a more active bond market, unit trust market and property trust. This desire stems from the realisation that the world of securities today is developing at an unprecedented rate with globalisation. We cannot afford to lag behind.

The Malaysian Government has, in an effort to strengthen the equities market, taken positive measures to boost investors' confidence. A recent major step towards this was the move to corporatise the stockbroking industry, with the objective of improving the financial strength of the industry as well as of allowing corporations to take the lead in making the KLSE an international stock exchange through improving technical expertise, professionalism and widening the network of operations. Initial entry was regulated, with only selected corporate participants being allowed to participate in the stockbroking companies. This was to ensure orderliness and a smooth transitional development. In an effort to expedite the corporatisation process, the Government has also issued new licences to the three largest domestic banks in late 1987. These banks, with their capital resources and technical expertise, are expected to spearhead the corporatisation of the stockbroking industry. Whilst it is accepted that the banks are relatively new in this business, we have reason to believe that in time they will demonstrate their leadership in the industry.

Foreign brokerage houses have also been invited to participate in the Malaysian stockbroking industry. At present, the Malaysian market gets by-passed essentially due to lack of exposure. We hope that through foreign participation in the Corporatisation Programme, the image of local stockbroking companies would be enhanced. These foreign partners have a significant role in promoting and internationalising Malaysian stocks. The corporatised stockbroking companies, especially those with significant foreign participation, are expected to be more aggressive in projecting their image abroad and hopefully they will capture a larger share of foreign business and promote the Malaysian stockbroking industry. In line with this, we have now taken a decision to allow foreign stockbroking companies to increase their equity participation from the current level of 30% to 49% if the foreign stockbroking partner can demonstrate that it can contribute positively to the business of the local stockbroking companies.

I wish to stress that we have spared no efforts to restore confidence and to create a suitable environment for a healthy development of the capital market. In this regard, the KLSE has taken serious measures to improve its systems and procedures, to widen and deepen its market, and especially to keep pace with developments in their international stock exchanges. These include, amongst others, the proposed establishment of the Centralised Depository System, the Advanced Warning and Surveillance Unit, and the introduction of the Second Board.

It is recognised that the KLSE is now fairly well-developed. The KLSE has one of the highest market capitalisations in Asia and has been identified as one of the five largest emerging markets among developing countries by the International Finance Corporation. The Exchange offers a wide and diversified range of equities from various sectors of the Malaysian economy. It boasts of a good selection of plantation stocks not commonly available on other stock exchanges. In addition, the potential development of our bond market, unit trusts, the property trust and the Second Board on the KLSE would provide further venues for investment opportunities to the investors. It is notable that, despite the sluggish economic conditions during the past years, public companies listed on the KLSE are reasonably profitable. The growth in corporate profits during these years was reported at 13.2%. It is envisaged that with the current economic recovery, the corporate sector would respond even more positively to the turnaround. With the relatively lower price earnings multiples of Malaysian equities, the KLSE would be a relatively cheaper bourse and should be more attractive to foreign portfolio investors.

Taking into consideration the various improvements made by the Exchange to facilitate trading, the stage is now set to project the KLSE as a leading Exchange in this part of the world. Now is the opportune time for investors, particularly foreign investors, to tap the potential of the Malaysian stock market. Towards this end, let me assure the foreign investors that the Government will endeavour to assist them in any way possible to overcome bureaucratic and other obstacles. The Government may even consider the liberalisation of the corporatisation process to further boost its stockbroking industry.

As the stock market is often taken as a barometer of the economic health of the nation, it is highly desirable that market performance should reflect the economic situation with reasonable accuracy. However, it is unfortunate that the market is highly vulnerable to speculation and rumours which distort the market. Rumours are unavoidable but there seems to be some unscrupulous people who manufacture rumours for speculative purposes. This is surely an unhealthy state of affairs for all parties concerned. The nation's economic growth can be adversely affected resulting in poor market performance. It is hoped that more responsibility will be shown by those with short term benefits in mind.

You would agree that, in any market, the dissemination of accurate information is of vital importance. There have been too many instances in which we have become victims of inaccurate information which only serves to defeat all efforts made to develop a healthy capital market. We believe Malaysia has much to offer the foreign investors, if only those who are responsible would provide them with good, reliable information. However, much lies with you, as advisers and analysts, to promote Malaysian securities abroad and to provide potential investors with accurate and reliable information on our Malaysian equities.

You are in a strategic position to play a role in assisting us to promote the KLSSE to foreign investors as it now possesses all the necessary financial infrastructure and technology required for development into a leading securities market in this region. In this respect, we ask you to place before the investing public information about our market obtained from reliable sources and not from questionable ones. We would want you to get to know the various organisations and institutions capable of providing you with the right information. We would urge you to assist in building up research and development in the stockbroking industry which would be able to contribute positively to a healthy development of investment knowledge and techniques in the market.

I wish to thank the sponsors of this Conference for inviting me to officiate the opening ceremony. I wish you all every success in your deliberations and a pleasant stay in Malaysia. On this note, I have much pleasure in declaring open this Conference.

**STATEMENT BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
ON THE OCCASION OF THE 70TH. BIRTHDAY
OF NELSON MANDELA, LEADER OF THE AFRICAN
NATIONAL CONGRESS (ANC), 18TH. JULY, 1988**

On behalf of the Government and people of Malaysia I wish to convey our immeasurable admiration and best wishes to Nelson Mandela, the life-term president of the African National Congress, on his seventieth birthday which coincides with his twenty-fifth anniversary of captivity. Although our admiration and praise for his commitment and dedication towards South African nationalism are boundless we deeply regret that such a national hero who pursued a legitimate cause for the sake of his people has been unjustly imprisoned for life by the merciless white minority regime of South Africa.

His patience with his captors and continued commitment to a multi-racial South Africa based on democratic principles not only reflect his benign nature and pragmatic approach but also his conviction on the cause of his freedom struggle for his people and for a democratic South Africa in accordance with international norms and principles. As late as early 1984 Nelson Mandela rejected any trading of his release from imprisonment for a renunciation of violence by the ANC.

The spirit of the nationalistic struggle kindled by Nelson Mandela was expected to die off with the incapacitation of the ANC leadership. But it has been disproved by recent events which have taken the struggle in newer and less conventional direction. To many of the freedom fighters both inside and outside of South Africa Nelson Mandela's captivity provides greater inspiration and resolve to fight for freedom from apartheid and white minority rule. The white minority regime in Pretoria and the extreme right Afrikaner population must be aware that the longer they delay a compromise with the African National Congress and the release of its leaders, Nelson Mandela and others, the greater is the danger of the deepening racial conflict exploding into a racial conflagration. At that point the so-called white supremacy and armed might will become impotent and meaningless. Therefore we call on the South African white minority regime for an immediate release of Nelson Mandela and other political prisoners from imprisonment and negotiate with the ANC for a democratically-elected Government with the participation of the majority who have so far been denied their rightful role.

We in Malaysia very much prefer a South Africa where people from all racial groups enjoy justice, freedom, equal political rights and economic benefits. However the current intransigence of the South African white minority, the introduction of draconian laws and the attempts to introduce counter power-sharing formula, circumventing the demands for majority rule, do not augur well for the future.

The white minority regime therefore must be made to realise that the first step towards peace in South Africa and a negotiated settlement is to release Nelson Mandela and to engage in dialogue with the ANC on the possible democratic process for majority rule in South Africa.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER HOSTED IN HONOUR
OF HIS EXCELLENCY MR. PREMADASA, THE PRIME MINISTER
OF SRI LANKA AT SRI PERDANA, KUALA LUMPUR
1ST. AUGUST, 1988**

It is with great pleasure that I, on behalf of the Government and people of Malaysia, welcome Your Excellency, Madame Premadasa and the distinguished members of your delegation to Malaysia. Indeed your visit is to us evidence of your Government's desire to strengthen our bilateral relations and expand the dimensions of cooperation between our two countries.

I recall with fond memories my first meeting with Your Excellency when you made your first official visit to Malaysia in 1981. I was privileged to play host to Your Excellency and had the opportunity to have some very useful discussions on matters of importance to both our countries. I also recall the warmth and hospitality that the Government of Sri Lanka had extended to me and members of my delegation when I visited your country in 1983.

Malaysia and Sri Lanka have many things in common. Both were colonised in succession by the Portuguese, the Dutch and the British. As Your Excellency well know, many Malay soldiers were recruited by the British to form the Ceylon Malay Rifle Regiment. From Sri Lanka, many Ceylonese Tamils and Sinhalese were recruited to serve in the civil service in Malaya. Many of these pioneers had opted to stay back in the land of their new homes. Today we have about 50,000 Malaysians of Sri Lankan origin who greatly contributed to our national development. I understand that in Sri Lanka, there are now some 10,000 Sri Lankans of Malay origin who are descendents of the original pioneers of the Malay Rifle Regiment.

After independence, both our countries have pursued the democratic system of Government best fit to fulfill our national aspirations and a free enterprise economy that would ensure the attainment of our social and economic development. Given the geographical proximity and the historical ties, the bonds of mutual friendship between our two countries have strengthened and expanded over the years, particularly since Your Excellency's first visit to Malaysia in 1981.

Malaysia and Sri Lanka have since entered into close cooperation in the cultural field, air and sea transportation, and the volume of trade have also vastly expanded. This is only the beginning. Malaysia stands ready and welcome further expansion in exchanges and cooperation with Sri Lanka. We in Malaysia cherish these bonds of

friendship with the people of Sri Lanka, and are always prepared to render any assistance and cooperation we can towards your development efforts.

Both our countries share identical views on a number of international and regional issues. We are very satisfied on the efforts at coordinating our positions on such issues at the various forum including the Non-Aligned Movement, the Commonwealth Conference, the South Commission and, of course, the United Nations. We are both staunch supporters of the concept of the Zone of Peace, Freedom and Neutrality. We both agree that the peaceful resolution of the Afghanistan and the Kampuchean problems are vital steps towards the early realisation of the Zone of Peace in the Indian Ocean and South East Asia.

Malaysia and Sri Lanka also shares identical views on drug abuse. We firmly believe that it will take the concerted effort of the international community to fight the menace of drug abuse. It is towards this end that Malaysia had played a modest role in the convening of the International Conference Against Drug Abuse and Illicit Trafficking in Vienna in 1987. We hope that the guidelines adopted at the Conference will contribute positively in the eradication of drug abuse.

On the international economic scene, though the adverse conditions have somewhat ameliorated, the developing countries efforts, however, continued to be hamstrung by the 'rich-mans' club of the developed countries. The developing countries seek more trade and not aid; yet the walls of protectionism are constantly being erected against our exports. Such an instance is the insidious and underhand campaign being launched against Malaysia's palm oil and other tropical vegetable oils. In our quest for economic development, the developed countries should not attempt to obstruct us by constantly erecting protectionist walls under various guises. The principles of fair trade initially enunciated by these developed countries should be upheld and not merely paid lip service to. The beggar thy neighbour policy of some developed countries does not serve the interests of the international economic system. Instability in the system is bound to have serious effects detrimental to the well-being of the community of nations. Developed countries must appreciate that the prosperity of the developing countries must have beneficial effects on their exports and sales of their manufactured products.

I am confident that your visit will contribute towards further strengthening the existing close ties of friendship and cooperation as well as fostering greater goodwill and understanding between our two countries.

I would like once again to express our pleasure in welcoming you and Madame Premadasa to Malaysia and I hope that your stay here will be both enjoyable and memorable.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER HOSTED IN HIS HONOUR
BY HIS EXCELLENCY SIR ANEEROOD JUGNAUTH
THE PRIME MINISTER OF MAURITIUS
AT GOVERNMENT HOUSE, PORT LOUIS
16TH. AUGUST, 1988**

It is a great pleasure for me to be here in Port Louis, a city I am visiting for the first time. In the short while I have been here I have discovered just how beautiful and cosmopolitan Mauritius is. I am especially touched, Mr. Prime Minister, by the warm welcome accorded to me, my wife and my delegation since our arrival. May I take this opportunity to express our gratitude for the very warm and gracious hospitality which you have so kindly shown to us.

Allow me at this juncture to extend my heartiest congratulations to you and your partners in the ruling alliance for having emerged victorious in three general elections consecutively. The victory is a clear endorsement of your leadership that has so ably steered Mauritius on the path of progress. I sincerely look forward to working with you and your colleagues to enhance relations between Mauritius and Malaysia for the benefit of our two countries and peoples in the years ahead. These contacts are very much in keeping with the concept of greater South-South relations.

We meet, Mr. Prime Minister, at a time of profound changes within countries and in relations between countries. Societies in transition pose particular problems of management to decision-makers. Often solutions require trans-national adjustments. Yet in a world that only grudgingly concedes an objective inter-dependence of nations, adjustment processes are painfully slow. Small nations such as ours cannot afford to wait for a general global enlightenment. Our needs are more pressing. We each have to seize the initiative to forge linkages with the like-minded, to build to the best of our abilities the economic safety-net so important for the independent survival of our countries.

I observe with admiration, Mr. Prime Minister, that Mauritius has equipped itself well to meet the challenges of a society in transition. You and your Government have wisely guided the affairs of Mauritius both at home and abroad. Your creative policies at home have been matched by constructive initiatives regionally and internationally. I look forward to working closely with you in our endeavours to create a better life for both our peoples.

Mauritius and Malaysia share a lot of things in common. We are small nations and our economies are export-oriented. Our well-being depend much on the vitality of the global economy and it is therefore important that we endeavour to do our bit to

contribute towards the openness of the world economy. We can and should work together to safeguard our vital interests both bilaterally and multi-laterally.

I am happy, Mr. Prime Minister, that our two countries have already made a beginning in this direction. We established formal diplomatic relations in January last year. Subsequently, Mauritius hosted an official Malaysian delegation and a follow-up business delegation towards the middle of the same year. We have signed today the agreement to establish a Joint Commission for Economic and Technical Cooperation. The establishment of the Joint Commission will enable our two countries not only to facilitate our growing relations but also to take stock of their state from time to time and make running adjustments as and when necessary. I am confident that our economic relations, at present somewhat narrow in scope, could be both expanded and deepened for our mutual benefit. Our mutual progress in recent years offer excellent opportunities to explore new avenues for cooperation even as we seek to entrench previous and present ones. There are elements of complementarity in our economies that we could usefully develop for our mutual benefit.

While it is important that relations between two countries are premised on healthy economic interactions, it is also equally essential that political links are cemented at the highest possible level. I hope my visit to Mauritius will soon be followed by your own visit to Malaysia and that many more Mauritian political and business leaders will also take the opportunity to do so.

Mauritius and Malaysia share common membership in many international groupings. Our basic perspectives and approaches do not differ much. The great moral and ethical problems confronting us today - racial injustice and political repression under apartheid in South Africa, Israel's illegal occupation of Arab lands and continued opposition to the creation of a Palestinian state, the conflict in Afghanistan and the occupation of Kampuchea by foreign forces, the ever-widening North-South economic inequities and the ever-escalating arms race - require that we should cooperate more closely to strengthen international solidarity to resolve them. Malaysia, like Mauritius, believes that the United Nations has a primary role to play in ensuring international peace and security.

Allow me to express my sincere appreciation for the time you have taken and the effort you and your Government have made to make my brief visit not only useful from the official point of view but also memorable from the personal point of view.

May I now invite this distinguished gathering to join me in a toast to the Government and people of Mauritius and to His Excellency Sir Aneerood Jugnauth and Lady Jugnauth and to the ever-expanding relations between Mauritius and Malaysia.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL LUNCHEON HOSTED IN HIS HONOUR BY
HIS EXCELLENCY DR. HELMUT KOHL, CHANCELLOR
OF THE FEDERAL REPUBLIC OF GERMANY, BONN
19TH. SEPTEMBER, 1988**

Allow me to express my deep appreciation for your kind words of welcome and the Agracious hospitality that Your Excellency and the Government of the Federal Republic of Germany have accorded me and my delegation since our arrival.

I had been looking forward to making this visit for some time and am pleased to finally make it. I should mention, however, that I am not entirely a stranger to your beautiful country, having been here on holiday several times many years ago and having also led two investment missions.

Germany, and the Rhine Valley in particular, must be one of the most beautiful places in the world. It is perhaps that beauty which has inspired the development of your culture as manifested by the excellence of the Germans in music, literature and philosophy. Germany's post-war rehabilitation and progress is a tribute to the indomitable spirit, ingenuity and enterprise of her people. We in Malaysia admire you and have much to learn from your work ethics, organisation and your pursuit of precision and excellence.

I am pleased to note that the Federal Republic has shown a keen awareness of the aspirations of the Malaysian people and a positive appreciation of my Government's policies to realise them. Our economic relations have steadily expanded particularly in the field of trade and investment. Indeed, the Federal Republic is our most important trading partner within the European Community.

Investment by the Federal Republic in the manufacturing sector in Malaysia has steadily increased over the years and today the Federal Republic is the sixth largest foreign investor in Malaysia. German entrepreneurs' commitment reflects not only their confidence in the soundness of our economic policies but also testifies to the political stability of Malaysia.

We are fully appreciative of the Federal Republic's advocacy of the liberalisation of international trade. It is imperative that the industrialised countries appreciate the fact that market access for our primary commodities and our manufactured goods goes a long way towards strengthening the socio-economic cohesion of developing societies and help cushion the cyclical depressions that they are subjected to. The prosperity of such countries as Malaysia will contribute to the prosperity of Germany and other developed countries for then we can buy more of your products.

I wish to note with deep appreciation the valuable contribution of the Federal Republic in the area of technical assistance. We are hopeful that the existing programme could be further expanded to areas essential to Malaysia's industrial progress.

One issue of considerable concern to my government however is the anti-tropical timber campaign which seems to be more and more vociferous. This campaign is unworthy of its laudable aims for it grossly distorts facts and is discriminatory in its objective. I wish to emphasise here that Malaysia has already undertaken effective measures to conserve its forest, implement reafforestation and develop compensatory plantation programmes along with a reduction of felling rate to maintain its ecosystem. We do not just see trees; we are deeply aware of the woods and the need to conserve them.

The recent Jakarta Informal Meeting involving for the first time all the four Cambodian factions is a positive development in the decade-old Cambodian problem. I also wish to stress here that the Afghanistan model is not applicable to the Cambodian problem for, inter alia, the Afghan accord did not address the question of political settlement in the wake of the Soviet withdrawal. In our view, the self-proclaimed unilateral withdrawal of Vietnamese troops by 1990 must be directly linked to a negotiated settlement. I wish to express here our gratitude for the support which the Federal Republic and the European Community have extended to ASEAN's efforts towards a political solution to the Cambodian problem.

I also wish to record our deep gratitude to your government for having resettled some 3,500 Vietnamese refugees in the Federal Republic. Of late, we have reached an understanding with the Government of Vietnam which is prepared to accept the repatriation of those refugees in Malaysia who are not qualified for resettlement in third countries and to prevent fresh exodus of boat people. We are happy to note that Vietnam has agreed to participate in the Preparatory Meeting which Malaysia will host in November this year and the International Conference on the Indochinese Refugees early next year. We trust all the resettlement countries would extend their wholehearted support to ASEAN's initiative and make the Conference a success.

We are indeed encouraged by the advances in East-West Relations particularly the reconciliation over fundamental differences on arms control. The conclusion of the Intermediate-range Nuclear Forces (INF) Treaty has positively enhanced the prospects for improved East-West relations and of disarmament in Europe. We are convinced that an agreement to halve the strategic weapons through Strategic Arms Reduction Talks (START) would be a fitting sequel to the INF Treaty, thereby vastly improving the prospects for international peace and security. We hope that the Mutual and Balanced Forces Reduction Talks would make definite progress especially in the area of conventional forces so that security and stability in Europe could be achieved at lower levels of conventional and nuclear forces. We are very conscious that what happens in Europe in the nuclear age will impact on the whole world.

On the economic front we in ASEAN have followed with great interest the European Community's efforts to reach the highest level of integration to become a Single European Union by 1992. Our concern is that such maximum intra-regional scheme might produce a fortress Europe perspective which can undermine further the already limited market access for developing countries and divert Europe's investment to the community's low-cost member states with the result that the on-going efforts to promote greater European investment in ASEAN would be in vain. It is Malaysia's hope that the march towards 1992 will not result in an inward-looking European Community and that it would remain committed to the liberalisation of global trade.

As a developing country which is increasingly dependent on world trade, Malaysia is very supportive of the Uruguay Round of Negotiations. We believe in strengthening the GATT so that it can adequately respond to the changing pattern of global trade. Efforts must therefore be made by all Contracting Parties to achieve early progress in the Uruguay Round in dealing with trade restrictions and distortions. Trade disputes in agriculture in particular should not be allowed to reach a point where they jeopardise all current negotiations. Malaysia and for that matter all developing countries do not only expect firm agreement on the agricultural sector at the Mid-Term Review Conference in Montreal in December but also hopes that demonstrable progress will be made on as many fronts as possible, including in particular, concrete results on trade in tropical products.

I am gratified to note that our exchange of views has afforded me a better insight into the Federal Republic's stance on many a regional and international issue of mutual concern. I trust that my visit have also focussed on some of the major issues of concern to us.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE MALAYSIAN INVESTMENT SEMINAR IN COLOGNE
FEDERAL REPUBLIC OF GERMANY
20TH. SEPTEMBER, 1988**

It gives me great pleasure to be here today to address you on the subject of the Malaysian investment environment. I would like to thank the Federation of German Industry (BDI), Association of German Industry and Commerce (DIHT), Association of German Banks, Federation of German Wholesale and Foreign Trade, East Asia Association (OAV) and the German-Malaysian Business Group for the efficient way they have arranged this programme.

Malaysia today is probably less strange to the Federal Republic of Germany than a decade ago. Certainly it is familiar to some 60 German companies now producing manufactured goods in Malaysia. They have invested DM110 million and employ about 17,000 Malaysians. Since 1971, 170 German companies have been given licenses to manufacture and even if they have not started up, they must know enough about Malaysia to have applied in the first place. I am sure eventually they will invest. The presence of such names as Siemen, Robert Bosch, ZF, Granek, BASF, Staedtler and also a number of small and medium-sized German companies is an indication that Malaysia is becoming increasingly well-known in Germany.

Still, despite this indication of the confidence of German investors in the Malaysian investment environment, some of you may have had your impressions coloured by the reports that have appeared in some international media over the last year or so. But Malaysia would not be economically and financially sound today if the reports were accurate. We would welcome anyone to come and cross-check the facts.

I would like to take this opportunity to mention to you some key aspects of the Malaysian investment environment that could be of interest to you. In respect of the political situation in our country, we have one of the most stable democratic Governments among developing countries and in fact even among some developed ones. Recent inter-party disagreements that you may have read or heard about is nothing new within the democratic process and in fact is an indication of a healthy and vibrant democracy. I should think that Western societies, concerned with the status of democracy among developing countries, should be more apprehensive if there is a total lack of dissension within and between political parties.

Realising the importance of racial unity, political stability, development and economic growth, 13 political parties in Malaysia have joined together to form the

National Front, the coalition which forms the Government. The result is that all the different races are represented in the Government and issues or problems are discussed in the meeting rooms frankly and rationally and the consensus arrived at are in the interest of all races. We have no need for differences to be resolved in the streets. The result is that there is peace and stability in Malaysia.

The fact that the National Front and its predecessor, the Alliance, have won the elections and formed the Governments since independence 31 years ago, clearly reflects the people's endorsement and confidence in the Government's policies. At the same time the opposition have always been able to win seats and to make their voices heard in Parliament and elsewhere. Clearly democracy works and delivers in Malaysia.

I would now like to briefly touch on the various aspects of Malaysia's overall economic performance. The Malaysian economy continues to accelerate its growth from a rate of 5.2% in 1987 to a projected 7% in 1988. About two-thirds of the growth originates from expansion in private spending with consumption growing at 7.3%, whilst in the first eight months of 1988 investments have significantly increased eight times over the same period in 1987. Malaysia's strategy of export-led growth, in which German companies are playing an important role, is continuing to pay dividends and strong exports indicate that output growth for the manufacturing sector will accelerate to reach 14%. The sheer magnitude of export earnings brought about by strong performances in both commodity exports and exports of manufactured products has allowed the economy to enjoy a substantial current surplus in the balance of payment of about RM6 billion (DM4.2 billion). And this is achieved despite substantial growth of imports.

Since independence the Malaysian bureaucracy had grown rapidly. Much of this is due to the formation of statutory authorities and Government business enterprises. This huge bureaucratic machinery has been a burden to the nation. Accordingly we have decided to shed some of it through privatisation of numerous Government-run services. To date, the Government has privatised 14 Government-owned or operated projects and these include, among others, a container terminal, a national airline company, a national shipping company, roads and bridges, a water supply project and a power transmission project. The Government is now in the midst of preparing a major master plan for privatisation. Within this master plan would be programmes relating to the privatisation of ports, public utilities and railway. Postal services and the running of airports are also under study for privatisation.

It is the intention of the Government to encourage private sector initiative and entrepreneurship. Foreign participation is both welcomed and encouraged in the privatisation programme especially in areas where the technical, business and managerial expertise can contribute towards improving the efficiency and productivity of the privatised agencies. Also, as the domestic capital market may be somewhat limited in its capacity to take up the quantum of investment required for major projects, foreign capital participation would most certainly be welcomed.

Whereas we see privatisation as providing a strong impulse for growth, we nevertheless see the future of Malaysia basically as an economy that is based on the production and export of increasingly more sophisticated goods which will require continuous inputs from foreign investors. One area is the processing of our raw materials into finished or semi-finished products before they are exported. Malaysia, as you all know, is among the world leaders in the export of raw materials such as rubber, palm oil, tin, hardwood timber, gas and crude oil. We also export cocoa and a range of other mineral and non-mineral products. Our attempts to move Malaysia from being merely an exporter of primary raw materials, to an exporter of finished or semi-finished products have already met with some success. However, considering the quantum of raw commodities produced by Malaysia, we feel that we are still scratching the surface of the potential in this area.

In addition to our raw materials we have an abundance of well-educated, easily trainable pool of workers and managers. While wages are not as low as those in some neighbouring countries, this is balanced by the good infrastructure and services obtainable in Malaysia. Roads, telecommunications, ports and airports, power, etc are comparable to those in developed countries. It is for this reason that we are now coming close to be the biggest exporters of microchips and room air-conditioners in the world. We are also very big in the manufacture and export of a variety of domestic appliances.

Malaysia's combination of raw materials, manpower, energy, infrastructure, realistic Government policies and attractive incentives provide investors from the West an Eastern base from which to launch the export drive into the lucrative markets of the Pacific Rim. Most certainly, Malaysia presents you with a springboard to the ASEAN market and also to Japan and China. The fact that Japanese companies, driven out of Japan by the rising Yen and other costs, are now coming to Malaysia to manufacture their products to be exported back to Japan, is testimony to the strength of the Malaysian environment. I need not tell you that the Japanese market is opening up rapidly and manufacturing in Malaysia will make you more competitive in this sophisticated market.

I would also like to touch briefly on some aspects of our investment policies that could have a bearing on your investment decisions. In respect of equity, you can have up to 100% if you manufacture for export. We are very liberal with expatriate staff although we would advise you to use qualified Malaysian staff in order to reduce cost. Some American manufacturing companies are headed by Malaysians and have exclusively Malaysian executives. And they have done very well. But the choice is largely yours. As regards the movements of funds, there has been no restriction. You can take your profits and capital out any time you want. If there is any form-filling involved, it is only for statistical purposes. The depreciation of the Malaysian Ringgit is a plus for German investors. You get twice as much for your Deutschmark in Malaysia.

The Government's policies that have taken cognizance of the needs of foreign investors, are those that have helped to create the investment environment that we have today in Malaysia. Those companies that have invested and are operating in

Malaysia can attest to Malaysia's economic strength and healthy investment climate.

Malaysia is a multi-racial and multi-religious nation. The harmony of our nation depends upon all the communities working together in friendship and understanding for the common good. This is happening in Malaysia. Malaysia is known for its racial and religious tolerance. Malaysians fully realise the importance of unity, racial harmony and religious tolerance. Malaysia's progress, prosperity and, indeed, survival depend on them. We cannot afford to have demagogues preaching racial hatred and religious intolerance. It is better to act against them before, than after they succeed in igniting religious or racial riots and disorderliness. Preventive detention is abominable but if democracy is to survive, it must be protected from irresponsible opportunists.

The industrialisation programme of Malaysia cannot be carried out by Malaysians alone. We still lack the know-how and even the entrepreneurial skill. We accept and welcome foreign participation. We can really help to make you and your products even more competitive. We do hope that along with some of your selling missions should come investors as well, ready to participate in our industrialisation.

We, in Malaysia, are aware that investors seeking offshore bases for their operations, will be examining not only Malaysia but also other countries, both developed and developing, before a final investment decision is made. We are also aware that critical parameters for any investment decision other than the technical viability of the project, would be factors such as political stability, economic strength, the policies and predictability of the Government affecting foreign investments, infrastructure, banking and finance, the local business environment and the quality of life that the country offers. I believe you will find that Malaysia provides all these ingredients.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER HOSTED
BY HIS EXCELLENCY DR. FRANZ JOSEF STRAUSS
MINISTER PRESIDENT OF BAVARIA, MUNICH
21ST. SEPTEMBER, 1988**

I am happy to be in this beautiful city of Munich and honoured to meet with Your Excellency. May I take this opportunity to thank the Government of the State of Bavaria for the kind hospitality accorded to me and my delegation. It is a pleasure for me to be in this city again, which is famous for its culture and traditions, after my last visit here eight years ago.

The State of Bavaria has not only outshined other states of the Federal Republic of Germany in its economic growth but also many other EEC member countries in the past. The economic performance of Bavaria is indeed exemplary and a source of inspiration for countries such as Malaysia. I am pleased to say that Malaysia and Bavaria have long been trade partners though on a minimal scale. Malaysia accounts for only 0.4% of total Bavarian imports and 0.2% of her total exports.

In view of Bavaria's positive economic outlook and the availability of many important industries such as electronics, automobile, timber, textiles and garments as well as pharmaceuticals and chemicals, there is obviously an abundant scope for increased trade with Malaysia. The strength of the Deutschemark has certainly made imports from countries like Malaysia very much cheaper. In view of this Bavarian companies with existing joint venture operations in Malaysia could source more of their material and components from Malaysia.

There are also other areas in which increased trade between Malaysia and the State of Bavaria could be achieved. One of these is for Bavaria to increase her imports of timber and timber products as well as textiles and garments from Malaysia. Bavaria is also said to be the centre for handicraft industries in the FRG and its works are internationally acclaimed. The handicraft fair of Munich, which has developed into an international fair, underlines the importance of Bavaria as a centre for handiwork. The Malaysian Handicraft Board had several times participated in this fair. In view of the leading position of this sector, perhaps Bavaria could look into areas of mutual cooperation with Malaysia in the handicraft industry.

There are a lot of similarities between Bavaria and Malaysia in the economic sector. Bavaria, whose dominant economic activity in the early 50's was agriculture, has

now emerged and transformed itself into a modern industrial land with the industrial sector as the major contributor to GDP, and employment generator. The Malaysian economy has also been heavily dependent on its agricultural sector but since the late 60's the Government has embarked on an industrialisation programme which has borne fruit. Today, the industrial sector has emerged as an important contributor to economic growth, employment generation and exports.

It is the Malaysian Government's objective to develop further the industrial sector to the extent it will become the major contributor to our GDP and economic growth. In this aspect, the Government has implemented liberal policies on foreign investment and offers attractive fiscal incentives.

The Federal Republic of Germany is one of the largest investors in Malaysia, and Bavaria in particular has been a major source of German investment in our country. Many German companies have established projects in Malaysia. We would like to see more German investors to take the opportunity of the positive investment climate in Malaysia.

It is also our hope that Bavaria, with its highly developed industrial sector, could be an important source of know-how and capital for Malaysia. Bavarian entrepreneurial skills, technology and expertise can combine with our resources and diligent workforce to establish industrial projects in Malaysia for our mutual benefit. Many German companies that are already in Malaysia had expanded their operation over the years. This is a testimony to the attractive environment that Malaysia provides.

My visit to Bavaria is aimed at further intensifying the existing bilateral economic relations between Bavaria and Malaysia. I have in my delegation Malaysian businessmen who are here to meet potential Bavarian businessmen and industrialists, to discuss possible collaboration in the various economic sectors. It is our hope that Bavarian industrialists and businessmen would visit Malaysia to explore the business opportunities.

May I thank you, once again, for your kind hospitality. My wife and I and members of the Malaysian delegation look forward to our stay in this city, and hope to be able to reciprocate your hospitality by welcoming you to Malaysia.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER HOSTED IN HIS HONOUR
BY HIS EXCELLENCY DR. WILFRIED MARTENS
PRIME MINISTER OF BELGIUM, BRUSSELS
22ND. SEPTEMBER, 1988**

Allow me first of all to warmly thank you for your kind words of welcome and the gracious hospitality extended to me and my delegation since our arrival here. I am hopeful that this visit of mine will afford me a better insight into Belgian affairs which offer compelling parallels to our own.

I am delighted to be in Brussels, the capital of Europe, so to speak, where much of Europe's destiny is being charted. The cosmopolitan population of Brussels is perhaps a preview of Europe of the future, when integration becomes more pervasive.

Earlier we had the opportunity to have a very fruitful exchange of views on bilateral matters as well as regional and international issues of mutual concern. I am convinced that there is tremendous scope for the expansion of our bilateral relations particularly in the fields of trade, investment and economic cooperation. I am happy to note that we share similar perceptions on a number of international issues and fully appreciate each other's points of view.

The current level of bilateral trade, which is modest, offers considerable scope for further expansion. We are hopeful that our manufactured products would find greater acceptance in the admittedly liberal market of Belgium. We have pursued an economic diversification policy with emphasis on industrialisation as a means to underwrite the socio-economic cohesion of our society and to insulate the economy from the uncertainties of commodity prices.

We are pleased to note that Belgian entrepreneurs have begun to follow the trail blazed by other European investors into our manufacturing sector. Malaysia's infrastructures, the abundance of vital industrial raw materials, and liberal investment climate should provide an added inducement to Belgian investors. We hope that Belgian investors would consider the advantages of venturing into, among other things, Malaysia's natural resource-based industries.

We would like to register our deep appreciation to the Belgian Government for the technical cooperation programme which has made valuable contribution in the fields of agriculture and wood technology. We are confident that the Belgian Government would positively consider the possibility of expanding the scope of the

assistance programme to other areas including environmental pollution monitoring and forensic science. I also wish to take this opportunity to thank the Belgian Government for the generous emplacements of our students in Belgian institutions of higher learning.

Our exchange of views on regional and international issues of mutual concern reflected a commonality of perceptions. We are confident that ASEAN's gradual and steady progress towards economic integration will help forge regional resilience. Even as ASEAN fostered intra-ASEAN trade and investment, member states are aware of its inherent limitations. Hence, the continuing efforts to improve conditions to promote trade and encourage greater flow of investment into the region.

ASEAN regards the European Community's GSP Scheme as an important means of diversifying and increasing inter-regional trade. As you are aware, ASEAN's exports to the European Community forms a very small percentage of the Community's total imports and considerably less than exports of other developing countries into the Community. To date, ASEAN's efforts to improve market access to the Community has been stymied by several built-in constraints and despite the willingness of both sides to discuss ways to overcome the barriers, success has been limited. In this connection we hope that Belgium will play a more positive role in mitigating the protectionist tendencies that exist within the Community.

The Uruguay Round of Negotiations launched at Punta del Este concerns a comprehensive set of negotiations that covers the widest spectrum of subjects ever attempted. We hope that an improved GATT framework of rules could be hammered out to meet not only the demands of today's global economic interdependence but also ensure fair competition and efficiency. Whilst Malaysia and the other ASEAN countries remain true to the political commitments made at Punta del Este, much of the success of the negotiations in the Uruguay Round depends on the European Community's position on, inter alia, trade restrictions and distortions and particularly the subsidies which bedevil the agricultural trade. At the Montreal Mid-Term Review Conference in December, Malaysia and the other ASEAN countries expect definite results on trade in tropical products which were assured 'fast tract status' given their critical importance to the economies of the developing countries. Substantive progress on trade in tropical product and firm agreements on commitments on agriculture will signal to the world our resolve to put in place a smoothly functioning liberal trading system that would ensure global development into the 21st. Century.

The protracted Cambodian conflict appears to have entered a new phase which hopefully marks a watershed in the Cambodian scenario. To be sure, the Jakarta Informal Meeting represented a tentative step towards seeking a negotiated settlement of the problem. As we look forward to the next face-off amongst the factions, we wish to remind our friends that the self-proclaimed unilateral withdrawal of Vietnamese troops by 1990 would not lead to peace unless it is linked to a negotiated settlement. I wish to record our gratitude to Belgium and the European Community for their continuing support of ASEAN's efforts in finding a political solution.

An issue of grave concern to us is the increased landing of refugees on Malaysian shores. We are no longer able to shoulder this burden. We have reached an understanding with the Government of Vietnam which is prepared to accept the repatriation of those refugees in Malaysia who are not qualified for resettlement in third countries and to prevent fresh exodus of boat people. We are glad to note Vietnam's willingness to participate in the November Preparatory Meeting to be held in Kuala Lumpur as well as the International Conference on Indochinese Refugees early next year. We wish to express our deep appreciation to Belgium and all the resettlement countries for their cooperation to date and trust that they would be similarly forthcoming in making the Conference a success.

An issue of grave concern to us all is the four decade old Palestinian problem which is at the heart of the Middle East conflict. The Palestinian uprising in the occupied territories of the West Bank and the Gaza Strip is a grim reminder to the international community of the folly of trying to maintain the status quo and of the volatility of the situation. We deplore the repressive force unleashed on unarmed Palestinians and fully support the convening of an international conference to work out a comprehensive, just and durable solution within the framework of the inalienable right of the Palestinians to self-determination and statehood.

I am pleased that our discussion has been most interesting and useful. I hope this visit of mine would generate increased interactions between the public and private sectors of our two countries to our mutual benefit.

May I now invite you to join me in a toast to the continued health and happiness of His Excellency Dr. Wilfried Martens, the Prime Minister and to the everlasting friendship between Malaysia and the Kingdom of Belgium.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
TO BELGIAN BUSINESSMEN, IN BRUSSELS, BELGIUM
23RD. SEPTEMBER, 1988**

It gives me great pleasure to be here today to address you on the subject of the Malaysian investment environment. I would like to thank the Federation of Belgian Enterprises, for helping in arranging this programme and I would also like to thank you for your response.

As of June 1988, 18 projects with Belgian investment were approved and 8 with a total paid-up capital of RM3.7 million (50.3 million Belgian francs) were in commercial production in Malaysia. Among the well-known Belgian companies which are operating successfully are Anglo Belgium Diamond NV, Petrofina, UCBSA and Chemstrand Overseas SA. This relatively small Belgian investment in Malaysia could be due to the fact that Malaysia has not been well exposed to Belgian investors as a profitable base for their overseas investment.

By virtue of the advanced stage of development of the manufacturing industry in Belgium, we feel that Malaysia can draw upon Belgium's vast industrial experience. Furthermore, in an atmosphere of rising production and labour costs, many industrial establishments in Belgium would already be operating at marginal levels of profits. We believe that Malaysia with adequate industrial infrastructure and given the added advantage of an abundance of vital industrial raw materials provides a viable base for the relocation and expansion of operations by existing industrial establishments in Belgium.

Some of you may have had your impressions on Malaysia coloured by the reports that have appeared in some international media over the last year or so. But Malaysia would not be economically and financially sound today if the reports were accurate. We would welcome anyone to come and cross-check the facts.

I would like to take this opportunity to mention to you some key aspects of the Malaysian investment environment that could be of interest to you. In respect of the political situation in our country, we have one of the most stable democratic Governments among developing countries and in fact even among some developed ones. Recent inter-party disagreements that you may have read or heard about is nothing new within the democratic process and in fact is an indication of a healthy and vibrant democracy. I should think that western societies, concerned with the status of democracy among developing countries, should be more apprehensive if there is a total lack of dissension within and between political parties.

Realising the importance of racial unity, political stability, development and economic growth, 13 political parties in Malaysia have joined together to form the National Front, the coalition which forms the government. The result is that all the different races are represented in the Government and issues or problems are discussed in the meeting rooms frankly and rationally and the consensus arrived at are in the interest of all races. We have no need for differences to be resolved in the streets. The result is that there is peace and stability in Malaysia.

The fact that the National Front and its predecessor, the Alliance, have won the elections and formed the Government since independence 31 years ago, clearly reflects the people's endorsement and confidence in the government's policies. At the same time the opposition have always been able to win seats and to make their voices heard in Parliament and elsewhere. Clearly democracy works and delivers in Malaysia.

I would now like to briefly touch on the various aspects of Malaysia's overall economic performance. The Malaysian economy continues to accelerate its growth from a rate of 5.2% in 1987 to a projected 7% in 1988. About two-thirds of the growth originates from expansion in private spending with consumption growing at 7.3%, whilst in the first eight months of 1988 investments have significantly increased eight times over the same period in 1987. Malaysia's strategy of export-led growth is continuing to pay dividends and strong exports indicate that output growth for the manufacturing sector will accelerate to reach 14%. The sheer magnitude of export earnings brought about by strong performances in both commodity exports and exports of manufactured products has allowed the economy to enjoy a substantial current surplus in the balance of payment of about RM6 billion (81.6 billion Belgian francs). And this is achieved despite substantial growth of imports.

Since independence the Malaysian bureaucracy had grown rapidly. Much of this is due to the formation of statutory authorities and Government business enterprises. This huge bureaucratic machinery has been a burden to the nation. Accordingly we have decided to shed some of it through privatisation of numerous Government-run services. To date, the government has privatised 14 government-owned or operated projects and these include, among others, a container terminal, a national airline company, a national shipping company, roads and bridges, a water supply project and a power transmission project. The government is now in the midst of preparing a major master plan for privatisation. Within this master plan would be programmes relating to the privatisation of ports, public utilities and railway. Postal services and the running of airports are also under study for privatisation.

It is the intention of the government to encourage private sector initiative and entrepreneurship. Foreign participation is both welcomed and encouraged in the privatisation programme especially in areas where the technical, business and managerial expertise can contribute towards improving the efficiency and productivity of the privatised agencies. Also, as the domestic capital market may be somewhat limited in its capacity to take up the quantum of investment required for major projects, foreign capital participation would most certainly be welcomed.

Whereas we see privatisation as providing a strong impulse for growth, we nevertheless see the future of Malaysia basically as an economy that is based on the production and export of increasingly more sophisticated goods which will require continuous inputs from foreign investors. One area is the processing of our raw materials into finished or semi-finished products before they are exported. Malaysia, as you all know, is among the world leaders in the export of raw materials such as rubber, palm oil, tin, hardwood timber, gas and crude oil. We also export cocoa and a range of other mineral and non-mineral products. Our attempts to move Malaysia from being merely an exporter of primary raw materials, to an exporter of finished or semi-finished products have already met with some success. However, considering the quantum of raw commodities produced by Malaysia, we feel that we are still scratching the surface of the potential in this area.

In addition to our raw materials we have an abundance of well-educated, easily trainable pool of workers and managers. While wages are not as low as those in some neighbouring countries, this is balanced by the good infrastructure and services obtainable in Malaysia. Roads, telecommunications, ports and airports, power, etc are comparable to those in developed countries. It is for this reason that we are now coming close to be the biggest exporters of microchips and room air-conditioners in the world. We are also very big in the manufacture and export of a variety of domestic appliances.

Malaysia's combination of raw materials, manpower, energy, infrastructure, realistic government policies and attractive incentives provide investors from the West an Eastern base from which to launch the export drive into the lucrative markets of the Pacific Rim. Most certainly, Malaysia presents you with a springboard to the ASEAN market and also to Japan and China. The fact that Japanese companies, driven out of Japan by the rising Yen and other costs, are now coming to Malaysia to manufacture their products to be exported back to Japan, is testimony to the strength of the Malaysian environment. I need not tell you that the Japanese market is opening up rapidly and manufacturing in Malaysia will make you more competitive in this sophisticated market.

I would also like to touch briefly on some aspects of our investment policies that could have a bearing on your investment decisions. In respect of equity, you can have up to 100% if you manufacture for export. We are very liberal with expatriate staff although we would advise you to use qualified Malaysian staff in order to reduce cost. Some American manufacturing companies are headed by Malaysians and have exclusively Malaysian executives. And they have done very well. But the choice is largely yours. As regards the movements of funds, there has been no restriction. You can take your profits and capital out any time you want. If there is any form-filling involved, it is only for statistical purposes.

The Government's policies that have taken cognizance of the needs of foreign investors, are those that have helped to create the investment environment that we have today in Malaysia. Those companies that have invested and are operating in

Malaysia can attest to Malaysia's economic strength and healthy investment climate.

Malaysia is a multi-racial and multi-religious nation. The harmony of our nation depends upon all the communities working together in friendship and understanding for the common good. This is happening in Malaysia. Malaysia is known for its racial and religious tolerance. Malaysians fully realise the importance of unity, racial harmony and religious tolerance. Malaysia's progress, prosperity and, indeed, survival depend on them. We cannot afford to have demagogues preaching racial hatred and religious intolerance. It is better to act against them before, than after they succeed in igniting religious or racial riots and disorderliness. Preventive detention is abominable but if democracy is to survive, it must be protected from irresponsible opportunists.

The industrialisation programme of Malaysia cannot be carried out by Malaysians alone. We still lack the know-how and even the entrepreneurial skill. We accept and welcome foreign participation. We can really help to make you and your products even more competitive. We do hope that along with some of your selling missions should come investors as well, ready to participate in our industrialisation.

We, in Malaysia, are aware that investors seeking offshore bases for their operations, will be examining not only Malaysia but also other countries, both developed and developing, before a final investment decision is made. We are also aware that critical parameters for any investment decision other than the technical viability of the project, would be factors such as political stability, economic strength, the policies and predictability of the Government affecting foreign investments, infrastructure, banking and finance, the local business environment and the quality of life that the country offers. I believe you will find that Malaysia provides all these ingredients.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
TO AMERICAN BUSINESSMEN IN NEW YORK
29TH. SEPTEMBER, 1988**

It gives me great pleasure to be here today to address all of you on the subject of the Malaysian investment environment. I would like to thank the organisers for the efficient way they have arranged this programme and I would also like to thank you for your response.

Malaysia is today probably no stranger to the United States of America. The picture may have been different several years ago, but most certainly today, with American participation in more than 121 companies in production in the Malaysian manufacturing sector, involving total fixed assets exceeding RM840.6 million (US\$317 million), the situation is most certainly somewhat different. The 121 companies in production represent only the tip of the ice-berg for we have in fact approved approximately 311 manufacturing companies with various degrees of American participation during the period 1971 to July 1988. These companies with proposed American paid-up capital exceeding RM488.3 million (US\$184 million), have the potential to make the United States of America a force to be reckoned with in the Malaysian manufacturing environment. The presence of such big names as ESSO, Goodyear, Baxter, General Electric, Monsanto, National Semiconductor and Motorola and also a number of small and medium-sized American companies, is an indication that Malaysia is becoming increasingly well-known in the United States.

Still, despite this indication of the confidence of American investors in the Malaysian investment environment, some of you may have had your impressions coloured by the reports that have appeared in some international media over the last year or so. But Malaysia would not be economically and financially sound today if the reports were accurate. We would welcome anyone to come and cross-check the facts.

I would like to take this opportunity to mention to you some key aspects of the Malaysian investment environment that could be of interest to you. In respect of the political situation in our country, we have one of the most stable democratic Governments among developing countries and in fact even among some developed ones. Recent inter-party disagreements that you may have read or heard about is nothing new within the democratic process and in fact is an indication of a healthy and vibrant democracy. I should think that western societies, concerned with the status of democracy among developing countries, should be more apprehensive if there is a total lack of dissension within and between political parties.

Realising the importance of racial unity, political stability, development and economic growth, 13 political parties in Malaysia have joined together to form the

National Front, the coalition which forms the Government. The result is that all the different races are represented in the Government and issues or problems are discussed in the meeting rooms frankly and rationally and the consensus arrived at are in the interest of all races. We have no need for differences to be resolved in the streets. The result is that there is peace and stability in Malaysia.

The fact that the National Front and its predecessor, the Alliance, have won the elections and formed the Government since independence 31 years ago, clearly reflects the people's endorsement and confidence in the government's policies. At the same time the opposition have always been able to win seats and to make their voices heard in Parliament and elsewhere. Clearly democracy works and delivers in Malaysia.

I would now like to briefly touch on the various aspects of Malaysia's overall economic performance. The Malaysian economy continues to accelerate its growth from a rate of 5.2% in 1987 to a projected 7% in 1988. About two-thirds of the growth originates from expansion in private spending with consumption growing at 7.3%, whilst in the first eight months of 1988, investments have significantly increased eight times over the same period in 1987. Malaysia's strategy of export-led growth, in which American companies are playing an important role, is continuing to pay dividends and strong exports indicate that output growth for the manufacturing sector will accelerate to reach 14%. The sheer magnitude of export earnings brought about by strong performances in both commodity exports and exports of manufactured products has allowed the economy to enjoy a substantial current surplus in the balance of payment of about RM 6 billion (US\$2.3 billion). And this is achieved despite substantial growth of imports.

Since independence the Malaysian bureaucracy has grown rapidly. Much of this is due to the formation of statutory authorities and Government business enterprises. This huge bureaucratic machinery has been a burden to the nation. Accordingly we have decided to shed some of it through privatisation of numerous Government-run services. To date, the Government has privatised 14 Government-owned or operated projects and these include, among others, a container terminal, a national airline company, a national shipping company, roads and bridges, a water supply project and a power transmission project. The Government is now in the midst of preparing a major master plan for privatisation. Within this master plan would be programmes relating to the privatisation of ports, public utilities and railway. Postal services and the running of airports are also under study for privatisation.

It is the intention of the Government to encourage private sector initiative and entrepreneurship. Foreign participation is both welcomed and encouraged in the privatisation programme especially in areas where the technical, business and managerial expertise can contribute towards improving the efficiency and productivity of the privatised agencies. Also, as the domestic capital market may be somewhat limited in its capacity to take up the quantum of investment required for major projects, foreign capital participation would most certainly be welcomed.

Whereas we see privatisation as providing a strong impulse for growth, we nevertheless see the future of Malaysia basically as an economy that is based on the pro-

duction and export of increasingly more sophisticated goods which will require continuous inputs from foreign investors. One area is the processing of our raw materials into finished or semi-finished products before they are exported. Malaysia, as you all know, is among the world leaders in the export of raw materials such as rubber, palm oil, tin, hardwood timber, gas and crude oil. We also export cocoa and a range of other mineral and non-mineral products. Our attempts to move Malaysia from being merely an exporter of primary raw materials, to an exporter of finished or semi-finished products have already met with some success. However, considering the quantum of raw commodities produced by Malaysia, we feel that we are still scratching the surface of the potential in this area.

In addition to our raw materials we have an abundance of well-educated, easily trainable pool of workers and managers. While wages are not as low as those in some neighbouring countries, this is balanced by the good infrastructure and services obtainable in Malaysia. Roads, telecommunications, ports and airports, power, etc are comparable to those in developed countries. It is for this reason that we are now coming close to be the biggest exporters of microchips and room airconditioners in the world. We are also very big in the manufacture and export of a variety of domestic appliances.

Malaysia's combination of raw materials, manpower, energy, infrastructure, realistic Government policies and attractive incentives provide investors from the West an Eastern base from which to launch the export drive into the lucrative markets of the Pacific Rim. Most certainly, Malaysia presents you with a springboard to the ASEAN market and also to Japan and China. The fact that Japanese companies, driven out of Japan by the rising Yen and other costs, are now coming to Malaysia to manufacture their products to be exported back to Japan, is testimony to the strength of the Malaysian environment. I need not tell you that the Japanese market is opening up rapidly and manufacturing in Malaysia will make you more competitive in this sophisticated market.

I would also like to touch briefly on some aspects of our investment policies that could have a bearing on your investment decisions. In respect of equity, you can have up to 100% if you manufacture for export. We are very liberal with expatriate staff although we would advise you to use qualified Malaysian staff in order to reduce cost. Some American manufacturing companies are headed by Malaysians and have exclusively Malaysian executives. And they have done very well. But the choice is largely yours. As regards the movements of funds, there has been no restriction. You can take your profits and capital out any time you want. If there is any form-filling involved, it is only for statistical purposes.

The Government's policies that have taken cognizance of the needs of foreign investors are those that have helped to create the investment environment that we have today in Malaysia. Those companies that have invested and are operating in Malaysia can attest to Malaysia's economic strength and healthy investment climate.

Malaysia is a multi-racial and multi-religious nation. The harmony of our nation depends upon all the communities working together in friendship and understanding

for the common good. This is happening in Malaysia. Malaysia is known for its racial and religious tolerance. Malaysians fully realise the importance of unity, racial harmony and religious tolerance. Malaysia's progress, prosperity and, indeed, survival depend on these. We cannot afford to have demagogues preaching racial hatred and religious intolerance. It is better to act against them before, than after they succeed in igniting religious or racial riots and disorderliness. Preventive detention is abominable but if democracy is to survive, it must be protected from irresponsible opportunists.

The industrialisation programme of Malaysia cannot be carried out by Malaysians alone. We still lack the know-how and even the entrepreneurial skill. We accept and welcome foreign participation. We can really help to make you and your products even more competitive. We do hope that along with some of your selling missions should come investors, as well, ready to participate in our industrialisation.

We, in Malaysia, are aware that investors seeking offshore bases for their operation, will be examining not only Malaysia but also other countries, both developed and developing, before a final investment decision is made. We are also aware that critical parameters for any investment decision, other than the technical viability of the project, would be factors such as political stability, economic strength, the policies and predictability of the Government affecting foreign investment, infrastructure, banking and finance, the local business environment and the quality of life that the country offers. I believe you will find that Malaysia provides all these ingredients.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE 43RD. SESSION OF THE UNITED NATIONS
GENERAL ASSEMBLY, NEW YORK
4TH. OCTOBER, 1988**

It is with much pleasure that I extend to you my heartiest congratulations on your election as President of the 43rd. General Assembly. Your well-known diplomatic skills and outstanding abilities will ensure that the deliberations of this assembly will be constructive and rewarding.

To your predecessor, His Excellency Mr. Peter Florin, we owe a great debt of gratitude for his tireless devotion in presiding, with consummate skill and infinite wisdom, over the deliberations of the 42nd. Session of the General Assembly.

To the Secretary-General, we offer our sincere felicitations on his outstanding contributions to the cause of world peace and security. My delegation also extends our congratulations, through the Secretary-General, to the United Nations Peacekeeping Forces for the award of the Nobel Peace prize so fittingly bestowed upon them. The Nobel Peace prize speaks eloquently as a tribute to the individuals from various Member States of the United Nations and those within the United Nations organisation who have so honourably discharged their duties in upholding the principles embodied in the United Nations Charter.

The General Assembly meets this year at a propitious time indeed. World regard for the United Nations has taken a turn for the better — influenced as everyone is by the return of peace and the promises of peace to many flash points; Afghanistan, Iran and Iraq, Namibia, Western Sahara, Cyprus, Kampuchea, and perhaps also to the Korean Peninsula. In contrast to the cynicism and the disillusionment that many have felt in the past about the U.N., we are now witnessing a clear shift towards a better appreciation of the role of the U.N. and its relevance to the aspirations of the community of nations. We would like to believe that at long last the U.N. is coming into its own and fulfilling the tasks of moving conflicts from the battlefields to the conference table.

Malaysia's faith and confidence in the United Nations have never wavered but we were saddened to see in the past the struggle of the United Nations to retain its relevance and credibility. Multi-lateralism had become a bad word as the powerful nations resorted to solving problems on their own. We are therefore pleased to welcome this change, this renewal of faith in the U.N. which we hope would mean the birth of a new era in multi-lateralism.

As an international organisation, the U.N. must be perceived to be relevant in meeting the needs of its members, as a forum for multi-lateral diplomacy, as an

instrument for maintaining international peace and security and as a catalyst for promoting international economic growth and development. The United Nations is at its most effective in the discharge of its functions when Member States fully support the course of action that the United Nations takes. The most telling example is the unanimous support given by the members of the Security Council to the U.N. Secretary-General to bring about an end to the Iran-Iraq war. The collective efforts of the Security Council, permanent and non-permanent members together, have raised clear hopes towards conflict resolutions. We are witnessing for the first time in decades, a convergence of interest and will, of member countries to effect solutions on major issues. This development, it is hoped, would fulfill the vision of the pioneers of the U.N. when they conferred upon the Security Council the primary responsibility for the maintenance of international peace and security. Malaysia stands for the full and effective discharge of the Council's conciliatory and mandatory powers and for universal compliance with, and implementation of the Council's decisions. It is a matter of great assurance to all of us that the increased effectiveness of the Security Council has been made possible by the convergence of interest and action of the United States and the Soviet Union. Conversely it should be instructive to these two countries that they are drawing from the best of themselves when they counsel and collaborate together with the rest of the world on common objectives.

When one extols the achievements of the United Nations, one is not refusing to recognise that the steady improvement of relations between the United States and the Soviet Union have helped significantly in bringing about progress on conflict resolutions. All of us who have lived under periods of unease and uncertainty, when the two powers stared at each other eye-ball to eye-ball, are greatly relieved that these two super powers are realistically discussing peace and construction between them. They can make an enormous contribution to the realisation of the principles and purposes of the United Nations Charter. It is our common appeal to both these countries that they seek recourse through all the institutions of the United Nations when attempting to defuse conflicts and in realising a more equitable world order. A United Nations functioning at its best will be in the interest of all its members and not simply serve the interest of certain powers or group of states. The time for U.N. bashing and the assault on multilateralism is over. If universal responsibility is a creed that this and future generations can believe in, then every country must provide full commitment to the United Nations. A revitalized United Nations poised to assume even greater responsibilities must not be hampered by a lack of financial resources. A sine qua non for its very survival is the timely payment by member countries of their assessed contributions.

Malaysia welcomes the signing of the Geneva Accords on Afghanistan. There must be complete and faithful implementation of these accords by all concerned parties, if the sufferings of the people of Afghanistan, after eight years of bloody and brutal war, is to come to a definite conclusion and if Afghanistan is to regain its independence. At this juncture, may I pay tribute to the late President Zia-Ul-Haq of Pakistan for his immense contribution towards the successful signing of the Geneva Accords. My country and many others will sadly miss the friendship and wise counsel of the late President.

The withdrawal of Soviet forces must continue and be completed within the agreed time-frame. It is our hope that the accords would be fully implemented to enable the Afghan people to freely exercise their right to self-determination through the process of genuine reconciliation.

Malaysia hopes the United Nations humanitarian and economic assistance programmes relating to Afghanistan will be able to meet the immediate needs for relief and rehabilitation as well as the long term requirements for reconstruction of the country. But full implementation of such assistance could only be realised under conditions of peace and stability in Afghanistan.

The acceptance by Iran and Iraq of Security Council resolution 598 as the framework for the termination of the Iran-Iraq War is a source of satisfaction to us all. The world witnessed in horror and helplessness the terrible toll exacted by the conflict for eight long years. We are therefore thankful that the first crucial steps for a durable solution have been taken. It is our hope and prayer that the resolve by Iran and Iraq to embark on the path of peace is irrevocable and that they will now turn their full attention to marshalling the creative energies and talents of their peoples to the urgent tasks of national reconstruction and development.

Despite all efforts, the Middle East is still embroiled in an endless cycle of violence. Israel must bear responsibility for this tragic state of affairs as it remains the main stumbling block to any peace attempts in the region. The United Nations has not been allowed to play its proper role in the search for a settlement primarily on account of Israel's intransigence. Israel is single-minded in the execution of its policies of aggression and expansion and brutal subjugation of the Palestinian people. It has defied the international community's call for a total withdrawal from all occupied territories. The Palestinian problem, the core of the Middle East conflict, remains unresolved due to the arrogant Israeli hubris and its continued refusal to recognize the rights of the Palestinian people to self-determination and to an independent state.

Israel cannot continue to believe that it can ensure its security and survival by adherence to policies which seek to consign the Palestinian people to either permanent diaspora or permanent oppressive Israeli rule. The holocaust cannot be flaunted by Israel as an excuse for treating Arabs under their rule in like manner.

Israel's policy of dictating to the Palestinians as to whom they should choose to speak for them, has been an unmitigated failure. The P.L.O. remains the sole and legitimate representative of the Palestinian people. The best hope for a durable and comprehensive settlement of the Palestinian problem lies in the convening of an international peace conference on the Middle East, with the participation of all parties, including the P.L.O. Malaysia fully supports the convening of such a conference and calls upon those powers that have been the strongest supporters of Israel to lend their influence to convince Israel that its vital interests are best served by dialogue and negotiations at a peace conference rather than by the mailed fist. Indeed these supporters of

Israel must share the moral responsibility for the injustice and inhumanity committed by Israel against the Palestinians.

In South Africa, we are confronted with the challenge of a regime that seeks to dehumanize human beings on the basis of colour. The only response of good men to this crime against humanity and an affront to the universal conscience must be to seek the total destruction of the evil system of apartheid. It is a delusion for anyone to believe that we can effect an evolution of the system into something more human and humane. The hideous manifestations of apartheid are seen daily in the atrocities inflicted on black South Africans.

Malaysia has never been persuaded by the arguments advanced by some that it is in the interest of the blacks of South Africa that comprehensive sanctions should not be imposed against the Pretoria regime. We therefore reiterate our call for decisive action in the form of comprehensive mandatory sanctions under Chapter 7 of the United Nations Charter.

Consistent with our stand, we have undertaken efforts to provide assistance to black South Africans and the front-line states to assist them in coping with the destabilisation caused by South Africa and to enable them to cope with possible effects which comprehensive sanctions would have on them. A total of US\$2 million has been pledged as Malaysia's contribution to the Africa Fund established for this purpose by the Non-Aligned Movement. We wish to appeal for generous support by the international community for the Africa Fund which must be seen as part of a universal battle to bring about the total elimination of the system of apartheid.

The agreement on the comprehensive settlement of South Western Africa, offers Namibia the promise of realizing its freedom and independence. It is our hope that all parties to the agreement will enter into the spirit of the times and bring peace and freedom to the long suffering people of Namibia. Familiar with the record of the Pretoria regime in exploiting every opportunity to perpetuate its iron grip on Namibia, we must continue to apply unrelenting international pressure on the regime to honour its commitments.

In the meantime, our support of SWAPO must continue unabated. We have seen how SWAPO's successes on the battlefields of Namibia have forced the hand of the Pretoria regime to reluctantly agree to a negotiated solution of the problem. Pressure must therefore be sustained on the ground to prevent South Africa from reneging on its promises.

The question of Kampuchea has been a subject for debate at every United Nations General Assembly Session for the last nine years. With the support of a huge majority of its members, this Assembly has repeatedly called for the total withdrawal of Vietnamese forces, the restoration and preservation of the independence, sovereignty and territorial integrity of Kampuchea and the reaffirmation of the right of its people to self-determination.

The fundamental issues of the Kampuchean problem have to be clearly addressed. Vietnam's forces in Kampuchea must withdraw. Vietnam should not be allowed to continue to cloud this issue. There cannot be any conditionality. The concerns of the international community and ASEAN to prevent the return of the universally condemned policies and practices of a recent past must be addressed. The Kampuchean people must be ensured that they will be free from the horrors of the past. National reconciliation under the effective leadership of His Royal Highness Prince Norodom Sihanouk will not only heal divisions between the various Kampuchean partners, but will also regain for that turbulent country its rightful sovereignty and independence.

The constant search for a solution by the ASEAN countries has yielded a significant measure of success with the convening of the Jakarta Informal Meeting in July. This meeting was a regional initiative which is an important milestone in the process of finding a comprehensive political solution to the Kampuchean problem. This initiative should be allowed to continue. The present international climate augurs well for the parties concerned to come together in the near future to achieve agreement on the issues. Malaysia welcomes the efforts of the Non-Aligned Movement to complement regional efforts on Kampuchea.

Peace in Kampuchea will contribute tremendously to regional peace and security. It will facilitate the way for more co-operative relations among the states of South East Asia, particularly between ASEAN and Vietnam. It is our hope that the peace that we long for will bring about a climate of regional stability and co-operation which can then realise early the regional aspiration for a zone of Peace, Freedom and Neutrality in South East Asia.

The Vietnamese invasion and occupation of Kampuchea has resulted in the displacement of a large number of people. Further, the influx of boat people from Vietnam seeking better opportunities elsewhere have for several years added serious problems to countries like Malaysia, Thailand and others. Of late, Malaysia has reached an understanding with the Government of Vietnam in which the latter will accept the repatriation of those boat people in Malaysia who are not qualified for resettlement in third countries and to prevent fresh exodus. We are happy to note that Vietnam has agreed to participate in the Preparatory Meeting which Malaysia hopes to host to prepare for the International Conference on Indochinese Refugees and the boat people.

In Central America the high expectations raised by the regionally initiated Esquipulas Peace Agreement have not yet been fulfilled. The aspirations of the peoples of Central America for peace, freedom and justice remain hostage to the harsh dictates of international and external divisions in the region. Coercive measures from outside the area only compound the problems of the region, and should not be allowed to continue. It is our hope that the peace process will be given renewed impetus by the very leaders whose vision and statesmanship led to the signing of the Esquipulas agreement.

In raising the issue of Antarctica at the U.N., it was the intention of Malaysia and the other like-minded countries to draw attention to the considerable environmental, climatic and scientific significance of the continent to the world. We also earnestly seek an international instrument having universal validity and serving the interests of and for the benefit of mankind.

It is most regrettable that a Convention on the Regulation of Antarctica Mineral Resources Activities has been concluded recently in total disregard for U.N. resolutions calling for a moratorium on all negotiations on a minerals regime until such time as all members of the international community can fully participate in such negotiations. We cannot understand the haste because all the minerals that can possibly be found in Antarctica can be found in plenty elsewhere.

We also regret that the General Assembly appeals for urgent measures to exclude the racist regime of South Africa from participating in the meetings of the Consultative Parties at the earliest possible date, have not been acted upon.

Antarctica represents to us a touchstone on the constancy of the adherence of the Consultative Parties to fundamental principles and norms which have evolved through common endeavours and have gained universal currency in the course of the democratizing process of international relations and institutions. We remain steadfast in our conviction that a regime for Antarctica built on such foundations will better reflect and respond to the needs of our age than the one founded upon circumstances and considerations which are tainted with colonialist adventurism.

The issue of disarmament must remain high on the agenda of this organisation and must continue to merit the urgent attention of the international community. Threats to mankind derive not only from the stockpiling and continuous development of nuclear and other weapons of mass destruction but also from the growing arsenals of sophisticated conventional weapons. We are now also beset with the problem of nuclear and toxic wastes dumped in the developing countries. Our efforts at arms control and disarmament must proceed on all fronts and a prerequisite for any success in this regard must be a general improvement in the climate of relations amongst states. An important start has been made with the signing of the Agreement on Intermediate Nuclear Forces between the United States and the Soviet Union in May this year. This agreement is an important breakthrough and should generate the necessary mutual confidence and trust to conclude negotiations on the reduction of strategic weapons and on the additional verification procedures required for a complete test ban treaty.

While the two super powers with the largest arsenal of nuclear weapons must carry the primary responsibility for bringing about progress in nuclear disarmament, multilateral approaches should make an important contribution in the attainment of mankind's aims of a safer world through arms control and disarmament.

We regret that the outcome of the General Assembly's Third Special Session devoted to disarmament did not meet with our highest expectations but we remain

hopeful that the steady improvement in the international climate will generate the necessary political will for the success of such multilateral initiatives, which provides the best opportunity for a genuine harmonisation and reconciliation of all interests. The resources process would provide a source of much needed funds for humanitarian work and productive investments in the economic development of the developing world.

Outer space, which we reaffirm as the common heritage of mankind should be used exclusively for peaceful purposes and we urge that negotiations on the prevention of the militarisation of outer space should begin in earnest. Malaysia would also like to lend its strong support for the early conclusion of a convention for the complete prohibition of the production, research, stockpiling and use of all chemical weapons.

The economic issues before this assembly would appear to be stale issues for they have been repeatedly debated over the years. But being stale does not make it any less relevant, nor less urgent. On the contrary, the resolution of these economic problems, such as the establishment of a fairer and more favourable international trading environment, a re-examination of the role and functions of the multi-lateral financial institutions, a review and re-alignment of the international exchange rate regime and a resolution of the international debt problem would be positive beginnings of the United Nations' work programme in the economic area.

Malaysia, as a primary commodities producer which is also heavily dependent on exports of manufactured goods, attaches great importance to the Uruguay Round of the Multi-Lateral Trade Negotiations. While the objective of the Uruguay round seeks to retain an open international trading system and to promote increased trade liberalisation, we are also concerned about the opposing trend of increasing integration which brings about greater exclusion. It is our hope therefore that the intentions of the European Economic Community to achieve an integrated internal market by 1992 does not obstruct efforts under the U.N. auspices aimed at greater trade liberalisation. To effectively maintain an open and liberal international trading environment the developed countries in particular must curb domestic pressures for protectionist policies which have historically proven to be myopic, leading to distortions in trade and stifling growth and expansion.

Aside from restraints on protectionist tendencies, the world's trading nations must also agree on a more realistic and broad based action on their currency-realignment. Agreements confined only to an exclusive group have proven disastrous to the poorer nations whose currencies and small trade advantages have been seriously affected. The interests of the smaller nations are best served by their representation at such gatherings when issues which affect them are taken up.

The debt crisis is debilitating for the affected countries, diverting attention and energies away from domestic, political, economic and social needs. While the crisis has deepened in the past year, we see hope in the initiatives of some commercial banks to write-off their loans and of Governments which have converted some of their

official loans into outright grants. UNCTAD's proposal for a thirty percent out in commercial bad debts owed by the 15 most heavily indebted countries merits serious considerations. The World Bank and the IMF must engage more actively in the design and creation of a debt reconstruction facility. Proposals abound, but the international community must quickly study various modalities to relieve those countries which are carrying impossible burdens. The United Nations has provided the forum for detailed discussion on the debt crisis and participated in the search for solutions. Malaysia fully supports the United Nations' efforts in this regard and endorses the recent recommendations made by the Africa Recovery Review Committee to substantially increase financial flows to Africa to ensure reform and development.

Two years ago during the 41st. Session of this assembly, I spoke about the initiative of the developing countries to set up an independent South Commission. The commission has since been set up to complement and supplement other efforts in making a fresh and objective analysis of the formidable economic, social and political challenges confronting the developing countries and attempts to identify areas for practical and mutually beneficial South-South co-operation. It is heartening to note that since its inception in July last year, the commission has vigorously pursued the responsibilities entrusted upon it.

The International Conference on Drug Abuse and Illicit Trafficking held in Vienna in Jun 1987 brought home to the 138 participating countries the extent and seriousness of the international drug problem. The seeming impotence of the international community to combat the drug threat brought the realisation that without the manifest political will of nations to act, and to act in concert to counter the drug problem, there can be no effective solution. Thus, the adoption by ICDAIT of its political declaration and the Comprehensive Multi-Disciplinary Outline of Future Activities, represent a collective struggle to eliminate drug abuse and illicit trafficking.

Malaysia congratulates the U.N. and the Secretary-General for this success and this important beginning. The momentum created by ICDAIT last year must be maintained. In this connection, Malaysia welcomes the convening of the Plenipotentiary Conference on the New Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances in Vienna from November to December this year to adopt the new convention which will plug an important loophole and provide for further action against illicit drug traffickers.

We are always concerned when there is extreme disparity between rich and poor within any country. But in some countries there is no disparity. Everyone is just poor. If we are asked to imagine what poverty is like in these poor nations, we will find it extremely difficult to visualize it accurately. But we need not imagine. Today we see in colourful detail accompanied by sound and motion the extent and horror of human poverty. We see skeletons hobbling around. We see people so ill that we wonder how they survive at all.

Even if we have to spend billions on weapons, on preserving the beauty of nature, the trees and the forests, the rare insect species, and the other things that we claim will enhance the quality of our life, we have no excuse in this day and age to permit such misery to befall millions of fellow humans.

The response of millions of ordinary people to the appeals for aid to the suffering poor is laudable. But the task is too big for ad hoc charitable efforts. The answer would lie in a scourge of poverty. This civilization of ours will be condemned by posterity if we can put man on the moon but we cannot give enough help to the needy on earth at only a fraction of the cost.

Inequality is the bane of human society. Democracy purportedly cherished by all, is associated with equality and equitability. While Governments are urged to be democratic, in the affairs between nations democracy is noticeably absent. In the community of nations, the strongest and the richest take advantage of the weak and the poor. There is no equality there.

This does not happen only in the economic sense but also in the political sense. Ideologies and philosophies as well as value systems are forced upon weak nations in the name of democracy. As with fanatical religious proselytisers, the so-called champions of democracy are not averse to using undemocratic and coercive means to force their particular brand of democracy on the weak and the poor. Refusal to comply, results in all kinds of economic and political arm-twisting.

Democracy must confer a freedom of choice. No one has a monopoly on the democratic type that everyone should have. Certainly, no one should force his own choice and interpretation on someone else. While harsh and even violent methods may be used to force dictatorship to yield to democratic forces, it would be tragic if a working, prosperous democratic nation is destroyed because some self-appointed democrat felt it was not democratic enough. This holier than thou attitude is out of tune with modern mores.

The democracies of the West took hundreds of years in the making. Do not expect colonial territories ruled autocratically for several centuries by Western democracies to become perfect democracies overnight.

I have every confidence that this 43rd. General Assembly will prove to be deliberative and fruitful. The time and circumstance have never been more propitious. Our multilateral institution stands on a strong wave of credibility. If we can weary of war and strife, and be ready to beat our swords into ploughshares then we can devote our collective energies to our economic and social advancement. The next challenge if more formidable, will be the ability of this institution to grapple with the issue of international economic asymmetry in the context of the need for equitable resources management. It should be our concerted purpose to ensure that the last decade before we enter into the next millennium will be one of peace and construction for the benefit of all.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF GASTECH '88
KUALA LUMPUR
18TH. OCTOBER, 1988**

I would like to thank the organisers for choosing Kuala Lumpur as the venue for their 13th. International LNG/LPG Conference and Exhibition. This is the first time since its inception in 1972 that the GASTECH Conference and Exhibition is being held outside of Europe. It is most gratifying and an honour for Malaysia to be the first non-European host to GASTECH. This distinguished gathering has placed Malaysia on the map of the natural gas world. To all GASTECH delegates, I bid welcome to Malaysia, and while you are here, I hope you will take time off to see our country and enjoy the warm hospitality of our people.

We are looking forward to the opportunities that GASTECH will bring, not only to Malaysia but also to the countries in the region. This international focus on gas will certainly create greater awareness of the role natural gas is playing in the international energy scenario, which until now has been dominated by oil and coal. The world is, I believe, making an important energy transition and we are on the threshold of an international gas era. Although natural gas may be versatile and have certain advantages over oil and coal, some technical constraints make it less transportable than traditional fuels. The international gas community will have to devote greater R & D effort in natural gas development and utilisation technology. As a gas producer, Malaysia looks forward to some technological breakthrough in this field.

Natural gas as an energy source is something that we in Malaysia are only just beginning to exploit. We are luckily one of the gas-rich nations. To harness, develop and utilise this resource for domestic benefit and for export, is a major challenge for us. As such, we have certain expectations from this Conference and Exhibition. We hope GASTECH will bring us in closer contact with the developments in the exploitation and utilisation of natural gas.

The rapid development and utilisation of natural gas gained momentum only in recent years, fuelled by high prices for petroleum as an energy source. But apart from the ready availability of gas in many countries and the consequent price advantage, gas is also a clean fuel. In these days of concern for the environment, this clean fuel is very much desired. Additionally gas is the raw material for innumerable products. We suspect that we have not yet exploited the full potential of gas as feedstock for a whole range of synthetic material. Search for gas has resulted in the discovery of massive reserves amounting to some 3,800 trillion cubic feet which is almost equal to total oil reserves in energy equivalent terms. Although much of these reserves remain

undeveloped, natural gas has been steadily increasing its share of the world energy mix. We have seen a rise in world gas production, marketed production and international gas trade. Currently, I believe, gas accounts for about 20% of the commercial fuels used around the world, compared with oil's share at 38% and coal's at 30%. This reflects not only the increasing role assumed by natural gas in supplying energy throughout the world but also the technological advances in the handling of this volatile and explosive naturally-occurring product.

Natural gas is becoming significant in the Far East economies too, although less dramatically than in other regions. Over the past five years, Australia, India and Indonesia have doubled their gas reserves. Natural gas production has increased notably in Australia, Brunei Darussalam, India, Indonesia, Malaysia, New Zealand and Thailand.

The region has also established some records in terms of usage of gas. Japan has become the world's largest importer of LNG, consuming about 75% of the total volume of LNG traded, while Indonesia has become the world's largest LNG exporter. Thailand still holds the record of having the world's longest submarine gas pipelines transporting natural gas from the Gulf of Thailand to power stations and industries in and around Bangkok.

Malaysia has also taken the first step into the gas era. The discoveries of commercial quantities of natural gas in the 1970s, our desire to reduce dependence on oil, and our need to minimise the flaring of associated gas have prompted us to accelerate the development of our natural gas resources. We have substantial reserves of natural gas still largely undeveloped. We are in a gas-rich geological province, and the potential discoveries are higher for gas than for oil. Today, our recoverable reserves, including both associated and non-associated gas, amount to about 52 TCF or the equivalent of 9.8 billion barrels of oil, which is more than three times our oil reserves. Malaysia ranks 15th. among countries in terms of size of reserves.

Natural gas is gaining importance in our economy as an energy resource and foreign exchange earner. And its role will continue to grow. Last year, the share of natural gas of the total energy consumption was 58,000 barrels of oil equivalent to 18%. We expect that by 1990 the share will increase to 27%, and by the year 2000, to 40%. The growth is expected to accelerate after 1991 with the completion of Stage II of the Peninsular Gas Utilisation Project which will bring gas to the more densely populated industrialised areas on the West Coast. It is projected that gas consumption will increase in all sectors with the power and industrial sectors leading. By the year 2000, gas will dominate the power sector and some industries, and Liquefied Petroleum Gas and Compressed Natural Gas are expected to make some inroads into the transport sector. Piped gas or piped LPG will be a familiar feature in urban households. This is the likely energy scenario in the future.

Currently, the demand for electricity is about 17 megawatts per hour which represents 24% of Malaysia's energy consumption. About 58% of our electricity is generated

from oil with only 15% from gas. Our National Electricity Board envisages that by 1992, the electricity generated from gas will increase to 64%, with oil's share reduced to a mere 1%. Coal will contribute 20%, and hydro, 15%. Once the gas distribution trunk line is in place, opportunities will open for industrial, household and commercial sectors to exploit the potentials of natural gas.

On the export front, natural gas development has borne fruit. As you are no doubt aware, we are a producer of Liquefied Natural Gas or LNG. Our major foreign exchange earnings from gas come from the export of LNG — from US\$330 million in 1983, revenues generated from LNG reached US\$996 million last year. Although we are pleased with the success of our plant, and with our LNG market in Japan, the declining prices and our dependence on two customers are two matters of concern to us. As such, we would like to see the LNG price stabilising somewhat, and we are also looking into developing new markets.

The PGU II project will provide Malaysia with further opportunities to export gas. We have recently reached agreement with Singapore on the purchase of Malaysian natural gas. This is a new arena of the gas trade which we will be entering. It is the beginning of gas export via pipeline in the Asia-Pacific region. We will be exploring the possibility of cooperating with Thailand in a similar way, and to negotiate with our northern neighbour to supply natural gas to the power stations they will be building in southern Thailand.

Natural gas provides an excellent resource base for a domestic petrochemicals industry. With the completion of the PGU II project, feedstock for petrochemicals in the form of ethane, propane and butane will be available in sufficient quantities. PETRONAS, our national petroleum corporation, will be producing MTBE and polypropylene from propane and butane.

Malaysia's other petrochemicals venture will probably be a world-scale ethane cracker to produce ethylene and polyethylene for use by the downstream domestic plastics industry and for export. We hope that when locally-produced polyethylene becomes available, domestic plastics manufacturing will develop into a vigorous and dynamic industry.

As you can see, Malaysia is poised to become a full-fledged gas player: an exporter and domestic consumer. This GASTECH Conference and Exhibition has come about at a most opportune time. The international gas community will be able to see for itself the developments that are taking place here. Hopefully, they will see opportunities for themselves, and at the same time contribute to increasing the reservoir of knowledge and expertise in the industry. We in Malaysia will have the first-hand opportunity to learn more about the gas industry, especially from those of you who have had a headstart in this business.

As a producer of natural gas we are looking for advances in new technologies, which would help reduce the cost of development and extraction, and the cost of dis-

tribution and transportation. R & D and interaction among countries, both producer and consumer, will hopefully result in the required technological breakthroughs.

Having decided on natural gas as a desirable alternative energy source, we are now in the process of developing appropriate strategies to create awareness of the potential of gas and to provide the infrastructure for increased utilisation of gas. We will be working closely with the various industries, to determine what role gas can play in their various processes and production techniques. In this there will be opportunities for the private sector to participate and embark on new areas of business and manufacturing.

The development of natural gas has brought us into a new energy era. We hope it will provide Malaysian industries and manufacturers with the competitive edge they need to succeed, both locally and internationally.

Finally, I would like to wish all of you a pleasant stay in Malaysia and a fruitful conference. Now it is with much pleasure that I declare this GASTECH '88 Conference and Exhibition open.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING CEREMONY OF THE TENTH MEETING
OF THE ASEAN MINISTERS ON AGRICULTURE AND FORESTRY (AMAF)
KUALA LUMPUR
20TH. OCTOBER, 1988**

It is indeed a pleasure and privilege for me to address this distinguished gathering of the ASEAN Ministers on Agriculture and Forestry this morning. On behalf of the Government of Malaysia, let me take this opportunity to extend our warm and sincere welcome to Your Excellencies and distinguished delegates to Malaysia. This is the second occasion that Malaysia is playing host to the Meeting of the ASEAN Ministers on Agriculture and Forestry; the first occasion being, in October 1982. It is my sincere hope that your deliberations will be fruitful and that your stay here will be most pleasant.

● ASEAN has emerged as a strong regional grouping committed to maintaining political and economic stability in the region through cooperative endeavours among its member nations. Apart from resolving issues of political consequences to the stability of the region, economic co-operation in the field of agriculture, fisheries and forestry assume special significance within ASEAN. Agriculture is still the mainstay of the majority of the economies of ASEAN member countries. It still provides employment and livelihood to a majority of our populace, and as a common feature, the agricultural sector as a whole is still faced with problems of poverty and malnutrition.

In Malaysia for example, though it is putting greater emphasis on the manufacturing industries, rural and consequently agricultural development is still a subject of high priority. The objective in rural development has been and continues to be the redressal of poverty among the rural population made up of subsistence farmers, smallholders, fishermen and landless agricultural workers.

Urban poverty does exist and it would be grossly unfair and unjust not to recognise it and to ameliorate it. But poverty in the developing countries is largely rural and involves agriculturists. The belief that mere redistribution of land would overcome rural poverty has not been fully proven. Even where land is owned by the tillers of the soil extreme poverty persists. If the developing countries are going to rely on agriculture, and they must if they want to avoid hunger, then they must reexamine their agricultural practices in order that they do not impoverish the farmers who supply them with food.

ASEAN, like many other developing countries, has not neglected agriculture or rural development. We can be justly proud of the notable achievements that have been made in technical as well as economic co-operation in our region. However, much

more can be done if we could strengthen our co-operation in the area of agricultural practices and trade. We have a need to learn from each other and to present a more united front when dealing with the developed world, our major market. It is not a cartel that we should propose but it is important to remember that the developed countries are getting closer together and they will soon adopt a single policy or approach in their trade with us.

The contribution of the industrialised countries towards the development of third world countries is well recognised. The developed or industrialised countries have done much in providing technical assistance to the developing countries in order to accelerate rural development. But developing countries need money with which to develop. Although aid, both technical and financial, can help, in the final analysis it is equitable trade which will enable rural poverty to be reduced. As the rural areas are agricultural, trade in agricultural produce means a great deal not only to a developing country but to the farmers themselves.

Presently, the economic activities of the developing countries are adversely affected by the economic policies and trade practices of the industrialised countries. Among these are manipulation of food surpluses in the rich industrial countries, control over commodity trading and prices and protectionist policies which have direct and adverse consequences of the economies of the developing countries.

In recent years, food surpluses in the rich industrialised countries have increased tremendously because massive farm subsidies tend to encourage farmers to produce more and more. That their local market cannot absorb what they produce seems of little concern to them. They are even less concerned with the disruption they cause in the international market where their surplus is sold at below cost. Unable to compete in this environment, the farmers of developing countries are doomed to poverty. Technically they are less efficient but it is the distortions caused by massive subsidies in developed countries which are killing them, frequently literally.

If indeed the developing countries are to progress in the true sense of the word, then the apparent contradiction, of on the one hand helping developing countries to increase their outputs whilst on the other hand denying them market outlets, must be overcome. ASEAN as a grouping of developing countries still dependent on agriculture must work closely together in the GATT rounds of talks in order to persuade the developed North to adhere to the understanding on standstill and roll-back of subsidies for farmers. It is worthwhile to note that developing countries like Malaysia not only deny subsidies for agricultural production but impose cess and export duties on them.

To my mind, ASEAN, as a regional grouping, must address this problem in a determined and concerted manner. In this connection, future collaborative efforts in the field of agriculture and forestry should not stop purely at agro-technical fields, but must also be geared towards obtaining more favourable trade arrangements for the benefit of member countries.

ASEAN's agricultural trade has traditionally been based on the export of primary commodities. In the past few years, we have seen how the decline in prices of commodities in the world market have depressed agricultural commodity trading and affected our respective economies. The declining commodity prices have affected the terms of trade so much that for the same amount of manufactured goods from the developed countries we have to sell two to three times more of the commodities we export. Additionally we are meeting more and more unethical trade practices on the part of powerful competitors from the North. The cost of countering such unfair practices is so high that alone we will fall one by one. The need to cooperate is therefore more urgent now.

Regional interests aside, ASEAN must lend support to global efforts at eliminating protectionism. To this end, ASEAN must support the MTN - Uruguay Rounds which is to be held for a period of four years beginning this year. There is no denying that the Uruguay Rounds is of special interest to us as it involves negotiations with other member countries of the General Agreement on Tariff and Trade (GATT) for the purpose of eliminating protectionism. As you are all aware, the Uruguay Rounds was specially called for by the Ministerial Declaration at the Special Meeting on MTN in Punta Del Este in September 1986 in view of the increasing number of GATT member countries that are exercising protectionist policies.

It is relevant to mention here that the group on agriculture has carried out several rounds of negotiations in Geneva, but without much encouraging results so far. This has been largely due to the posture adopted by certain highly industrialised countries with regard to the approach in reducing subsidies in the production and trading of agricultural commodities.

Nonetheless, I am happy to note that the "Cairns Group", of which Malaysia is a member, is currently working on a proposal which the group feels will be acceptable to the developed countries concerned. The proposal will be submitted for Ministerial approval at the Mid-Term Review of the Uruguay Rounds scheduled to be held in Montreal, Canada in December this year. Hopefully, this effort will lead to the liberalisation of agricultural trade at the international level in the long run.

I am very optimistic that with close collaboration between member countries, ASEAN can overcome the obstacles to economic progress in the region. At this juncture, I would like to take the opportunity to congratulate the Committee on Food, Agriculture and Forestry for the commendable efforts it has undertaken thus far towards accelerating agricultural development in the region.

I am glad that the Committee, through its various subsidiary bodies, has formulated several collaborative projects for the benefit of member countries. It is noted that many of these projects have been either successfully implemented or ongoing, while delay in the implementation of some projects has been occasioned by the inability to secure third party funding for those projects.

However, it is heartening to note that the Committee on Food, Agriculture and Forestry in its efforts to overcome the constraints, has embarked on new initiatives to further enhance co-operation in the field of food, agriculture and forestry. These new initiatives, which were considered and approved at the ASEAN Summit Meeting in December 1987 highlighted, among others, the main areas of cooperation and the mechanism for their implementation which include generation of funds from within ASEAN itself, and the participation of the private sector in the implementation of the projects.

These initiatives by the Committee are indeed commendable, for such efforts will surely go a long way towards speedier implementation of projects and encourage the sharing of available resources within the region for mutual benefit. It is my fervent hope, therefore, that the Ministers on Agriculture and Forestry, the Committee on Food, Agriculture and Forestry and the various subsidiary bodies under it will address themselves to the Summit decisions and translate into meaningful activities the "Programme of Action", especially with respect to participation of the private sector, in order to ensure the achievement of the immediate and long term goals of ASEAN in food, agriculture and forestry.

I am convinced that these endeavours, if relentlessly pursued, will not only help ASEAN to bring about positive institutional changes in the agricultural sector but will also ensure the desired human resources development in that sector.

Given the above framework, I know that the task you have before you is not an easy one. Nevertheless, I am confident that you will give the best of your efforts to achieve our objectives in the true spirit of ASEAN solidarity, co-operation and understanding so clearly manifested up till now. Once again, I wish you all a fruitful and successful deliberation.

With great pleasure I now declare this Tenth Meeting of the ASEAN Ministers on Agriculture and Forestry open.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE 10TH. INTERNATIONAL FEDERATION
OF NON-GOVERNMENTAL ORGANISATIONS (INFNGO) CONFERENCE
KUALA LUMPUR
14TH. NOVEMBER, 1988**

I am honoured to be invited to address this distinguished gathering of Non-Governmental Organisations. The honour is even greater for Malaysia to have been selected to host the 10th. Conference. To all foreign speakers invited to present papers at this Conference and to all foreign participants, I extend a warm welcome to Malaysia. I sincerely hope that your stay in this country will be a memorable one and that you will take back with you happy memories of Malaysia.

In 1979, 10 countries came together in Jakarta at the International Conference On The Role Of NGOs in Drug Abuse Prevention and Control. For 5 days, they deliberated on the roles that NGOs could play in prevention education, law enforcement, treatment and rehabilitation, and fostering regional and international cooperation. The resulting document of deliberation was one of the earliest guide for NGOs to undertake drug abuse prevention activities. The conference was to lead to the birth of the Federation of NGOs — formed to show the commitment of participating countries to continue highlighting the role that NGOs could be called on to play in drug abuse prevention and control. This Federation has been recognised not only by the respective participating countries, but also by the Colombo Plan Bureau whose financial and material assistance contributed to its continued existence. I wish to record our sincere appreciation to those who have tirelessly kept the flame of the NGO movement alive and hopefully will continue to do so in the future.

The 1980's will be well remembered as a decade that focussed upon the social ills befalling mankind. There was and still is the hunger problem in some developing nations, pestilence and calamities in others. But the greatest scourge is drug abuse, which has brought about unprecedented levels of addiction, corruption, economic destabilisation and finally acts of terrorism. There was thus an urgent need to intensify Governmental, inter-Governmental, non-Governmental and individual efforts to curb the supply of and demand for illicit drugs. This was manifested in the historic International Conference On Drug Abuse and Illicit Trafficking or ICDAIT convened in Vienna under the auspices of the United Nations. Leaders from 138 countries came together to pledge the political commitment required to confront the drug menace.

ICDAIT provided more than just the political will. The participants debated and approved a Comprehensive Multi-Disciplinary Outline of Future Activities in Drug Abuse Control, commonly referred to as the CMO. This document is a compendium of

recommendations on future directions and activities to be undertaken by states and international agencies in their efforts to combat the drug problem. It was recognised that emphasis for future action should focus on prevention efforts, especially in the field of preventive education and community action.

These prevention efforts are to be undertaken through schools and in the workplaces, by civic, community and special interest groups and by the media. This document also contained proposals formulated at the Stockholm Conference of NGOs in September 1986. It thus officially designated a role for the NGOs. It is this document that should now provide the NGOs their guiding light in undertaking future activities.

The theme for this Conference — 'From Global Commitment to Community Action' — is most appropriate. The stage is now set for you to translate the Global Commitment made at ICDAIT into plans of actions. Decisions, resolutions and recommendations have followed your past deliberations. To what extent and with what degree of success have these decisions, resolutions and recommendations been implemented, remain vital questions. Accordingly this meeting, your 10th., should provide the opportunity to evaluate your past performances, determine the lacunae and overcome the shortcomings in your approaches to ensure optimal integrated action between NGOs, which must be carried out in concert with national interests and within the framework of Governmental programmes. Only through the implementation of the CMO at the community level would positive results be achieved to eradicate drug abuse and trafficking.

NGOs represent groupings of people who voluntarily get together to provide a service to meet a specific need or to tackle a specific problem. This service is established without any external force or compulsion. NGOs provide opportunities for teamwork, for the achievement of a common goal. NGOs can systematically create awareness among the people about their responsibilities and obligations, particularly in overcoming specific social problems. Indeed the role and functions of NGOs in combating social problems need no emphasis. They are institutions which can make positive contributions in initiating and improving services at the community and grass root level. They also act as training grounds for the growth and development of leadership qualities and are storehouses of social power. In short NGOs are the symbols of social consciousness, expression of people's participation in the process of development and change, and the instruments of community intervention against social problems. The full involvement of concerned NGOs as well as the mobilisation of community resources in programmes of drug abuse prevention has great potential. NGOs should form a united front against this social evil.

Your meeting and deliberations over the next few days will provide more than just an opportunity for you to expand your knowledge on efforts to eradicate drug abuse. The programme has been so structured as to enable you to discuss and formulate a set of plans to be implemented on your return to your respective countries.

Thus it is imperative from the onset that you evolve your thoughts towards this goal. In this regard, I am happy that the topics that have been identified for your deliberations will enable you to achieve this objective. To my mind the topics to be discussed at this Conference are sufficiently comprehensive to enable you to formulate appropriate plans to improve on programme delivery to the community. NGOs need to be sufficiently professional in undertaking their tasks and responsibilities.

Allow me to also share some thoughts with you for consideration in your deliberations. The theme of this Conference emphasises primary prevention of drug abuse at the community level. To this end, two specific areas are being highlighted. They are the role of religion and parents, and the improvement of management skills of NGOs. Both these areas merit attention as long term strategies towards eradicating drug abuse. The community and the family represent the last frontiers in safeguarding our survival as social and human beings. To this extent they need to be further strengthened by re-orienting and re-educating them to their changing roles and functions in conformity with the changing demands of our society. Strong religious and moral values, enhanced by a sound family background could ensure freedom from drug abuse for the youth of tomorrow. You have to identify strategies on how well religion and parents could be best used to fight drug abuse amongst our adolescents.

Intrinsic to any successful implementation of well-intentioned programmes is co-operation. NGOs need to cooperate at all levels to ensure that the problem of drug abuse and trafficking is effectively tackled. The responsibility of undertaking drug abuse prevention programmes in the community is not the sole monopoly of any individual NGO. For effective community intervention against drug abuse, a participatory approach needs to be acquired. For greater effectiveness, it should be more people-oriented rather than just service-oriented. The participatory approach allows the growth of local leadership, community consciousness and revival of social controls that will deter the spread of drug addiction. Plans formulated to combat the drug problem will be more implementable as they will be based on local needs, problems and resources. Finally implementation of plans will be smooth and speedy.

I am confident that you will strive to make this 10th. Conference a truly memorable one. You have with you some of the best resource persons who could provide considerable assistance in the attainment of the desired objectives. We in the Government will continue to support NGOs, whose laudable efforts are seen as complementing and supplementing those of the Government. It is my sincere hope that you who represent the NGOs in your own countries will be able to derive benefits from your attendance at this Conference and that you will contribute your efforts to your own programmes, your country's programmes as well as the overall programmes of international community.

With this hope, it is my pleasure to declare this 10th. International Conference of the IFNGO open.

THE SINGAPORE LECTURE 1988
"REGIONALISM, GLOBALISM AND SPHERES OF INFLUENCE:
ASEAN AND THE CHALLENGE OF CHANGE INTO THE 21ST. CENTURY"
BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
14TH. DECEMBER, 1988

I would like to thank the Institute of South East Asian Studies for inviting me to deliver this Singapore Lecture, the ninth in your series. It is indeed a great honour for someone who is not an economist and who is not a retired statesman to be invited to speak at one of the most celebrated events of the Institute.

The subject of this Singapore Lecture is related to the future. My fear is that economists and politicians, retired or otherwise, are about as good at foretelling the future as those who rely on the stars and the tea leaves. Practising economists have the aid of the most sophisticated models and the most sophisticated and complex theories. The members of this profession have the advantage of being able to rely on the staple of their trade: the two hands. On the one hand, this. On the other hand, that. Unfortunately in predicting the future, even two hands are often not enough.

I should of course not be too tough on the economists since the members of my own profession – and here I am not referring to the medical profession – do not have an enviable record either.

Like the economists, politicians too have some advantages when it comes to discerning the future. They are in a better position to plan the future and execute it. If they fail, the profusion of words that constantly issue from their mouths is likely to confuse and cause a lapse of memory among those who heard them. In any case, politicians can modify their predictions as they go along. In the end, of course, they are never too far wrong.

Still the wise politician always hedges his bets. And so I would like to remind you that the one thing we must expect about the future is to expect much that we don't expect.

I would like tonight to reflect a little on two quite unextraordinary thoughts about the future. The first is that the world has entered with some fanfare into a historical era of transition and its attendant uncertainty. This is the second transition – the first was when all empires had to be dismantled after the war.

Mankind has reached a historical turning point, rich with political possibilities but replete also with serious economic threats.

The second is that in a shrinking world no one will be allowed to escape the consequences of the changes the world is going through. There will be those who will be caught in between and who will be squeezed. Some will not know what hit them. Whichever it may be, life for everyone will not be quite the same again.

It is therefore necessary for us to fully grasp the critical elements of continuity and transition and to respond quickly, flexibly, with creativity and strength, to the opportunities that will present themselves as well as the challenges that will be hurled at us.

To do this we have firstly the task of comprehension. The second is the challenge of action: attempting to do the right thing at the right time and in the right way which is extremely difficult in the best of times.

The task of comprehension in an age of uncertainty demands that we wear no blinkers and have no illusions. It is especially important to ensure that we are informationally rich and analytically well endowed. It is incumbent upon us to be prepared to confront new realities and their logic however discomforting they may be to preconceived notions. This does not mean the abandonment of our personal and national, regional and global ideals. Far from it. But it does mean the need for quick and continuous re-assessments of our objectives and ideals in response to quick and continuous changes in our external environment. Knowledge, because it is power, is an essential ingredient for our survival.

The challenge of action confronts us at all levels: the national level, the regional level, the inter-regional level and the global level. Comprehension without action is about as fruitful as action without comprehension.

My remarks this evening focuses largely on the external environment of states. But I feel I cannot let the occasion pass without stressing the central importance of action at home; the criticality of continuous reform and reconstruction within our respective national borders.

The primary determinant of our fortunes in the challenging days ahead, as in the past, will be our own national resilience. The most important helping hands we can rely on will always be the ones that are at the end of our own arms.

As for action beyond our shores, there is every need to be realistic. The nations of the ASEAN Community – influential though they may be, must realise the limitation of their influence. There is only so much they can expect from their trading partners but beyond that they will have to rely on themselves. In the new developmentalist world which is emerging, ethics and friendships are not to be relied upon too much.

At the same time it would be foolish for us to be negative in thought and action in the international arena. It would be a great tragedy if we are oblivious to our

potentialities – oblivious to what we can get from and what we can give to the world if we can summon the will and the statesmanship, the guts and the grit.

We in ASEAN and indeed everywhere else must remember that the twenty-first century is not some far-distant time. It is no more than eleven years away.

A proper sense of time is important for we should not waste our time on fascinating possibilities – the emergence of Japan as number one, the surge of China to number two, the possibility of a "Super Europe" stretching from the North Atlantic to the North Pacific, of a fortress America from the Arctic to the Antarctic, of the actual dismantling of the nation state or even the very destruction of a viable habitat for the survival of the human race itself. All these can come to pass. But not within the space from now to the twenty-first century.

What actual great challenges of change, then, can we expect the world to throw up in the next 132 months?

Because history will not bow to Mahatma Gandhi's plea that there be more to life than increasing its speed, the changes that we need to deal with will come thick and fast. Fortunately, a large proportion of them have and will continue to be positive structural trends whose course and contents are already clearly evident and clearly constructive of a more prosperous, peaceful and stable world.

Amongst the most hopeful of these changes must be the big swing to the Right: in the countries of the Left the modernisations and perestroika, and in the countries of the Right privatisations and deregulations. By comparison to what is happening now in the market economies, Malcolm Forbes with his capitalist tool is a leftist.

These developments – internally generated, self determined, an expression of the wishes and the will of their own people – have undermined totally any faith in the permanency of ideologies and systems. Nothing is sacred any more. Economic atheists have now taken over everywhere.

Of course it is possible to envisage circumstances in which the trend will be reversed. But this is most unlikely in the foreseeable future. Certainly from the frozen wastes of Siberia through Eastern Europe, Central America and much of Asia there has been an erosion of faith amongst the faithful. Dogmatic Marxism and the traditional command economic system as a method is on the retreat in the minds of men and in their actions.

I think it was Rousseau who said that there is nothing more powerful than an idea whose time has come. Some may paraphrase it by putting it the other way round that there are few things more powerless as an idea whose time is over. The time of rigid central planning and regulation of economies is over.

To be sure, there could be some negative elements in this trend. It can be carried too far. The switch from trading in real goods to trading in paper, including non-

existent money, is one of them. Trading in corporations and not trading through corporations is another. But the ascendancy of pragmatism over dogmatism, the decline in "the age of ideology" in the traditional historical sense, the reduction in the play of passion and the complication of dogma in international relations all augur well for the world community as they will for ASEAN.

Pragmatism's rise to power in the People's Republic of China initiated the transformation of many key elements of the Seventy Years "War" between the so-called "East" and the "West", a war which began with the Russian Revolution in 1917 and shaped much of the history of the world in the twentieth century. Pragmatism's rise to power in the Soviet Union and likely changes in the national priorities of the United States and elsewhere threaten to eventually put an end to this "war" in the remaining years of the twentieth century.

As is the case with all protracted conflicts in world history an ending comes with a redefinition of national priorities. This is often tied to a sense of psychological and material exhaustion (on the part of at least one side to the conflict) and a realisation (on the part of more than one side) that there are other more important battles to be fought, different dragons to be slain, new powers and constellations to relate to.

It is a fact that after the Second World War neither the United States nor the Soviet Union settled down to a peace economy as did the defeated powers: Japan and West Germany. Because of the narrower economic base of the USSR, it has been forced to sustain a quasi-war economy with the result that Soviet missiles can deliver at this instant a million-ton TNT equivalent load to any place on earth with impeccable precision whilst Soviet agriculture cannot produce quite enough for Ivan's dining table. The United States too has paid a high price, as evidenced by massive deficits and erosion of its leadership position.

In the context of new global and domestic realities, passions and priorities, the decline of the Seventy Years War can be expected to have major effects on the lives of practically everyone everywhere. Already we see tremendous effects on Iran and Iraq, Afghanistan, Cuba, Angola, Namibia, Palestine, Israel, Kampuchea, Vietnam and a host of other arenas and theatres.

Even the humblest student of international relations will notice that both the military superpowers were in political decline even as they achieved the peak of their military might. Because of the momentum of military production and the mad scientists who are forever devising newer and better ways of killing and destroying, the build-up of military weaponry will continue; but this will not slow down the rise in the power of moral and immoral persuasion, as evidenced by the western-originated transnational pressure groups, the power of economic arm-twisting in their various forms and the uninhibited role of the media, to name a few.

Conventional war as an instrument of policy has become increasingly illegitimate, increasingly costly and increasingly ineffective in producing the required

results. War is no longer a glorious activity to which even nobility would contribute the flower of its youth. Today, in the eyes of the individual, in the eyes of the world community, and often in the eyes of the very perpetrator, war has, frankly, a bad odour.

There was a time when wars could be won at what may be termed as a reasonable cost. It no longer is. Even the richest oil nations can be bankrupted by a few days of hurling ballistic missiles at each other. In the end there is so little to show – no new empires, no subject people and no new sources of wealth to plunder. Powerful nations have invaded and conquered only to negotiate ignominious retreats with nothing to show except a long list of casualties. Conquest is a messy business in an age where people matter and where the masses will not simply lie down and submit.

I am not saying that we have or we will ever reach that condition where swords will be turned into ploughshares and men will war no more. Man is a contrary creature. There is a madness in him which leads him into doing extraordinary things. Despite the obvious futility of war in this day and age, there is no certainty that a mad man on a mad impulse would not precipitate a war. And so we have to keep our powder dry and, like the Scouts, we have to be prepared.

Empires and conquests may no longer be the acceptable things they once were but a willingness to fight and defend oneself and render aggression costly and unprofitable are essential to sustain modern mores or the proper behaviour of nations, big and small. The problem is what level of preparedness. Only acknowledged enemies can determine this, that is if they can talk with each other. Some of them are at last talking to each other.

I have little doubt that the increasing realisation of the decreasing utility, power and the application of conventional military force, the turning inwards towards domestic reform, the reduction in the push of ideology and perhaps the thirst and the need for a period of peace and tranquility in important quarters have all conspired to produce an outbreak of peace in 1988. One might be excused for thinking that for the first time in a long time the world is being confronted by a peace epidemic of sorts.

War, it has been said, has its own momentum. Peace too may possess that quality. I would expect that in the nineties, although new brush wars may break out, the peace momentum will continue.

It might also be noted that just as war has its awesome consequences, peace too will have its enormous threats and problems as powerful nations seek to use other weapons to manipulate in their favour. This is what we are really concerned with.

Pragmatism's assault on archaic ideologies has resulted in what might be called the "Modernisations in the Five Kingdoms". It started off with China's Four Modernisations. Then came glasnost and perestroika in the Soviet Union. Because of

the force of other factors we are now seeing the second opening of Japan, a process that in terms of domestic change may rival the Meiji Restoration.

Now the European Community is about to create a single market with free movement of people, goods and money throughout Europe by 1992. The process of the modernisation of the Five Kingdoms will be completed when the United States launches its own programme of internal reform and reconstruction. The Americans who have been so engrossed with their own success and are not quite capable of imagining that others too can be successful have finally awoken to the facts of life. An inability to compete and massive and intractable deficits have contributed towards this realization. Still for the moment more ideological and economic reforms are needed in the US than anywhere else.

What is the Modernization of the Five Kingdoms all about? It is about economic prosperity and developmentalism as they affect the people rather than the state. A powerful state is no compensation for citizens living in backwardness and poverty. Today a state is only meaningful if it is able to provide its people with real prosperity and rights. The power of the leaders and the strength of the state no longer bring glory and respect for a nation.

The 180 degree turn that China took under Deng's modernization and the glasnost and perestroika of Gorbachev are as motivated by developmentalism and economic needs as are the unification of Europe and that of the US and Canada. Of course Japan's single-minded drive for prosperity since its defeat in World War Two needs no analysis. All this switch in policies is intended to give their respective peoples a better life.

If the Russians and the Chinese are willing to reduce their arms unilaterally it is because they know that supporting a modern military machine is debilitating for the economy of even the richest nation. If they need any convincing they have only to look at the Allied-enforced Japanese policy of minimal expenditure on arms. Clearly any country wishing to prosper must spend less on defence, and to do so they must have less tension in the world.

That developmentalism itself has reduced tension and stopped wars is obvious. But it must be remembered that peace is sought not for itself but for the sake of economic development and national prosperity. In the past the prosperity of the big powers had always been largely at the expense of the poor. Nations were conquered so that their wealth could be plundered. It was an easy and an acceptable approach when wars were glorious and empire respected and admired.

But will the desire for economic development in the post imperial period lead to yet another rape of the poor? The answer could be Yes. The poor may have to pay so the rich can prosper. The truce among the Five Kingdoms is consequently fraught with danger for the unsuspecting poor countries of the world.

The array of weapons at the disposal of the Five Kingdoms is as numerous and as varied as their military weaponry, and they are just as effective. Aid, loans, markets, GSP's, currencies, labour unions, media, transnational pressure groups, non-tariff barriers, tariffs, technology, investment funds and knowhow, global corporations and a host of other institutions can be manipulated to ensure that the development of the Five is achieved, if need be, at the expense of the poor.

We see how the poor are made poorer through borrowings. Some have profited from the loans but most have been forced into the equivalent of debt slavery of old.

By pushing up the value of the currencies of the NICs, immense economic gains can be achieved by the rich. If that fails, there is always protectionism to fall back on. If as a side-effect of revaluation, the debts of some poor countries are doubled, that is too bad. The fluctuation in the currencies of the world, manipulated not just by powerful Governments but by the equally powerful commercial banks of the West must have driven a number of Finance Ministers and Central Bankers in the poor countries out of their minds.

In the centuries of exploitation of the natural resources of the rich countries, vast forests were denuded to make way for farms and cities. Now suddenly the value of these forests in the protection of the environment is realized. Do the rich countries reafforest their land in order to restore the ozone layer? Of course not. The poor countries are told not to log their forests even if that is their sole revenue earner. If in the process the softwood producers in the rich countries have the market to themselves, this is just coincidental.

But the poor can take heart. The Five Kingdoms may have to compete with each other so fiercely that there may be room or opportunities for the poor to reap some benefit in between. However much depends on the South's reading of the situation and their willingness to act. They say when elephants fight it's the mousedeer that gets trampled on. But an alert and nimble mousedeer should not only escape but should gain something as well.

Poor as they may be the countries of the South together still constitute a huge market. But the key word is together. Alone their individual market is too small to influence the attitude of the rich. It is therefore important that the countries of the South at least present a united front, if not unite.

The states of South East Asia have already opted for regional grouping. It must be admitted that ASEAN was not to counter the pressures exerted by others. It was really a political grouping to facilitate problem solving between neighbours. But nevertheless the grouping should prove convenient for countering the pressures from the North.

So far ASEAN has proved effective in the political field. It has not been so successful in economic cooperation. Yet now it has to face new economic challenges

resulting from the modernisations of the Five Kingdoms and their stress on the economic betterment of their people.

The GATT experience and the Uruguay Rounds may be the foretaste of what is in store. Just as in politics, the rich and the powerful can totally ignore world opinion. Even when alone, it is equally certain that they can and will ignore the world if need be should anything be proposed that is not in their interest.

Already the Group of Seven has taken it upon themselves to shape the world's economy. A unified European economy together with an economic union of the US and Canada working through the Group of Seven would be even more powerful.

Perhaps an economically powerful Russia and China can provide an alternative for ASEAN, but that will be a long time in coming. There is no certainty that they will not exert their own kind of pressure in order to achieve the economic gains they are seeking.

Closer regional economic cooperation within ASEAN is now imperative. ASEAN member countries must learn to complement rather than to compete. In agriculture the climate and other natural attributes have forced us to be competitors. But manufacturing can be planned for implementation and yet remain mutually profitable. No country in the world can manufacture everything that it needs. By choice it has to buy from other nations or face retaliatory measures. ASEAN countries must accept that even if each can manufacture all its domestic needs, it is economically cheaper and more profitable to cater to the whole ASEAN market. With a big domestic market it will be in a better position to export competitively its products.

But ASEAN is not the only regional grouping in the developing world. In South Asia, Africa, and Latin America, there are also regional organisations which for the moment are still political in character. A link-up of these groupings in the economic field would make the South more capable of playing a role in the world's economy and even in the inevitable economic wrangles between the emergent kingdoms of the North.

The South Commission had been set up to look at the potential and possibilities of greater economic intercourse between the countries of the South. There is no way they can stop trading with the North but a fair proportion of the trade in goods and services can be redirected to the South for mutual benefit.

There will be tremendous obstacles. Dumping, aid and grants by the rich North are but a few of the obstacles to trade between the South. But if there is a will, a resolve to correct an unfair and inequitable wealth distribution, many things can be done. At the very least the threat to buy South will push the North to sell their goods and services at more reasonable prices.

I am not suggesting a trade war between the South and the North as a solution to the new threats consequent upon the swing to the right in the Five Kingdoms. Such

a war cannot be won by the South. But the fact is that the fortress mentality in Europe and America and the desire by the Soviets and China to go for economic power requires some adjustments by the regional groupings of the South.

ASEAN has so far shown the greatest promise. The region has adjusted itself to numerous pressures from outside and some debilitating internal problems. But the countries of ASEAN will need to do more if they are not going to be deprived of their growth potential in competition with the developmentalist strategies of the new North.

There is no doubt that a more united ASEAN with a single common strategy will be more safe than separate strategies devised and implemented by each member state.

Also ASEAN together with other regional groups of the South would be in a even better position.

Confrontation is not necessary. Every effort must be made to co-exist and to benefit from the new turn of events in the North.

There are many things that can be done. But the most important of all is for the member countries to get closer together and for the regional groupings of the South to do the same.

Till the end of the century the whole world must rearrange itself. The nations of the world did a good job when the first transition took place with the shedding of the global empires of the West. Now the nations of the world must do an even better job in order that the end of the Seventy Years War will see the shaping of a better and less oppressive world.

Many of our ideas on politics, economics and social affairs are out of date. They are out of date not because they were ill-conceived in the first place. They are out of date because they have been correct and effective and they have changed human society so much.

When Marx wrote *Das Kapital* rich individuals personally owned and controlled what he called the means of production, the capital, land and labour. It was an inequitable world and an unjust society. But even as Marx suggested ownership of the means of production by the state in the interest of the people, the capitalists were rushing to correct the extreme exploitation that they practised.

They succeeded too well. Indeed they lost control of the process. More and more the profits of a capitalist system became distributed among the people.

It took the Russian Communists seventy years to acknowledge that their laudable objectives have been achieved by their rivals, the capitalists. The acknowledgement was painful. But with the acknowledgement, a whole new era must begin.

We are living in the beginning of the era. We are still sceptical. Will the leopard change its spots? Will diehard Communists sworn to spread the creed throughout the world really give up their ideological mission? We are not completely sure.

But the process that has been started cannot be easily stopped or reversed. Like the capitalists who liberalised their ownership and control in order to counter the spread of communism, the Communists are likely to lose control of the liberalizing process which their leaders have started.

We do not know for certain where this will end up. But for the next few years before the century ends we are likely to have more peace in order to build quite literally a new world. It will be a more truly inter-dependent world where decision-making on the management of the world's economy will not be confined to a few major powers.

Decisions must involve greater participation – a democratisation of nations rather than just people. I see a need for strengthening the UN system in its role in economic and social developments, in securing peace and the migration of such global problems as drugs, terrorism, environmental degradation and refugees. God willing, we will have a more comprehending world able to act positively to meet the problems posed by the latest age of transition.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER IN HONOUR OF
HIS EXCELLENCY NOBORU TAKESHITA
THE PRIME MINISTER OF JAPAN AT SRI PERDANA, KUALA LUMPUR
2ND. MAY, 1989**

It gives me great pleasure to welcome Your Excellency and Madame Takeshita and members of your distinguished delegation to Malaysia.

Your visit is most timely as it marks a new mood in Japan with regard to its relations with Malaysia and ASEAN in general. Although Malaysia and Japan enjoy close relations, opportunities to play host to such visits are rare. It is our belief that your visit demonstrates the importance that Japan attaches to Malaysia and to the ASEAN countries and it indicates a desire on Japan's part to hold consultations with us on both bilateral and international issues.

Since the last visit by a Japanese Prime Minister to Malaysia in 1983, I am glad that relations between Malaysia and Japan have continued to develop positively. The cordial relations have been enhanced further through the close contacts and consultations between the leaders and officials of our two countries.

Malaysia highly values the important contribution which has been made by both the Japanese Government and the private sector towards strengthening our bilateral relations. However, we do think that there is still room for enhancing bilateral cooperation particularly in the field of trade, industry and the transfer of technology. Although this depends to a large extent on the private sector, the role of the Government is quite crucial.

In our efforts to develop our country Malaysia continues to look to the countries of the East including Japan for improving management techniques, positive work ethics, and the correct approach to economic development. In other words Malaysia still believes in the efficacy of its Look East Policy which has yielded tangible results. We are gratified that this programme has enjoyed the support and encouragement of the Government and people of Japan. I would like to record here the appreciation of the Government of Malaysia for the support and co-operation that has been provided by the Japanese Government and private sector to our Look East Policy.

It has been eight years since the launching of our Look East Policy and we are proud of its success. A number of agencies in the public and private sectors have benefited from the exposure and training provided by Japan under this policy and it is clear

that Japan can contribute even more towards upgrading Malaysia's capacity to achieve rapid and systematic economic growth.

I am also pleased that all our trainees under the Look East Policy have secured employment and it is our hope that Japanese firms would continue to employ our graduates. It is hoped that such recruitment would not be confined to the Japanese firms operating in Malaysia only.

The positive results and success which have been achieved under the Look East Policy will justify an expansion of the programme to include such fields as agriculture and tourism where greater management skills are needed.

In this regard we also hope Japan would consider 'Looking to The South' in the context of tourism and investment. We understand the need for Japan to invest in Europe and America and the desire of Japanese tourists to go there. But South East Asia has always played an important part in Japan's economic growth and development and our economies are very closely interlinked. A prosperous South East Asia will always be an asset to Japan.

As a major regional and world economic power Japan has an important role not only to provide overseas development assistance and encourage overseas investment but also to assist and promote the overall growth of the Asia-Pacific region. In this context Malaysia welcomes Japan's plans to open its markets to imports from countries in the Asia-Pacific region, and to assist in the economic development of the region by providing funds, expertise and other resources. This role that Japan assumes will be of tremendous importance as we approach the 21st. Century which has been described as the 'Asia-Pacific Century'.

We view the agreements recently reached in Geneva as being momentous and full of opportunity. We value the open-handedness of Japan to provide facilities and priority for agricultural and tropical goods. We also hope Japan would consider importing more manufactured goods.

Further I wish to state that we welcome Japan's "kokusaika" or internationalisation programme which represents a new phase in Japan's relations with the outside world. The opening up of the Japanese market to foreign goods has resulted in increased world-wide trade. We believe that Japan's pre-eminent economic and financial status requires a greater role for Japan in the world's economic and political future. There is much that Japan can do to maintain stability in the international economic, financial and political fields.

Finally I would like to draw attention to the fortress mentality that seems to be spreading among the rich countries of the world. We have been reassured that economic unions of the rich are not intended to keep out exports from developing countries. But then we remember how tariff barriers were erected when our trading partners

joined such economic communities. We notice how Japan is making adjustments in anticipation of protectionist policies by economic blocs. We the developing countries will not be able to make these adjustments. We hope that Japan will use its wise counsel to prevent the world from being broken up into economic blocs ranged against each other. Japan as No. 1 must help ensure a more just and equitable world.

May I invite you all to join me in a toast to the good health of His Excellency Noboru Takeshita, the Government and the people of Japan and to Malaysia-Japan relations.

SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE NINTH CONFERENCE OF THE HEADS OF STATE
OR GOVERNMENTS OF THE NON-ALIGNED MOVEMENT
BELGRADE, YUGOSLAVIA
4TH. SEPTEMBER, 1989

May I on behalf of my delegation and on my own behalf offer you our sincere congratulations on your unanimous election as Chairman of the Ninth Conference of the Heads of State or Government of the Non-Aligned Movement. We are confident that under your distinguished Chairmanship, the deliberations of this Conference will be successfully concluded. My delegation would also like to express our deep appreciation for the warm and generous hospitality accorded us as well as the excellent arrangements made to ensure our comfortable stay in this beautiful city of Belgrade.

My delegation also wish to place on record our deep appreciation to His Excellency Mr. Robert Mugabe for his guidance of the affairs of the Movement during his Chairmanship. The Movement's current high standing in International affairs is a tribute to the dedication and statemanship of Mr. Mugabe.

It was in Belgrade that the historic meeting of the heads of non-aligned nations was held in 1961 to usher into a troubled world a third force to mitigate the effects of East-West confrontation. In the 28 years of its existence the Non- Aligned Movement has played a vital role to prevent the world from being completely split into two warring blocks.

It has been a costly role. Many of us have had our arms badly twisted, have been subverted, have been wasted by proxy wars, have had to fight and fight again to retain our independence - social, economic, political and ideological independence.

But we have also gained. Slowly and painfully the world has been made a more peaceful place. The East-West rivalries also served to highlights the needs of poor countries, and the necessity for helping them.

Today we see a vast change in the world's political scene. Although it is too soon to say that East-West confrontation is over, the fact remains that the intensity of the ideological struggle between the two blocs has abated. We see the two superpowers talking to each other. We see the elimination of some nuclear weapons and the reduction of some conventional ones. We see the changes in Poland and Hungary, the withdrawal of Soviet forces from Afghanistan, the tendency to compromise and reduce the proxy fights in third world countries.

We see also a trend towards peace. A cease-fire has been achieved in the Iran-Iraq war, the UN is now overseeing the birth of Namibia, the problems in Angola and Mozambique are set to end.

On the economic front, however, we see disturbing trends towards consolidation of the developed countries into powerful trading blocs. We see the centrally planned socialist countries moving away from political affinities in favour of economic benefit.

The lines that divide East and West are becoming blurred. The first and second worlds are no longer distinct. If the reason for the Non-Aligned Movement is to provide a third force to limit and balance the disruptive influences of the other two, what will be its role now that its principal *raison d'être* is seemingly disappearing. Should we regard ourselves as no longer relevant or is there going to be a new confrontation for which we have to prepare a confrontation between the combined East and West in the Northern Hemisphere and the erstwhile poverty stricken nations of the South.

While we mull over the future of our movement in a less divided world we have also to consider the realities of the present. Approachment between East and West may reduce tension between them but many of the pressures we have been subjected to have not lessened. Indeed in many instances they have increased and taken new forms.

There is a distinct attempt to relegate the United Nations to an inferior role while new and exclusive fora have been formed designed to exclude the participation of the poor nations. The group of seven rich nations have taken it upon themselves to regulate the world's economy and finances. One result is that countries like Malaysia have had their debts doubled by the upward revision of the Yen we borrowed. The intention is to reduce Japanese exports, but we have to pay the price.

But Japan has not been made any less competitive by the Yen revaluation. Instead it is now twice as rich and is buying up business and properties belonging to the other six. This can be regarded as poetic justice but unfortunately the finances of the poor have suffered as well.

The terms of trade are not getting any better for the third world. But now protectionism and unfair trading methods are creating havoc with the economies of the poor. While subsidies by the third world may result in countervailing duties by the rich, they themselves subsidize their industries to the point where over-production is encouraged and the markets become saturated. Consequently the products of the poor nations have become unsaleable. Surplus food is used to deprive poor countries of their markets.

The environment is now made into a trade weapon. The thinning of the ozone layer is blamed on logging of tropical forests. The fact that the burning of fossil fuels and release of CFC into the atmosphere occur largely in the rich countries are significantly ignored. Also ignored is the logging of vast tracts of temperate forests which is

still going on despite the fact that millions of square miles of temperate forests have already been cleared for development of the rich countries over the centuries.

In the deserts of America underground water is pumped up to water golf courses and create lakes to build luxury hotels on. Yet the water can easily reafforest the deserts to reduce the gases which destroy the ozone layer as well as creating the green house effect. Instead poor countries are being forced not to extract wealth from their forests in order to keep the environment safe for the rich.

The developed countries have now appointed themselves the arbiter of human rights worldwide. In the name of human rights they have applied all kinds of pressures on countries unable to defend themselves. Every now and again new forms of human rights are invented and any country found defaulting is subjected to vile publicity and other repressive measures.

Having been responsible for the killing and torture of millions in the past, they now adopt a holier than thou attitude and want to impose their new-found ideas on human rights on the rest of the world. Although the Christian missionaries have largely disappeared, they have now been replaced by the equally fanatical 'crusading environmentalists' and 'self-appointed human rights fighters' who would rather have disruptive civil wars in the poor nations than permit them to 'violate the latest in human rights'.

In Malaysia a campaign is being waged by outsiders to force a primitive jungle tribe, the Penans, to remain primitive on the grounds that this is their right. That these people live a miserable life, without the amenities that other Malaysians enjoy, is not given any thought. That these people suffer from all kinds of diseases and consequently have a shorter life-span is ignored. The outsiders want to retain the so-called picturesque way of life of these unfortunate people forever. They are to remain museum pieces.

The sympathy for the Penans is hypocritical. All these so-called environmentalists are interested in is to prevent tropical timber from competing with temperate softwood.

Yet reafforestation is a natural process in the rain-drenched countries of the tropics. These forests regenerate without need for replanting and trees grow the whole year round. The debt for nature offer will still not solve our long-term development needs. Besides, the shifting slash and burn cultivators whom we are prevented from resettling will still destroy the forests. The rich should spend their money to reafforest their own lands and world's deserts. Reduce the use of space-wasting motor vehicles and increase mass transport systems. Ban the use of CFC's and go back to squeezing, rubber bulbs or hand pumps to spray. All these can be done immediately and there should be rapid improvements in the environment. Stop making poor countries to pay for quality of life of the rich.

Many poor countries are now so much in debt that they can never repay without surrendering their independence. When a borrower overborrows, the fault is not entirely his. The lender is equally to be blamed as he has made an imprudent loan. He must therefore pay for his indiscretion.

Schemes to collect debts from some of the most extensively indebted countries are simply not going to work. Refusing to lend anymore and bankrupting countries is not going to help anyone. Nor should the people of a country be punished as society punishes debtors.

The only real solution to the debt crisis is to write-off the whole or very nearly the whole of the debts owing. The lenders must admit they were indiscreet and must pay for it. Commercial banks and Governments alike must accept the losses. The Governments of the rich countries will not be bankrupted because of the write-off. And their banks can still be rehabilitated.

The countries of the South have formed a South-South Commission to look into ways of solving the problems of the poor countries through South-South cooperation. The ability of poor people to help each other is limited. But the potentials of the poor are not so limited. We have, if nothing else, our huge populations which can be harnessed for our development rather than being only migrant workers in the North. Instead some labour-intensive industries should be relocated in the South to provide employment and contribute to their economic growth, induced brain drain to the North should be stopped.

Democracy is being preached by the liberal democrates of the West with religious fervour. Everyone must accept liberal democracy or have their countries destabilized, civil war fomented or at the very least economic sanction and vilification by the media.

We are all for human rights and for democracy. But human rights and freedom must begin with the right to be free from hunger and disease, malnutrition and illiteracy. Human rights as defined by the West is meaningless if there is no roof over our heads, no food on our tables and no schools for our children. The Western liberals must understand that we cannot practise their brand of democracy and human rights overnight. Nor do we want a carbon copy in their own image. The democratic system requires an advanced degree of sophistication among the masses practising it. The people must know the limits of freedom if anarchy is to be avoided. Only a vague boundary separates the exercise of freedom and the excesses of anarchy.

Countries which for thousands of years had only known authoritarian rule cannot become democratic overnight. Sudden freedom will result in disruptions, which in turn will retard the progress towards a more liberal and open society. The liberal democrats of the West should cease trying to force the pace. They should let the people concerned to work things out for themselves.

Unfortunately instigations by the liberal democrats of the West have already resulted in bloodshed and retardation of the progress of some countries. The problem is exacerbated by the attempts to apply sanctions after the foreign-inspired rebellions are put down.

The peoples in the countries undergoing change should exercise restraint. Demanding too much too soon is counter-productive. The Western liberals should be ignored. With patience and judicious pressures the changes will take place. Do not be goaded into wild demonstrations which can only attract repression and delay the very change you yearn for.

Many of the world's problems are still with us and among them is the despicable apartheid system of South Africa. The efforts to eliminate the hideous system and bring about majority rule in South Africa must be redoubled. A major socialist country who has always condemned apartheid would now appear to be soft-peddling the need to intensify the struggle. Negotiations are being attempted when everyone knows that apartheid has to be eliminated and no way can it be reformed. The blacks of South Africa cannot afford even the slightest slackening of world-wide support for their cause. The white regime of South Africa must be ostracised and condemned. Sanctions must be more effectively applied.

We already see some results from sanctions. The white regime is beginning to make overtures, although some of the noises emanating from them are hypocritical. In Namibia, the South African regime have been forced to be accommodating. We have to sustain the pressure if we are going to get anywhere with this throwback of the racist past. Indeed, we have to increase the pressure for the process needs to be hastened. Our black brothers in South Africa have suffered long enough.

The Palestinian problem is another example where the Movement must insist that the international community particularly the major powers own up to their responsibilities and commitments. Israel's policy in Palestinian and other Arab territories must continue to be universally condemned. The intifada has exposed the true character of the Israelis. They are no better than their former oppressors. Yet the PLO has been courageous enough to accept reality and the need for a comprehensive political settlement. The friends of Israel must now force it to respond.

As regards Cambodia the conflict now has an international framework. Clearly the Cambodian factions must be mindful of their responsibilities. There must be a sharing of powers under the leadership of Prince Sihanouk. The universally condemned practices of the past must no longer threaten Cambodia nor can there be foreign armies transgressing Cambodian sovereignty.

As for Afghanistan, it is time that the unrepresentative Government steps down and the fratricidal fighting give way to a Government by consensus. The people of Afghanistan deserve this for their courage and unprecedented fortitude.

Malaysia has always taken a strong and consistent stand against drug traffickers. Now that drug barons are not only able to corrupt and to indulge in violence but also to declare war on a nation, we hope that the seriousness of the drug menace to a nation's independence and well-being will be better appreciated. The war on drugs is far from being over. We will see more tragedies before the world wakes up to the need for a truly all-out effort.

In the meantime we have to ensure that the revitalization of the UN is completed. There can be no doubt that but for the efforts of the UN we would not see the more peaceful world that we are seeing today. The Iran-Iraq war, the Soviet occupation of Afghanistan, the South African recalcitrance on Namibia, the disruptions of several African and Central America countries and the problems in Asia would not be resolved or reduced but for the UN.

We have a duty to strengthen the UN as the sole instrument for establishing a more equitable and just world society. We must not allow exclusive organisations to take over. We owe it to ourselves and to the rest of the world to sustain and support the UN and its work.

Finally we must ensure that the Non-Aligned Movement remains relevant. The East and the West may patch up their differences. They may cease trying to drag us into their conflicts. But there is no guarantee that we are going to get a fair deal from them either separately or together. The signs are not yet propitious for a fairer deal from the North. Released from their preoccupation with each other's threat, each will have more time to cast baleful eyes on us.

It is imperative therefore that we stay together, that we present a united front, that we continue to strive for a more just and equitable world. We must be free to choose our own way of managing our internal affairs without outside interference. We must not allow ourselves to be harassed by crusading movements which have now taken over where their Governments have become unacceptable. No one should have a monopoly on refining the definition of rights and wrongs. Free people must be free to refine and redefine basic values themselves. Unless the deviation from basic values is flagrant, they should not be interfered with. As much as human freedom must be upheld, so must national freedom be upheld. Internal democracy without international democracy means imperialism will continue to plague this world.

SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF THE WORLD OPEN SQUASH CHAMPIONSHIP
KUALA LUMPUR
2ND. OCTOBER, 1989

I would like to thank the organisers for giving me the honour to address this gathering and to officiate the opening of this World Open Squash Championship. It is with great pleasure that I bid 'Selamat Datang' to all foreign officials and players.

I take this opportunity to thank the International Squash Federation for choosing Kuala Lumpur as the venue of this Championship. I am confident that the organisers, the Malaysian Squash Racquet Association, is capable of ensuring the success of this Championship, even though this is the first time it is hosting a squash competition of this stature.

In the past Malaysia has hosted a few world sports championships, including those for badminton and hockey. Indeed it is Malaysia's hope to host more world-level or international sports championships in the future. This World Open Squash Championship, hopefully, will be a prelude for Malaysia to host more of such championships in the future.

The Malaysian Government is supportive of all sports and encourages local sports organisations to bid for world or international sports championships to be held in this country. There is no doubt that such championship events will stimulate greater participative interest and improve the standards of the particular game and sports generally. It will, of course, make Malaysia better known in the sports world where the number of players and spectators are huge and increasing all the time.

For a country like Malaysia, this is important. Besides, competitive sports at the international level help foster friendly relationship between individuals and between countries. Even countries at war are known to forget their enmity during sports. Sportsmen may not be consciously working at it but they do contribute a fair amount towards world peace. One must not forget that it was a game of ping-pong which ended some 25 years of confrontation between the United States and China. As a politician and pacifist, I would like to say long live ping-pong. I hope that squash will likewise be a breaker of ice in international relations. How much more peaceful the world would be if disputes between nations are settled in the playing fields.

We are fortunate that besides the Government, sports associations and private organisations have funnelled their energies and finances to upgrade Malaysian sports. The latest move is the establishment of The Foundation for Malaysian Sporting Excellence. I take this opportunity to congratulate those concerned in sponsoring and

establishing The Foundation. The Government for its part will look into more support for sports generally and will make international competitions held here more attractive to participants from abroad and locally. The Government wants to be quite sporting about sports.

I am indeed delighted that Malaysia has been entrusted with this World Open Squash Championship. I also hope our foreign visitors will find time to visit and get to know this country while here.

Lastly, I trust that the spirit of sportsmanship will prevail at this Championship. It is now my pleasure to officially declare open this World Open Squash Championship.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
ON THE OCCASION
OF THE COMMONWEALTH HEADS
OF GOVERNMENT MEETING, KUALA LUMPUR
18TH. OCTOBER, 1989**

Let me begin by bidding you 'Selamat Datang'. This Malaysian greeting expresses much more than just welcome. It conveys the warmth and happiness that we feel in receiving you here in Kuala Lumpur.

I am happy to meet old friends and to make new acquaintances. We are all, I am sure, delighted to welcome Prime Minister Benazir Bhutto, whose presence here today is really a sort of a homecoming. Pakistan's return to this family of nations will no doubt enrich our discussion and help strengthen Commonwealth collective action.

I would also like to take this opportunity, on behalf of all of us, to thank Prime Minister Brian Mulroney for his stewardship at our last gathering in Vancouver and for the unforgettable hospitality of the Canadians. I know that Prime Minister Mulroney, as past Chairman, will have a valuable contribution to make.

Malaysia, situated at the crossroads between China and India, East and West, has for centuries been a meeting place for peoples and cultures. We carry this tradition today as we now play host to the leaders of the Commonwealth.

Although we have been trading with the rest of the world for over a thousand years, we had never participated much in international affairs. But since independence we have been forced out of our cocoon by international economic and political pressures. If we do not go out to protect our interests no one will protect us. Hence our increasing participation in multi-lateral organisations. The hosting of this Meeting is a part of that need to interact and to protect ourselves.

The Kuala Lumpur Commonwealth Conference is timely and relevant. Developments in relations between the superpowers promise, for the first time since the war, a broadbased and unprecedented agenda for political and economic cooperation. Less heartening is that we enter the next decade with the economic issues of the eighties unresolved. Equally disheartening, Apartheid is still with us.

These trends and circumstances provide challenges and opportunities which demand new responses from us. The Commonwealth, if it is to remain relevant, must

provide some of the answers. The Kuala Lumpur Conference, I hope, will give us the opportunity to look for them.

There is some momentum towards superpower detente. We cannot assume that as they resolve their differences, our interests, especially those of the developing world, will not be sacrificed. We must be mindful of this. We must be able to forecast and to pre-empt. Peace will carry a cost. The cost must be equitably shared.

In West Asia ceasefire arrangements are now in place which, hopefully, will lead to an end to bloodshed. The Palestinians continue to be deprived of their homeland. Israeli security may be important but surely we must consider also the security of its neighbours and the fate of the Palestinians. State terrorism as practised by Israel is as despicable as any kind of terrorism and must be stopped. There cannot be peace and security without justice.

The situation in Afghanistan is far from being resolved. Afghans in their thousands continue to live in refugee camps. The Paris Conference on Cambodia failed to achieve a comprehensive political settlement. We must continue our efforts to resolve the Cambodian problem before it degenerates into another bloody civil war.

Of particular interest to us here is the situation in Southern Africa where our efforts need to be stepped up. We have agreed that Apartheid must be eliminated. The correct signal must be sent to the racist regime in South Africa. Sanctions work. Do not be deluded into believing that the small changes we are seeing there are due to a sudden flowering of humanitarian feelings. Concern for the effect of sanctions on the blacks is misplaced. Consequently sanctions must not only continue but must be escalated. Investments and financial flows to racist South Africa must be completely stopped.

We all know that the independence plan for Namibia is partly at least the result of sanctions. We also know that control over Namibia will be grudgingly surrendered, and every opportunity exploited to frustrate the implementation of the plan.

We must be vigilant that recent developments in Southern Africa do not obscure the central issues of Apartheid. We must not allow the racist Pretoria regime to deflect us. The establishment of a democratic, truly non-racial, unitary and representative Government in South Africa must remain the principal objective of the Commonwealth. We must not think of settling old scores. Whites, blacks and coloured must live together in amity.

There may be cause for hope and encouragement with regard to the global political scene, but the world economic trends are not so propitious. While nearly all of the developed countries still manage modest growth, many of the developing countries are experiencing stagnation if not negative growth. The rich countries have apparently ganged up against the poor. They have arrogated to themselves the right to direct world trade and to manipulate currencies to their advantage. Subsidies, quotas, tariff

and non-tariff barriers by the rich have distorted costs and supplies world-wide. Now environment and human rights are to be used to hamper economic development in the developing countries.

On the question of poverty, especially in Africa, our response cannot simply be assistance alone. The linkages of poverty to debt and trade — and even to the environment — must be recognised and addressed.

The debt burden of the poor is getting heavier. An unacceptably high percentage of their GNP is spent to service debts, resulting in a reversal of the net flow of funds between the rich and the poor. For the poorest the situation is hopeless.

The African debt problem continues to deteriorate, largely unnoticed. Part of Africa's problem is that the countries concerned simply do not owe enough to pose a threat to the international financial system. Hence, the scant attention to African debts.

What we need is a bold financial initiative. Such a plan would have to recognise that existing debts, public and private, are not worth their full value and that most African debtors cannot sustain full debt-servicing. Making debt-slaves of whole nations is worse than the inhuman practice of debt-slavery in the past. Those who can must pay, but consideration must be given to those who truly cannot.

Yet another dimension of the problem is the increasing attempt by the G-7 to interfere decisively in the management of the global financial and trading system. Their decisions to realign currencies have not only severely affected the debt-servicing burden of developing countries but also the resource flows and their growth prospects.

Problems of debt and poverty cannot be overcome while significant disparity exists between the economic growth rates of the developed and the developing countries. Developing countries need better access to markets and a greater flow of foreign investments not only for economic growth but also to provide them the means and the capacity to service their debts.

For world trade to grow, the principles of an open and fair multi-lateral trading and payment systems must be upheld. While we try to reduce tariff barriers, and stimulate global trade, we are now threatened by a discernible increase in non-tariff barriers. Further, the focus has shifted from "free trade" to "fair trade". Industrialised countries are increasingly demanding reciprocity even as they deny the developing countries tariff concessions and preferential treatment.

This is evident in the current Uruguay Round of the MTN. Pious pronouncements have been made on interdependence and the importance of multi-lateralism. But they are contradicted by the actions of those who make them. Bi-lateralism and regionalism are being allowed to gain at the expense of an open multi-lateral trading system.

The environment is now a matter of grave concern to everyone including the developing countries. The degradation of the environment can no longer be ignored and urgent solutions must be found. Unfortunately, many developed countries seem intent on laying the blame for the world's environmental problems on the developing countries. Yet by any measure, it is the developed countries which have most assailed our environment. Nuclear testing, excessive use of fossil fuels, private transportation, release of CFC into the atmosphere, massive wastage of paper, toxic chemical disposal — all these and more are the direct result of the life-style of the rich.

Poverty, of course, contributes towards environmental decline, but it is only because the poor cannot help themselves. If they are denied the few resources they have, they are going to become poorer and would cause even greater environmental degradation. On the other hand the rich can afford not only to reduce their waste generating life-style but can expand more on reafforestation of the agricultural land they had wrested from their forests. With their technology and their wealth they can actually make millions of acres of desert bloom.

Unfortunately the line taken by environmentalists is to lay the blame on poor countries and seek to force them to slow-down their development in the interest of restoring the environment which the rich had polluted. Even World Bank loans are now to be made conditional upon environmental consideration.

We agree that concerted international effort is needed. The Commonwealth can help by bringing some sanity and balance to the current debate. We all must share the burden of keeping our environment livable, but, the sharing must be fair and in accord with the means at the disposal of each of us. The poor must not be made to pay for the past and present sins of the rich.

Another problem which transcends national boundaries and which requires a global approach is the drug problem. Malaysia makes no apology for the severity of our punishment for drug traffickers. We see today how very serious the problem can become. Whole Governments are being threatened, subverted and corrupted by the drug traffickers. Alone many nations may just go under. Only a combined and coordinated anti drug trafficking war by the international community can hope to defeat this evil and prop up Governments against the violent assaults by the merchants of death. An all-out global war must be waged with all the money and forces at our disposal. The cost will be high but the price we will have to pay if the drug menace spreads will be far higher. We are seeing this now. Extradition, confiscation of all proceeds from drug trafficking and severe punishment for traffickers must be universal. It is the laxity of some nations which has caused the drug habit to spread. Remember that along with the drug habit will come AIDS. Those who advocate leniency are guilty of spreading AIDS as well. We must act now.

In keeping with custom, Her Majesty Queen Elizabeth, as Head of the Commonwealth, is in Malaysia during the course of the Conference. Malaysia, as host,

would like to thank Her Majesty for her gracious presence. The Malaysian Government and the people of Malaysia are greatly honoured by her acceptance of our invitation to make a state visit to Malaysia immediately before the Conference. She has won the hearts of everyone of us by her friendliness and charm. Her Majesty's presence makes the Commonwealth that much more cohesive and meaningful. We wish her good health and long may she reign.

In conclusion, let me state that the relationship which binds the Commonwealth together can be enormously rewarding. There is much that we can do for each other and for the world if we set our mind to it and we act.

Malaysia in a way has rediscovered the Commonwealth. We admit that we were at one time disenchanted. But in a increasingly interdependent world the Commonwealth provided an important forum for the discussion and even the settlement of some international problems. We also see a role for ourselves in the Commonwealth, small though it may be. We pray and hope that the Commonwealth will, in the era of rapid and radical change, live up to the expectations of its members. We hope the Kuala Lumpur Commonwealth Conference will contribute towards this end.

Once again, I bid you welcome to Malaysia. We will do our best to make your stay comfortable.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER IN HONOUR OF THE COMMONWEALTH HEADS
OF DELEGATION, KUALA LUMPUR
23RD. OCTOBER, 1989**

This has been for Malaysia and for me a momentous week, a week of playing host to the distinguished leaders of the Commonwealth, who are also leaders of the world.

We have tried our very best to make not only the Conference successful but your stay here comfortable and memorable. You have, as Secretary-General Ramphal said, helped us to pre-launch the 1990 Visit Malaysia Year albeit unintentionally. We hope you, your spouses, and the members of your delegation, have had a good experience during your stay here.

The Conference itself has been most enlightening for me. It will be another 98 years before I can chair the Commonwealth Conference again — I am not sure whether I will be the Prime Minister then. I am afraid my successors are not going to like me for stealing this once in a century opportunity.

We have discussed many things which are of the greatest significance and concern to all of us and the world. Though we differed on some points, largely we agreed with each other. And we have really no differences as to what we should do with a number of mutually helpful activities which mean so much to the less fortunate of us here.

This Conference is held at a most interesting period in the history of this world. Many changes are taking place which will affect us all. Hopefully we will see a better tomorrow. But tomorrow — not the distant future — but tomorrow, we will sit for our final session, to discuss and formally adopt the various programmes and resolutions that we have before us, and issue the final communique.

This Conference is memorable also because it is the last for our current Secretary-General — Sir Shridath Ramphal. Sonny has been the longest serving Secretary-General of the modern Commonwealth. Of course there has been only two so far but fifteen years in the service of the Commonwealth is still a long time, a hefty chunk of a man's life. Some of us had hoped that he would continue as Secretary-General for another term, but he himself felt that the time has come for someone else to have this singular honour.

With his going, goes also what some have regarded as almost an institution. But Sonny will not be forgotten. He has seen many Heads of Government come and go

and come again in some instances. I must thank him personally for the way he persuaded me to recognise the role of the Commonwealth and to get Malaysia to be active again in it. Sonny can be very persistent when he wants to, and persistence is a virtue for the kind of post like the Secretary-General of the Commonwealth.

Sonny will not retire just yet. He will only be relieved by Chief Anyaoku on July 1st. 1990. But this will be the last bi-yearly meeting of the Heads of Government that he will attend as Secretary-General.

I am sure that all of you want me, on your behalf, to wish him and Mrs. Ramphal all the very best and to congratulate him on his sterling performance as Secretary-General of the Commonwealth. As Chairman of this meeting, I am particularly indebted to him for his guidance, his little notes and his whispered advice. I readily lent him my ear, perhaps the only loan that need not be repaid with interest, in fact not at all.

We would like, I am sure, to congratulate and to welcome the Chief, that is Emeka Anyaoku, Deputy Secretary-General since 1977, who has been elected the new Secretary-General. With his wealth of experience as a minister in the Nigerian Government and as a senior civil servant in the Commonwealth for twelve years, Chief Anyaoku is bound to be an asset to the organisation. I know him well and I am sure, so do many of us here. We are glad that with his unanimous election, the continuity of the Secretariat will be maintained.

I should mention here the officials and the ministers who had to stay up late in order to make sense of what the Heads of Government had discussed. There is a behind the scene activity which is hardly noticed. Yet without them the CHOGM would have neither beginning nor end.

The Press too has played their role. They reported the goings on and, in between, some of them took swipes at some of us. It is a temptation that they, like all those who wield absolute power, cannot resist. I say this with trepidation for the neo-feudalist world that we live in. We should not be disrespectful of those who wield the real power.

While we were preparing for this Conference, I had wished many times that it had come and gone. Tomorrow we will be ending this Conference and much too soon we will be saying good-bye to you, the Heads of Government and your spouses and retinues. There is a sadness which I feel deep in me. Parting is such sweet sorrow. I have enjoyed your company and the Conference. I wish you can stay longer to see Malaysia, its people, and its cultures. However, as busy leaders, you have no time. But think of Malaysia and come back again, at least for a holiday. Come back to see the friends you have made and the trees you have planted. Langkawi and a thousand places beckon you. You will not regret playing MacArthur.

Before I conclude, allow me to recite a Malaysian pantun or poem:

CHOGM Malaysia tamatlah kini,
Delegasi pulang ke negara sendiri,
Sehingga berjumpa dua tahun nanti,
Harap datang ke Malaysia lagi.

Literally translated, it reads:

The CHOGM in Malaysia is nearing its end,
The Delegations return to their respective lands,
Till we meet in two years time,
We hope you will visit Malaysia again.

I wish you all a pleasant evening and a safe journey home. Thank you.

UCAPAN PERDANA MENTERI
Y.A.B. DATO' SERI DR. MAHATHIR BIN MOHAMAD
DI MAJLIS SAMBUTAN ULANGTAHUN KE-44 BANGSA-BANGSA BERSATU
KUALA LUMPUR
11HB. NOVEMBER, 1989

Tuan-tuan dan puan-puan, saya berbangga dengan usaha Persatuan Bangsa-Bangsa Bersatu Malaysia atau UNMO yang menganjurkan sambutan Hari Ulangtahun Bangsa-Bangsa Bersatu yang ke-44 ini. Hari Bangsa-Bangsa Bersatu sebenarnya jatuh pada 24hb. Oktober, tetapi oleh kerana kita sibuk dengan Mesyuarat Ketua-Ketua Kerajaan Komanwel atau CHOGM, maka kita baru sekarang dapat menyambut upacara ini. Walaupun terlambat, Malaysia dan rakyatnya mengucapkan tahniah kepada badan dunia itu sempena sambutan ulangtahun ke-44 ini. Apatah lagi Malaysia adalah penyokong kuat Bangsa-Bangsa Bersatu dan Malaysia telah mengambil peluang bersuara dengan tegas terhadap isu-isu yang penting di badan dunia itu.

UNMO, seperti tahun-tahun yang lalu, selalu menganjurkan Hari Bangsa-Bangsa Bersatu dengan penyertaan kanak-kanak. Tradisi ini sangat terpuji oleh kerana apa sahaja yang diperjuangkan hari ini oleh badan dunia ini adalah untuk kesejahteraan, keselamatan dan kebahagiaan masa hadapan anak-anak di seluruh dunia. Bangsa-Bangsa Bersatu mempunyai peranan penting untuk memastikan wujudnya dunia yang selamat dan sejahtera itu. Kita berkumpul sekarang untuk menebalkan dedikasi kita ke atas matlamat-matlamat murni badan dunia itu. Selepas dunia kita mengalami dua peperangan yang dahsyat, Bangsa-Bangsa Bersatu ditubuhkan bagi mengelakkan peperangan, mewujudkan hak-hak manusia dan menggalakkan kemajuan ekonomi dan sosial yang akan meningkatkan taraf hidup penduduk dunia.

I am sure that nothing could be more satisfying to the organisers of this evening than to ensure that the spirit of 26th. June, 1945, when the UN Charter was signed, is inculcated in the hearts of the very young so that they will grow up fully imbued with the spirit of global responsibility and the need to cooperate, and cooperate peacefully, in order for mankind to progress. A famous Malay proverb succinctly points out that for one to shape the bamboo you have to start from the shoots.

The involvement of children tonight is also significant as 1989 marks the thirtieth anniversary of the Declaration on the Rights of the Child and the tenth anniversary of the International Year of the Child. The United Nations is profoundly concerned that the situation of children in many parts of the world remains critical as a result of inadequate social conditions, natural disasters, armed conflicts, illiteracy, hunger and so on. The UN and its member countries are convinced that urgent effective national and international action is called for. Hence the world body is working on the details of a

convention on the rights of the child at the UN General Assembly in New York. We in Malaysia will give full support to the convention.

Saya mengambil kesempatan ini untuk merakamkan penghargaan kepada semua kanak-kanak, serta pengorbanan ibu bapa mereka, yang telah menjayakan majlis sambutan ini. Akhirnya, saya mengucapkan selamat menyambut Hari Ulangtahun Bangsa-Bangsa Bersatu yang ke-44.

ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL OPENING OF THE
EIGHTH ASEAN-EC MINISTERIAL MEETING
SARAWAK
16TH. FEBRUARY, 1990

I would like to begin by welcoming you and members of your delegation to Malaysia. I am pleased that we could host this meeting in Kuching as it would give you an opportunity to see something of the rich cultural and ecological diversity of Malaysia. I know that the State Government of Sarawak has gone to great lengths to ensure that your stay here will be both productive and pleasant.

We meet here at a momentous time in the history of the world. In the Asia-Pacific region we are witnessing the dawn of the Pacific Age with high growth rates, expanding economies and greater regional economic cooperation. Japan has become an economic superpower in its own right and is set to chart a global political course of its own.

The United States, long the main engine of world growth, is facing serious economic challenges. Its free trade agreement with Canada, however, has created a major new trading bloc with all the implications that trading blocs have.

In Europe, the European Community is gearing up to realise Project 1992, the single European market. Close cooperation between the EC and EFTA is also in the offing.

In the Soviet Union, 'perestroika' and 'glasnost' continue to initiate changes that would have been unimaginable only months ago. Even more unthinkable are the radical changes occurring in Eastern Europe as a result of the Soviet decision not to prop up the Communist Governments.

Since we meet within the context of an ASEAN-EC forum I would like to confine my remarks principally to the impact of these changes on our mutual relationship. The momentous changes that are taking place are going to affect ASEAN-EC relations. If we value our relations, if we see it as making an important contribution to global stability and prosperity, then we must seek to ensure that the changes confronting us work to strengthen our relations.

Undoubtedly the EC will enter the 90s with an enhanced economic and political role. It is going to emerge from Project 1992 as the most powerful economic and political grouping.

A reinvigorated and resurgent Europe has implications for ASEAN and the rest of the world. Will the establishment of an internal market and other integrative measures mean a more inward-looking EC, content on trading within itself and the European Economic Space which would include the EFTA countries? In 1987, for example, 60% of total EC exports went to the EC countries and if EFTA is included, EC export to European destinations was as high as 70%. The potential is there for an inward-looking and less open trading group. If we add Eastern Europe as well, the EC might well do without the rest of the world.

While the EC may consider the ASEAN area as an important investment centre, and the establishment of the EC joint investment committees in each ASEAN capital attests to that, the attitude of the investors is somewhat different. Despite the very attractive packages and incentives offered by ASEAN countries, European investors still have a preference for the industrialised nations in the EC, and North America. After 1992 they might even be more disinclined to venture outwards to ASEAN and seek instead the advantages of a homogeneous and enlarged market. This is an aspect which I hope you will take up at this meeting, bearing in mind the high priority accorded to closer industrial cooperation at the Seventh ASEAN-EC Ministerial Meeting in Dusseldorf in May 1989.

ASEAN's concern about developments in the internal market are real because not only is the EC a significant source for development funding, it is also the third largest trading partner of ASEAN after Japan and the US. In 1987 the EC accounted for 13% of ASEAN's global exports and 14% of ASEAN's global imports.

How would this trade be affected come 1992? There may be a free flow of goods, people, services and capital within the community and a conducive atmosphere for healthy growth and competition. But for those outside the EC they will have to adjust to a whole new set of policies and regulations on banking, trading and public procurement. While efforts are being made by the EC to provide more transparency to what is taking place, it will be some time before our business and trading community will fully comprehend and familiarise itself with the new business environment.

Futhermore all decisions on the regulatory aspects of trade are being taken without any discussion with the EC's trading partners. Hence it is natural that there be apprehension as to whether we would still be facing national quotas and under what conditions and whether our products will continue to have market access to the EC. We hear that GSP provisions will be done away with in favour of common tariffs for all imports.

There is obviously an 'information gap' here which both ASEAN and the EC have tried to fill by organising colloquiums, seminars and meetings. However, project 1992 is an immense and complex enterprise. More contacts between the two sides are necessary particularly in assisting our exporters who would be most affected by the changes.

There also appears to be a 'consistency gap' between the EC's position as a leading proponent of trade liberalisation and multilateralism, on the one hand, and what it does to further the cause of these principles on the other. It is necessary for the EC to demonstrate that the principles of free trade and competition do not stop short at its borders but will be applicable to all in a fair, just and equitable manner.

Nowhere is the application of these principles more relevant than in the current Uruguay Round of the Multi-Lateral Trade Negotiations which seem to be stalled in the various groups on tariffs, tropical products and agriculture. Many of the issues which are being dealt with in these groups are of vital importance to ASEAN and other developing countries. We would like the EC to show the political will necessary to get the negotiations moving towards a successful outcome.

I hope this meeting here in Kuching will help reassure us that far from being 'Fortress Europe' the EC will not only maintain but strengthen its relations with ASEAN and will play an active role in support of the open multi-lateral trading system.

In rapid succession the communist regimes of Eastern Europe have collapsed under the pressure of mass demonstrations and mass dissatisfaction. The people of Eastern Europe are now enthusiastically pursuing their goals of a more democratic and prosperous society.

As a democratic and free-enterprise nation, Malaysia welcomes the recent changes in Eastern Europe. We welcome the changes because it will also enhance both European and global security and stability. In addition it will provide new opportunities for trade and economic cooperation for all.

Eastern Europe, however, still faces many challenges ahead. Eastern Europe is going to need a lot of help and support. Malaysia and ASEAN will not grudge Eastern Europe this support. Indeed, we too would like to assist Eastern Europe in whatever way we can.

Developments in the Soviet Union and in Eastern Europe have already had a positive effect on the Asia-Pacific region. Both Soviet and US forces are being reduced. This improvement in the overall politico-strategic situation will in turn offer ASEAN new regional opportunities to pursue our long-cherished goal of a Zone of Peace, Freedom and Neutrality or ZOPFAN and allow for an even greater focus on economic development.

But like you, we also have our fears and concerns. Fears have been expressed that large scale Western assistance to Eastern Europe will be at the expense of other developing countries. In raising this issue here I want to emphasize that I am not making a plea for assistance to ASEAN per se. I plead rather for the many Third World countries who are facing serious economic and social difficulties. I think we all accept the fact that economic development is a vital factor in promoting peace and stability.

The question in our mind is whether Eastern Europe will now draw away the already sparse inflow of European investments into South East Asia? Despite assurances that more would be done to encourage greater investments in ASEAN, European investments continue to lag behind those from other regions.

In the area of trade the situation is equally less reassuring. It would be disastrous for us if a combination of the 1992 Single Market and special trading privileges for Eastern Europe lead to diminished market access for ASEAN exports.

Western Europe has therefore a unique and historic opportunity not just to mould the future of Eastern Europe but also the future of the world as well. You can create opportunities for ASEAN countries and others to join with you in the reconstruction and development of Eastern Europe and indeed of other regions as well. You can also help to bring together businessmen and business opportunities in a three-way link-up between Western Europe, Eastern Europe and ASEAN. You can also help by ensuring that your single market will lead to greater international cooperation and to an upsurge of international trade that will benefit all nations. Peace and progress in Europe cannot be pursued separately from peace and progress elsewhere in the world.

Let me now take up some issues nearer home. We in Malaysia view with great concern the campaign currently being waged against us on the issue of tropical rain-forests. We have seen how these campaigns have resulted in the boycott of tropical timber in some EC countries.

We recognise that there are many organisations, groups and individuals who are genuinely concerned about the environment. However, there are those who are bent on carrying out their campaigns based on sentiments and irrationality. And when they have the ears of political parties either in power or in the opposition, biased policies emerge. Action is often taken against us not because it is deemed right but because it is popular. While this may be a vote-catching issue for some, for us in the developing countries, it is a matter of economic survival.

The timber industry plays an important role in the Malaysian economy. In 1988 it constituted 5.1% of Malaysia's total export earnings and gave direct employment to 162,000 people. There is every indication that the timber industry is poised to make a bigger contribution to the economy as we concentrate on value-added products particularly furniture-making. Industrialised countries could assist us in these efforts by lowering their protective walls currently in place against such manufactured products. At the moment, the tariff barriers in some countries favour sawn timber and logs against finished higher-value products. The irony is that this not only retards our industrialisation process but it also encourages more trees to be felled. If the environmentalists are truly concerned they should encourage relocation of timber-based industries into the timber producing countries. That way employment and foreign exchange earnings will be sustained with less timber felling. A boycott of tropical timber may result in the clearing of more forest land for agriculture and development.

The ASEAN countries collectively have over 170 million hectares of tropical forests. This represents more than half of the total land area of ASEAN. In Malaysia, our tropical rainforests cover about 20 million hectares, out of a total land area of 33 million hectares, or about 61%. If we take into account tree crops such as rubber, oil palm and cocoa, the area under forest and tree crops comes up to nearly 74% of the total area. Considering that nearly a hundred years have passed since we first started clearing our jungles to make way for plantation agriculture, you will appreciate that far from indiscriminately clearing our forests as alleged, much care and planning have gone into managing our forests. Long before it became fashionable for those in the West to espouse the cause of the rainforests we in Malaysia were already actively engaged in managing our forest resources and in preserving our wildlife and biological diversity.

What we would now like to see is the discussion being carried to a more constructive level so that the focus is on joint efforts by both the developed and the developing countries to protect the environment, while pursuing the twin objectives of economic growth and sustainable development. The Langkawi Declaration adopted by the Commonwealth Heads of Government Meeting in Kuala Lumpur recently could form a useful basis for such action by both ASEAN and the EC.

And now let me touch briefly on the so-called issue of the Penan about which two resolutions have already been adopted by the European Parliament. You could not have met at a more appropriate place to know more about this matter.

For now, let me emphasise one point clearly: we do not intend to turn the Penans into "human zoological specimens" to be gawped at by tourists and studied by anthropologists while the rest of the world passes them by. The Penans in question number about 900 out of a total Penan population of about 9,000 in Sarawak. Whilst the majority of them have successfully settled, the remainder are still leading nomadic lives in the jungle. It is our policy to eventually bring all jungle dwellers into the mainstream of the nation's life. There is nothing romantic about these helpless, half-starved and disease-ridden people and we will make no apologies for endeavouring to uplift their living conditions. I hope during your stay in Sarawak you will be able to appreciate the situation better.

You also have the question of drugs on your agenda and rightly so. ASEAN-EC cooperation is an essential part of the international effort to combat drug abuse and illicit trafficking. Malaysia, on its part, has adopted a mixture of harsh measures against traffickers and mandatory rehabilitation for drug users to meet this challenge head on. As a result the spread of drug abuse here is much less than in the more tolerant countries, where the spread of drug abuse is much more and with greater speed. There must be no let up in our war on drug abuse.

It is heartening to note that countries have pledged their political support for more intensified cooperation on all fronts. The 1987 International Conference on Drug Abuse and Illicit Trafficking in Vienna laid that foundation. Hopefully, the UN General

Assembly's Special Session On Drugs which is to be held in a few days time will carry the fight forward for a concerted programme of action involving both the producer and consumer countries. ASEAN-EC cooperation on this issue must also move forward. Drug traffickers must know that we are determined to leave them no place to thrive or to enjoy their ill-gotten gains.

Recent initiatives on the Cambodian issue have given us fresh hope for progress in finding a peaceful political settlement. The central point in these initiatives is an enhanced United Nations role in Cambodia. The decision of the five permanent members of the UN Security Council to be collectively and directly seized of the matter is certainly significant. The Australian proposal can also form the basis in our search for a political settlement. I welcome the convening of the Informal Meeting on Cambodia in Jakarta at the end of this month. Malaysia will contribute positively to this peace process.

While our attention is focussed on the developments concerning Cambodia we must not marginalise the problem of the Vietnamese boat people. For 14 years Malaysia and other South East Asian countries have for humanitarian considerations accorded temporary refuge to the Vietnamese boat people. Increasingly, this asylum facility is being abused by Vietnamese seeking a better life in Western countries. Their continuing influx has exerted unacceptable pressures on our social and political fabric. Malaysia believes that a durable solution to this problem is obtainable in the Comprehensive Plan of Action (CPA) provided all its aspects are implemented in totality and simultaneously. We cannot accept being singled out to shoulder the burden. In the first instance we were not, even indirectly, the cause of the problem. It is therefore incumbent on the international community and particularly those adopting high moral positions to ensure the full and immediate implementation of the CPA.

You have a full agenda ahead of you. All of us in ASEAN look forward to exchanging views with you on the important issues before both our regional groupings. Now it gives me great pleasure to officially declare this meeting open. May you have a good meeting and a memorable stay in Malaysia.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE INTERNATIONAL CONFERENCE ON TROPICAL OZONE
AND ATMOSPHERIC CHANGE
PENANG
20TH. FEBRUARY, 1990**

Let me begin by bidding 'Selamat Datang' to all, especially our visitors from abroad. We are happy to receive you here in Penang Island, a major tourist destination in Malaysia.

Malaysia is proud to host this important international conference which has also attracted several Environmental Ministers. I wish to thank the Universiti Sains Malaysia for organising this Conference, at a time when much of the world's attention is focussed on global environmental issues including the depletion of the ozone layer in the stratosphere, transboundary movements of hazardous wastes, global warming, and loss of biological diversity.

Global environmental issues certainly require not only global attention but also practical solutions at all organisational levels. I note with satisfaction the rapid progress that has been made by the United Nations Environment Programme in the protection of the ozone layer including the control of substances that deplete the ozone layer as well as in the control of transboundary movements of hazardous wastes and their disposal. I also note that further progress is being made at the international, and hopefully later at inter-governmental levels, in the proposed Convention on Climate Change as well as in the maintenance of biological diversity.

It is worthwhile to note that concern over the depletion of the ozone layer in the stratosphere as translated into global action in the name of the Montreal Protocol on Substances that Deplete the Ozone Layer is unprecedented in the history of international law. However, the full socio-economic implications of the Protocol to the low-consuming countries, particularly the developing countries, had not been fully taken into account. The developing countries are required to use less than 0.3 kilogrammes of the controlled substances per capita. In contrast, the Protocol requires the producing countries namely the developed countries, to cut consumption within ten years to only 50% of their 1986 consumption. It is estimated that this will merely require a progressive reduction from two kilogrammes of the controlled substances per person annually to one kilogramme per capita.

Clearly, this represents a double standard, affecting both production and consumption of Chlorofluorocarbons or CFCs, that unfairly limits developing countries' consumption to a level 70% lower than that of developed countries. Furthermore, our

global efforts to save the ozone layer are further complicated by the unnecessary provisions of trade restrictions to non-parties, a form of non-tariff barrier. A serious consequence of not acceding to the Montreal Protocol is that by January 1, 1992, CFC-containing goods exported from non-parties will be banned by importing countries that are parties to the Protocol. This is only mitigated by further restrictions to be imposed in 1994 on the export of goods which are produced with the controlled substances. Therefore all countries should take an active part in future work on this Protocol and in other multi-lateral negotiations relating to all environmental matters specifically, and in international affairs generally.

The holding of this international conference is not that late for all concerned to re-assess the problems relating to the protection of the ozone layer. Not only the releases of the controlled substances from the tropical countries are less significant than that of the temperate region, but also the effects on the tropical environment are least understood. I hope the outcome of your useful work in the tropics, other than over the Arctic and the Antarctic, will help enlighten not only the localised health and ecological effects of ozone depletion but also the associated socio-economic implications of the instituted control measures over the consumption of the otherwise very safe substances while in use.

Barring the difficulties that arise from the implementation of the Montreal Protocol, Malaysia is nonetheless committed to reduce its consumption of CFCs and Halons by 20% in the year 2003, and by 50% in the year 2008. In the meantime, Malaysia has to restructure both its domestic and international investments and trade strategies in matters affecting its present and future consumption of the controlled substances in a number of its important industries. These include the assembly of electronic chips manufacture of room air-conditioners and refrigerators, fabrication of rubber foam products and packaging materials and in fire protection. Like others, Malaysia should have access to any research work and development of any ozone friendly and environmentally safe CFC substitutes and technology. It is hoped that safe CFC substitutes which are also economically viable are discovered early. Otherwise developing countries, including Malaysia, may not be able to fulfill the requirements under the Montreal Protocol.

Indeed, when required to address global environmental issues, the developing countries have to stretch themselves so thinly that their already limited technical and financial resources are sapped away from earlier commitment not only to revive economic growth, but also to tackle the long overdue environmental problems arising from poverty and uneven distribution of population pressure.

Much more environmental protection activities need to be directed towards the abatement of industrial pollution control of soil erosion, safe disposal of domestic animal, municipal and toxic wastes, and rehabilitation of both idle and degraded lands. Thus, to many of us in the developing world, the so-called "global environmental issues" are quite remote from the management of present local problems.

It is for the developed countries to take effective measures to curb their heavy consumptions of fossil fuels and ozone-depleting substances. The developed countries should cut their own consumption of CFCs and Halons, not by 50%, but at least by 85% by the year 2000.

Should there be any further international initiative to mobilise global action to address any of the so-called "global environmental issues", such initiative must take into consideration the overall balance of world development, particularly in solving the debt crises in many developing countries, the need to increase the flow of development finance, and the urgency of stabilizing the foreign exchange earnings of low-income commodity producers. This initiative will have to prevail in order to induce far-reaching changes to produce trade, capital, and technology flows that are more equitable and well-balanced with the environment around the globe. Fundamental improvements in market access technology transfer, and international finance are necessary in order to help developing countries widen their opportunities by diversifying their economic and trade bases, and thus building up the necessary confidence to address both local and global environmental problems.

The root of the environmental problems, as admitted by many scholars, rests with the mismanagement of the global economy and the deliberate distortion of the value of renewable natural products from that of man-made capital goods and services. Valuing the environment properly is an issue in itself. All this time we have been misled by the way we have been calling "economic growth". If we use up our own natural resources, then that is capital depreciation, not a cost to us. But when we import technology and machinery, we have to count their depreciation as a cost to the nation. Yet depreciation of environmental capital is not recorded at all. There ought to be a fair deal, not one based on the presumption that the environment is free! Unless the developing countries receive a fair deal for their natural resource-based produce and exports, they should not be discriminated against for whatever little damage they may be capable of doing to the environment.

Most of us appreciate the apparent complexity in integrating environmental and resource depletion concerns more effectively in the economic decision-making process. We have yet to develop an effective tool that can help ensure that future calculations of national income truly reflect "sustainable" income. The current calculations ignore the depletion of the natural resource base, and underestimate the values of agro-based and forest products. The current calculations also view the sales of non-renewable resources such as tin and petroleum as income.

The subject of the environment is far too important to be left entirely to the external "free" market forces. It would take quite some time for the current system of national income accounting, with all its limitations, to be revised. In the meantime, it does not mean that the world community could not possibly undertake effective interim measures, *inter alia* to consider seriously the setting up of a "Global Environment Trust Fund". The Fund could be financed by levies imposed on the emissions of

greenhouse gases, the production of CFCs and other ozone-depleting substances, and even on chemicals that are in competition with the production and use of natural-product based biocides. Another possible source of revenue is a sales tax on various imports of natural products including agro-based and forest products that are not produced on sustainable basis. An international body with broad and effective representation could be established to manage the generated fund for environmental protection.

Malaysia is committed to the concept of sustainable development which addresses not only the issues relating to the protection and preservation of the environment but also how to ensure that the environmental issues are not abused by certain quarters to perpetuate their vested interests. The environmental challenges and opportunities should be treated as a major motivating factor to improve international economic relations and to resist the negation of the open market systems.

Malaysia has played its due role both at the regional and international level to promote world development that is well-balanced with the environment. Malaysia also made significant contributions to the Langkawi Declaration on the Environment, adopted by the Commonwealth Heads of Government Meeting in October last year. In 1985, in Kuala Lumpur, ASEAN member countries reached a regional Agreement on Conservation of Nature and Natural Resources.

At the national level, Malaysia is proud of its achievements in controlling pollution from industrial sources. Much progress has been achieved in sewerage development programmes. Numerous sewerage master plans and feasibility studies have been completed practically for all major towns.

On air pollution, Malaysia has been successful in controlling the emissions of polluting gases virtually from all industrial sources. As a result, Malaysia has been largely able to maintain its air quality. In the urban areas, plans are being made to improve the air-pollution situation by introducing mass-transport systems and by encouraging public transport operators and smoky vehicle owners to switch to cleaner fuels or better performance engines.

To promote further growth of our industries, particularly electronics and petrochemicals, Malaysia has signed the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal. The Malaysian Ministry of Science, Technology and Environment has successfully promoted private investment in the establishment of fully integrated toxic waste collection transportation treatment, and safe repository of fully treated, innocuous residues facilities. When completed, it will be the first of its type in this part of the world. Malaysia is also actively implementing the London Guidelines on Banned or Severely Restricted Chemicals in International Trade.

By international comparison, particularly on forest conservation and management, our statistics are impressive. In Malaysia our tropical rainforests cover over 61% of the total land area. If we consider the total areas under both forest and tree crops

such as oil palm, rubber and cocoa, it is 74 per cent . In Europe, there is not much natural forest left with the exception of Portugal and Austria with about 40% of their lands under forest.

You have a busy schedule ahead of you. However, I hope you could find time after your meeting to see a little of this country.

I now have much pleasure in declaring open this Conference and I wish you all a successful deliberation.

UCAPAN PERDANA MENTERI
Y.A.B. DATO' SERI DR. MAHATHIR BIN MOHAMAD
DI PERHIMPUNAN RAKSAKSA PALESTIN
KUALA LUMPUR
6HB. MAC, 1990

Kita berkumpul pada petang ini untuk memberi penghormatan kepada seorang pejuang yang telah berjuang sekian lama untuk mencapai kemerdekaan bagi bangsa dan negara. Kita anggap lawatan Presiden Palestin Yasser Arafat sebagai satu penghormatan dan penghargaan kepada kita. Kita rakyat Malaysia daripada berbagai kaum telah menurut perjuangan rakyat Palestin dan kita faham akan perjuangan mereka.

Sepertimana kita tahu dahulu kita dijajah tetapi sekarang ini kita bebas, bahkan kita tentu faham betapa mereka juga ingin melepaskan diri mereka daripada belenggu penjajah. Tetapi sementara kita berjaya mencapai kemerdekaan 33 tahun dahulu mereka masih lagi dijajah. Perjuangan mereka untuk mencapai kemerdekaan adalah satu perjuangan yang hebat yang menyebabkan kematian beribu-ribu daripada rakyat mereka, berpuluh bahkan beratus ribu daripada rakyat mereka telah cedera, yang setengahnya sehingga sekarang ini cedera parah, kehilangan anggota dan lain-lain. Namun mereka masih meneruskan perjuangan mereka untuk mencapai kemerdekaan.

Perjuangan mereka adalah perjuangan yang adil. Mereka hanya hendak supaya negara mereka diperintah oleh mereka, bukan untuk menyingkirkan orang lain. Hanya mendapat negara mereka bebas dan diperintah oleh rakyat Palestin, sama ada mereka terdiri daripada orang Arab, ataupun orang-orang Yahudi. Mereka hendak supaya negara mereka menjadi sebuah negara demokrasi yang mana Kerajaan ditentukan oleh rakyat yang terdiri daripada kedua-dua kaum ini. Mereka tidak sama sekali berhajat untuk menindas kaum Yahudi yang ada di negara mereka. Ini sahaja yang dipohon oleh mereka, sama juga dengan perjuangan kita untuk kemerdekaan. Apabila kita menuntut kemerdekaan tidak menjadi tujuan kita untuk menindas kaum-kaum yang ada di negara kita. Sebaliknya kita hendak supaya semua kaum berganding bahu menolong mendirikan Kerajaan berbagai kaum untuk memerintah negara kita. Apakah kesalahan mereka menuntut kemerdekaan bagi diri mereka sehingga mereka tidak diberi penghormatan sama sekali bahkan mereka tidak dilayan oleh kuasa-kuasa tertentu dalam dunia yang menyokong penjajah Israel.

Mereka adalah manusia biasa seperti orang lain juga dan mereka juga mempunyai hak kepada apa yang dikatakan "human rights", hak asasi manusia. Malangnya sementara ramai yang memperkatakan tentang "human rights" ataupun hak asasi manusia, orang yang sama itu tidak mahu memberi "human rights" ataupun hak asasi mereka kepada orang-orang Palestin. Kenapakah ada penilaian yang berbeza-beza ini? Kenapakah hak mereka tidak diiktiraf sedangkan hak orang lain diberi penghormatan

dan disokong? Ramai yang datang ke negara kita dan bercakap berkenaan "human rights" tetapi mereka yang sama tidak mahu menyebut tentang hak asasi orang-orang Palestin. Ini menunjukkan bahawa orang yang memperkatakan "human rights" ini sebenarnya mempunyai kepentingan tertentu. Kalau kita percaya kepada "human rights", maka hendaklah kita beri hak asasi ini kepada semua pihak tanpa mengira sama ada mereka terdiri daripada Yahudi ataupun Arab ataupun Melayu ataupun yang beragama Kristian ataupun yang beragama Islam ataupun yang beragama Yahudi. Tetapi nampaknya ada pilih-pilih. "Human rights" ini diberi kepada pihak-pihak tertentu sahaja, yang lain tidak mempunyai hak.

Apakah yang sedang berlaku sekarang di dalam Wilayah Palestin yang telah dijah oleh pihak Yahudi? Yahudi mengadakan satu pemerintahan yang amat kejam. Setiap hari mereka menyerang rakyat Palestin yang tidak mempunyai senjata. Rakyat Palestin bukan terdiri daripada orang dewasa semata-mata tetapi kanak-kanak juga diserang oleh Kerajaan Yahudi, Kerajaan Israel. Hari ini lebih daripada seribu orang Palestin telah dibunuh selama 27 bulan Intifadah diadakan di Palestin. Pembangunan negara Palestin, Intifadah telah diadakan selama 27 bulan. Dalam masa 27 bulan ini tentera dan polis Israel telah menyerang orang yang tidak berdosa, orang yang tidak bersenjata, kanak-kanak sehingga yang dalam buaian semuanya telah diserang oleh orang yang bersenjata ini dan dibunuh, dicerca, ditembak dengan peluru, ditembak kononnya dengan peluru getah yang juga boleh membunuh. Digunakan gas pemedih mata, bahkan digunakan "chemical weapon" terhadap orang yang tidak bersenjata yang cuba menunjuk perasaan mereka untuk mendapat kemerdekaan, itu sahaja yang dibuat oleh mereka.

Kalau kita renungkan, kalaulah apa yang dibuat oleh rejim Tel Aviv ini terhadap orang-orang Palestin, dibuat oleh Kerajaan Malaysia terhadap rakyatnya di dalam negara kita ini, sudah tentu beribu-ribu orang akan datang mengecam Kerajaan kita, kononnya amat zalim sekali. Tetapi ini kita lihat dengan terang, kita lihat di kaca TV bagaimana tentera Israel membunuh orang yang tidak berdosa ini. Tetapi apakah kecaman-kecaman terhadap Kerajaan Israel? Tidak ada! Kita tahu bahawa di negara kita walaupun kita memerintah dengan cara tertib mengikut undang-undang masih ada tuduhan bahawa kita ini zalim tidak mengikut peraturan. Kini orang Israel membunuh dengan terang-terang siang dan malam rakyatnya, tetapi tidak ada kecaman, tidak ada kecaman terhadap mereka. Bukan sahaja daripada kumpulan-kumpulan Barat, kumpulan-kumpulan Barat yang sudah tentu tidak begitu suka dengan orang Palestin. Tetapi ada juga di antara kita yang mudah kecam di sini, tetapi tidak mudah kecam orang Israel.

Kenapa "double standard" kalau kita kecam kezaliman di mana ianya berlaku, dan tidak ada syak bahawa Kerajaan Israel adalah satu Kerajaan yang sungguh bengis yang sanggup menyerang negara-negara jiran dengan begitu sahaja. Negara-negara jirannya Lubnan, Syria, Iraq, mereka serang dengan secara bebas tidak ada siapa yang berkata. Bahkan ada orang yang membekalkan senjata kepada Kerajaan Israel untuk menyerang jiran-jiran mereka. Ini kalau dibuat oleh Kerajaan Israel adalah baik. Tetapi perjuangan rakyat Palestin hanya untuk keadilan, bukan lebih daripada itu. Keadilan untuk meminta kemerdekaan untuk negara mereka sendiri, ini tidak dapat layanan. Ini

menunjuk hipokradi, hipokradi di kalangan sesetengah pihak yang tidak perlu saya sebutkan, kita tahu siapa mereka. Mereka bercakap berkenaan keadilan, tetapi sebenarnya tidak ada keadilan yang mereka lakukan. Keadilan hanya ada pada mereka, kalau kepentingan mereka tidak terjejas.

Sebab itu tuan-tuan dan puan-puan, kita di Malaysia tidak merasa segan-segan memberi sokongan penuh kepada perjuangan rakyat Palestin. Mereka berjuang untuk keadilan, dan sesiapa yang menyokong orang yang berjuang untuk keadilan adalah orang yang adil. Saudara Yasser Arafat bekerja tanpa berhenti, bukan sahaja untuk menyelesaikan masalah Palestin, beliau juga mengambil berat tentang masalah-masalah pertelingkahan yang lain. Walaupun sudah berat tanggungannya untuk Palestin, beliau cuba menyelesaikan masalah di Lubnan, di mana rakyat Lubnan daripada berbagai-bagai anutan agama berperang sesama sendiri. Baru-baru ini Saudara Yasser Arafat telah berjaya menyelesaikan masalah antara dua kaum yang terdapat di Lubnan. Baru-baru ini saya berada di Lusaka, Zambia untuk menyambut Nelson Mandela, pejuang Afrika Selatan. Di undang bersama ialah Saudara Yasser Arafat. Dalam kesibukan berjuang untuk kemerdekaan ianya masih mempunyai masa untuk pergi melayan dan menghormati seorang lagi pejuang yang menjadi hero kepada dunia yang bebas ini. Pertalian yang rapat terdapat di antara pejuang-pejuang Palestin dan Yasser Arafat dengan pejuang-pejuang ANC di Afrika Selatan yang juga berlawan dengan penindasan. Bersama-sama di Lusaka juga terdapat beberapa tokoh pejuang dari Afrika, seperti Cycano, Santos, Mugabe, Kaunda dan lain-lain.

Saya dapati diri saya bersama satu kumpulan manusia yang dicap sebagai "terrorist" oleh Barat. Orang ini dahulu dicap sebagai "terrorist", tetapi tuan-tuan dan puan-puan, hari ini "terrorist-terrorist" ini dihormati oleh seluruh dunia. Mereka dijemput untuk membuat lawatan-lawatan ke negara-negara Barat sebagai pejuang-pejuang kemerdekaan, melainkan Saudara Yasser Arafat. Kenapakah membezakan antara "terrorist" yang lain dengan yang ini, yang di belakang ini. Kalau mereka boleh menghormati "terrorist" macam Mugabe, Cycano, Santos dan lain-lain kenapa tidak menghormati Saudara Yasser Arafat yang juga berjuang untuk kemerdekaan. Tetapi mereka berkata, mereka tidak boleh duduk satu meja dengan Saudara Yasser Arafat untuk berunding menyelesaikan masalah Palestin kerana dia adalah "terrorist". Kalau tidak boleh satu "terrorist", dengan lain "terrorist" pun tidak boleh. Tetapi yang lain boleh, tetapi dengan yang ini tidak boleh berunding sama sekali, kerana kononnya "terrorist". Siapakah yang sebenarnya "terrorist"? Yang sebenarnya "terrorist" ialah Kerajaan Israel.

Memang benar dalam usaha orang-orang Palestin untuk berjuang untuk kemerdekaan maka terhadap orang-orang "civilian" Israel yang terbunuh, tetapi itu bukan dirancang oleh "high command" Pertubuhan Pembebasan Palestin, bukan dirancang. Hari ini Kerajaan Israel merancang untuk membunuh rakyat Palestin secara terbuka. Siapakah yang "terrorist", Israel ataupun Palestin? Malangnya tafsiran "terrorist" ini juga dipilih-pilih. Di panggilnya "terrorist" kerana sebab-sebab tertentu, itu yang berlaku. Dan kita amat dukacita dengan hipokradi yang semacam ini. Apa salahnya untuk menyelesaikan masalah Palestin kalau diadakan rundingan secara terus, secara langsung antara orang yang menuntut kemerdekaan iaitu pemimpin-

pemimpin Palestin dengan mana-mana pihak termasuk Israel? Tetapi tidak dibenar berunding. Kalau mereka tidak dibenar berunding, salahkan mereka kalau mereka menggunakan senjata untuk menyelesaikan masalah?

Kita percaya bahawa keadilan memerlukan rundingan yang baik. Kita sendiri menuntut supaya soal Cambodia diselesaikan di meja rundingan, bukan melalui peperangan. Demikian juga kita minta supaya perbalahan peperangan antara Iran dan Iraq diselesaikan di meja perundingan. Hari ini juga kita menuntut meminta dunia membenarkan rakyat Palestin melalui pemimpin-pemimpinnya seperti Saudara Yasser Arafat berunding untuk menyelesaikan masalah. Tetapi apa yang berlaku adalah sebaliknya. Usaha dibuat untuk meningkatkan bilangan orang-orang Yahudi di Israel. Baru-baru ini dalam perbincangan saya dengan Yasser Arafat beliau memberitahu tentang rancangan ini untuk membawa ramai Yahudi-yahudi daripada Russia untuk masuk duduk di Israel di kawasan orang-orang Arab. Di masa yang sama kononnya sekarang ini negara-negara tertentu sanggup menerima orang-orang Palestin Arab menjadi warganegara mereka. Memberikan visa untuk berhijrah ke tempat lain. Dengan perkataan lain satu usaha yang harus dibuat untuk menambahkan orang Yahudi di Palestin dan mengurangkan orang-orang Palestin. Inilah yang sedang berlaku, bukan rundingan untuk menyelesaikan masalah, tetapi percubaan untuk menguatkan orang-orang Israel supaya mereka akan terus menindas rakyat Arab yang terdapat di Palestin.

Kita memandang segala perkara-perkara ini dan kita berasa sedih dan kita berasa marah, marah kerana tidak ada "justice" bagi orang Palestin. Sebab itu kita berhimpun di sini untuk menyatakan secara terus-terang sokongan kita kepada perjuangan ke arah keadilan. Bukan banyak yang kita minta, hanya rakyat Palestin ini mestilah diberi hak untuk menentukan nasib mereka. Pemimpin-pemimpin rakyat Palestin diiktiraf. Tidak guna memungut orang itu dan orang ini semata-mata untuk menjadi alat. Pemimpin-pemimpin sebenar rakyat Palestin mesti diberikan pengiktirafan untuk berunding menyelesaikan masalah Palestin. Kita akan mengambil pendirian yang tegas terhadap ini. Seperti mana kita telah mengambil pendirian yang tegas semenjak perjuangan untuk membebaskan Palestin diadakan. Dan kita meminta supaya negara-negara Barat memberi perhatian kepada masalah ini. Kalau mereka mendakwa bahawa mereka adalah orang yang adil belaka yang faham akan "rule of law", yang suka akan demokrasi, apa salah menghulurkan demokrasi kepada rakyat Palestin?

Itu sahaja yang kita minta. Itu sahaja yang Malaysia ingin lihat, keadilan, demokrasi bukan untuk diri sendiri, tetapi untuk semua pihak. Kita hendak supaya rakyat Palestin merasai demokrasi yang boleh menentukan nasib mereka. Jadi tuan-tuan dan puan-puan, pendirian kita adalah jelas dan saya ingin mengucapkan terima kasih kepada tuan-tuan dan puan-puan yang telah hadir pada hari ini untuk menyatakan sokongan kepada rakyat Palestin dan kepada TYT Presiden State of Palestine, Yasser Arafat yang menjadi tetamu kita pada hari ini.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE ROYAL COMMONWEALTH SOCIETY
(MALAYSIAN BRANCH) LUNCHEON
AT THE COMMONWEALTH HOUSE
KUALA LUMPUR
12TH. MARCH, 1990**

I would like to thank the Royal Commonwealth Society, Malaysian Branch, for inviting me to this luncheon to commemorate Commonwealth Day. I must say that it is indeed a pleasure to be here amongst members of this society, many of whom are luminaries in their own right and have over the years made various contributions towards the progress and well-being of our society.

Unlike some societies, whose propensity to engage in activities is very much dependent upon the prospect of their receiving some amount of publicity, this society, has over the years, been carrying out its tasks quietly but effectively. This is in no small measure, a positive reflection of the commitment and dedication of its office-bearers and members alike.

This being Commonwealth Day, I think it would be quite appropriate if I were to touch briefly on this family of nations. It is indeed gratifying to note that the Commonwealth of today has shed many of the negative traits of its former self. Today, this grouping has initiated and adopted many programmes of action which reflect the aspirations of member countries, particularly the developing ones. We are beginning to share many of the things that we collectively possess. I also believe that perhaps it may not be long before we may be able to probably share the "common wealth" that the Commonwealth has.

Though it is true that in the past the Commonwealth had initiated various forms of cooperation for the benefit of its members, most notably the Colombo Plan and the Commonwealth Fund for Technical Cooperation, nevertheless over major international economic and political issues, the Commonwealth views were divergent and consequently ineffective. And more lamentable, was the indifference on the part of some senior Commonwealth members to the pleas and cries for understanding by the less fortunate members regarding their problems.

Fortunately, this rather sad commentary on the then state of the Commonwealth is no longer valid. Owing to changing circumstances and attitudes, including the growing assertiveness amongst member countries, the grouping's more prosperous partners have come to realise that they have a moral responsibility to assist the less developed member nations which, in case we forget, they once depended upon for their wealth and power.

Malaysia is glad to note that due to this change in attitude, the Commonwealth has been transformed into a more cohesive and dynamic grouping. When in its early days, the Commonwealth was basically a forum in which the former colonial master held discussions with its ex-colonies, today it is an undeniable fact that the Commonwealth meeting is a gathering of equals sharing common ideals and aspirations over various matters. If I may say so, the decisions of the Commonwealth are now of some importance outside the organisation itself. And several countries even seem keen to join it.

The present day Commonwealth is now acknowledged as one of the more successful international groupings. Malaysia will continue to contribute to the Commonwealth and will work closely with member countries for the common good. Despite being a small developing nation, Malaysia is prepared to share her expertise and experience with member countries of the Commonwealth as well as with those outside the grouping.

I am confident that the Malaysian Branch of the Royal Commonwealth Society will continue to carry out its activities aimed at a more effective role in fostering better understanding. I wish the society and its members every success in their endeavours.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF THE DEFENCE SERVICES ASIA EXHIBITION
KUALA LUMPUR
20TH. MARCH, 1990**

I would like to take this opportunity to thank the organisers for inviting me to declare open this exhibition. Since the 80s, countries around this region have hosted various defence exhibitions and shows. As to whether this is a reflection of the tensions in the region or merely a desire for prestige is for the South East Asian watchers to analyse. But like it or not, the defence industry is big business and for some countries, especially the developed nations, defence sales form a significant portion of their exports.

For Malaysia, as I have stated on many occasions, defence preparedness is only necessary in order to ensure stability for economic and social development. We are not an aggressive nation, and we have no territorial claims. Likewise, Malaysian territory is not for sale to anyone. But we accept the need to defend our seas and our territories with all the strength we are capable of.

Our main defence requirement in the past was in order to counter communist insurgency. Since 1948 a fair percentage of the national budget had to be expanded to counter communist terrorist activities. It is a war that does not call for very sophisticated and expensive weaponry. The main need is skill in anti-guerilla jungle warfare. Over the years of the 'Emergency', Malaysian soldiers acquired skills which are second to none in this type of warfare.

Not many countries have been able to defeat the communist guerillas. Malaysia is one of the few. Although the initial period of intense jungle warfare exacted a high toll in men and money but the protracted war of attrition which followed was no less debilitating. But perseverance paid off and in December 1989, 41 years after the communist launched their armed attempt to overthrow the Government, the Malayan Communist Party or MCP decided to lay down arms.

Now that the guerilla war is over, we are not about to forget our skills in this area. But we do realise the need for some conventional warfare capability. We have already decided what kind of weapons we need, and how much we can afford. They are relatively simple and modest. We are not about to keep up with the Joneses. But we will be capable.

In the meantime we hope everyone will divert their research and energy to meet the needs of a world without a Cold War. The market for arms will shrink. It already has. We should not regret this. The energy, funds and research capabilities will not be wasted for there are non-military applications aplenty. Weapons and sophisticated

surveillance systems are going to be much in demand to combat smuggling, particularly of drugs. Already AWACS are finding a place in this field in America. If the sophisticated surveillance systems could be adapted for counter-smuggling work, and costs are reduced, the market for these should sustain the arms industry, or at least it's considerable expertise and resources in terms of inventiveness and innovation.

Malaysia, together with the other members of ASEAN, will continue to strive for the realisation of a Zone of Peace, Freedom and Neutrality or ZOPFAN for South East Asia. Together with the member countries, Malaysia will also work towards a nuclear free zone in this region. South East Asia must be kept free from any superpower conflict and rivalry so that development and progress can continue. Any attempt or action that is not in keeping with the objectives of ZOPFAN would not only hinder the realisation of this objective but would also provide excuses for others from outside to involve themselves in the region. This would be detrimental to our well-being and security.

The holding of this exhibition and my presence here should not be interpreted as an endorsement by the Government towards the arms industry or as an indication that Malaysia is going to embark on an arms build-up. Malaysia has no wish to do so. But the arms industry, like the other industries too, have undergone rapid changes and development. Malaysia would be left behind if it does not keep abreast with the changes taking place. It is for this reason that the Government supports this exhibition.

Once again I thank the organisers for inviting me to officiate this Exhibition. I have now much pleasure in declaring open the Defence Services Asia Exhibition.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE FIRST MEETING OF THE TAIPEI INVESTORS' ASSOCIATION
IN MALAYSIA, KUALA LUMPUR
27TH. MARCH, 1990**

I would like to thank the Taipei Investors' Association in Malaysia for inviting me to address this inaugural meeting of your Association. I would also like to congratulate members of the Taiwanese business community in Malaysia who have had the foresight to initiate the formation of this Association.

Today's event signals the coming of age of Taiwanese investments in Malaysia. In the past, when Malaysians mentioned Taiwan, we were either talking about Malaysian students in Taiwan's universities, about the latest movies from Taiwan, or about Taiwanese film stars who are household names in Malaysia.

Today, when we mention Taiwan, we are probably talking about the latest project set up by the Taiwanese investors. Only a few years ago there was hardly any Taiwanese investment in Malaysia. Then the small and medium-scale companies made their first move into Malaysia. Today, we see the big names such as the Hua Loong Group, Evergreen and Acer.

Over the past few years, the dynamism of Taiwanese investment interest in Malaysia has been impressive. In 1987, Taiwan took third place after Singapore and Japan in terms of number of manufacturing projects approved. In 1988, Taiwan stepped into Japan's shoes to take second place, and in 1989 Taiwan surpassed Singapore to take top position. We are confident that Taiwanese investments will continue to be substantial in the years to come.

The Malaysian press is also contributing to our new perception of Taiwan. Besides reporting intensively on new Taiwanese investments, our newspapers also give coverage to the many Taiwanese business delegations that come to Malaysia to explore business opportunities. We hear of Taiwanese companies planning to invest by the hundreds of millions in a certain state, we hear of Taiwanese helping to develop an industrial estate, and we hear of seminars for Taiwanese investors. Now, what does this mean to Taiwanese investors and, particularly, to your Association?

By virtue of the growing prominence of Taiwanese investments in Malaysia, every latest development or move made by Taiwanese investors seem to be highlighted. Of course, if it is good news, nobody really minds. It is the negative reports that causes people to sit up; such as the stories of Taiwanese purchase of industrial land for speculative purposes. I do not want to elaborate on these negative issues. I touched upon this

matter merely to show that there is a need for an association in Malaysia such as yours to provide a moderating influence on such negative reports. With the formation of your Association, there is now a responsible voice to speak on behalf of Taiwanese investors in Malaysia, and your Association can play a major role in preventing anything from happening which will smear the good name of the whole community.

Whatever the issues may be, there is no doubt that the growing prominence of Taiwanese investments in Malaysia puts a greater requirement on Taiwanese companies in this country to act with responsibility and to be good corporate citizens. You are businessmen, and as businessmen you would be aware that in business one irresponsible action sometimes wipes out a whole lifetime of good business relations. Similarly, it needs only one irresponsible action by only one Taiwanese investor to possibly jeopardise future business negotiations in Malaysia by Taiwanese businessmen.

The dramatic upsurge in Taiwanese interest in Malaysia, especially over the last two years, is by no means a passing phenomena. It might interest you to know that the number of Taiwanese investment projects approved, that is 298 projects, in just the two years, 1988 and 1989, totalled more than all Taiwanese projects approved before 1988. This similarly applies to proposed Taiwanese capital investments in 1988 and 1989 which totalled more than RM2.9 billion.

This confidence in Malaysia's investment climate by the Taiwanese business community and the recognition of Malaysia as one of the most, if not the most, attractive countries to invest in the South East Asian region has been justified by the remarkable success of Taiwanese companies in Malaysia - success not only in terms of efficiently relocating their manufacturing operations, but also in terms of dollars and cents.

The upsurge in Taiwanese investments can of course be attributed to a number of, what people call, 'push factors' such as the appreciation of the NT Dollar, increase in wage rates in Taiwan, shortage of manpower, and the loss of GSP status. But, I believe, this tremendous increase in Taiwanese interest in our country is also due to a large extent to the 'pull factors' in Malaysia.

I believe one of the main concerns of Taiwanese industrialists who invest overseas is the lack of protection for their investments abroad. One of the strongest pull factors in Malaysia is our political stability. As you know, the same government has been ruling the country since Malaysia's independence in 1957. What does this mean to you? It means the continuation of government policies which enable the investor to conduct his business in a predictable environment. Your investment also receives protection under our legal system. All foreign investments are protected by Malaysia's laws.

Whatever the other attractions Malaysia has in terms of competitive labour costs, land price and so forth, I believe the prime factor any investor should be concerned with is the attitude of the government and people of that country. We have in Malaysia, a government and people that are tuned towards acceptance of foreign investments as a means for achieving economic growth and industrialisation. This attitude ensures

not just a fair deal but a welcome to the foreign investors. No one wants to do business in an environment of uncertainty and hostility.

A major concern would be infrastructural development. Transport investments by the Federal Government have averaged some 18% of development expenditure under our Malaysia Plans, with roads and ports receiving substantial allocations. We understand and are fully aware of the need for good infrastructural facilities in order to make investments worthwhile and profitable.

Another area which we have looked into is the necessity for cutting down on red-tape. We have implemented certain measures such as the Centre for Investments in the Malaysian Industrial Development Authority or MIDA. At State level, the State Economic Development Corporations are implementing the same concept.

Lastly, I would like to mention that Malaysia is always looking for good corporate citizens in our business community. And one pleasing aspect of Taiwanese projects on the ground is that about 95% of them are on a joint-venture basis with Malaysians. Although this is based on MIDA's survey of about 100 Taiwan companies in production as at the end of 1988, and this picture might have changed slightly by now, it demonstrates the compatibility of Taiwanese and Malaysian entrepreneurs and we would like to encourage more of such cooperation.

Once again I thank you all for inviting me to this first meeting of your Association. I am sure the formation of this body augurs well not only for its members but also for better trade and economic relations between our two countries.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE FIRST MEETING
OF THE HEADS OF STATE AND GOVERNMENT OF THE SUMMIT
LEVEL GROUP FOR SOUTH-SOUTH CONSULTATION
AND COOPERATION AT PARLIAMENT HOUSE
KUALA LUMPUR, 1ST. JUNE, 1990**

It gives me much pleasure to welcome you to Malaysia. Malaysians feel greatly honoured to have the first meeting of the Group of 15 non-aligned and developing countries held here.

The decision to form the Group of 15, or G 15 as some would call it, was announced in Belgrade in September 1989. Heads of State and Government of like-minded countries attending the Non-Aligned Summit decided that a group of fifteen developing countries should sit in conference to discuss and find solutions to the problems besetting us in the South. Contrary to what some quarters may think, the G 15 was not formed as a counter to the Group of 7 industrialised countries of the North. I wish to stress here, lest our gathering here is misunderstood by others, that we are not self-appointed arbiters and regulators of the world's economic affairs, neither are we conspirators against the North. Rather we have come together to consult, to exchange views and to explore the potential, which is largely untapped, for South-South cooperation. We would also like as a group to foster dialogue with the North, the absence of which has caused the economic gap between North and South to widen further since the first North-South dialogue failed.

We fully realise that we are weak and we are very dependent on the North. But we do hope that we will be allowed to speak freely, for we feel that there should be democracy not only within nations but also between nations. To castigate us and to twist our arms because we exercise the much touted freedom of expression is to deny democracy in the relationship between peoples and nations. To deny us our views by deliberately censoring them by whatever means is to make a mockery of the freedom of the press about which we hear so much.

If we blame the North for some of our problems it is not because we are incapable of recognising our own faults. The simple fact is that most of our problems arise from our relations with the North. Our problems cannot be because of South-South interaction since we really have very little to do with each other.

If there are South-South problems, they are between neighbours. Even here we often see the hands of the North. How often have we seen the same country supplying arms to both sides whenever there is a war? A classic is the Iran-Iraq war.

The massive debt problems of the South is also not because the South purposely wanted to borrow and not pay. We borrowed at a time of worldwide economic prosperity when the lenders themselves fully believed in our capacity to repay. The worldwide recession that followed and the effective devaluation of our currencies were not of our making. Lenders must be prepared to accept the risks of lending and to devise workable solutions, and if all else fails, to accept losses. In their commercial loans within their own countries they make provisions including write-offs when loans go bad. Similarly they must accept the need to make adjustments and work out schemes when their sovereign loans go bad. Nations cannot be bankrupted in the same way companies or individuals are bankrupted. You cannot tell a people to live at subsistence level until they pay off their debts. Bankrupts can die, nations cannot. We cannot make debt-slaves of nations, not in this so-called enlightened age.

Then there is the Palestinian problem. When all other problems of oppression by Governments, real and imagined, have been given due attention and pressure exerted by those capable of applying pressure, the Palestinian problem remains unresolved. It is so because a repressive regime that systematically and openly carries out a campaign of terror against people in territories which it occupies illegally is not condemned the way less repressive regimes are condemned. Certainly economic sanctions and withdrawal of preferences have never been contemplated. And so Israeli intransigence continues.

There are, of course, many other problems of the South which directly involve their dealings with the North. We are not simply shifting blame but the fact is that without cooperation and understanding of the North we cannot resolve these South problems.

We see a coalescing of the North American nations, a union of the West European nations and now, around a united Germany, all the European countries of the West and the East will gather together. And then there are those Soviet republics which believe in a common European homeland identifying more and more with the new European grouping.

All these changes have great significance for the future of the world. There is indeed a wind of change which leaves no part of the world untouched. Fortunately almost all the changes taking place are for the good of the human race.

We should rejoice that the expensive Cold War is about over. But will peace between East and West mean peace and prosperity in the South as well? In the past if one bloc threatened any one of us, the other bloc almost automatically moved to counterbalance the threat. In the process the threat was neutralised. But what will happen now if any power in the honeymooning East and West, or worse still if the united East and West threatens us? Will the old balance of power manoeuvres save us from total domination? With some powerful nations applying their laws extraterritorially without even a whimper from their former adversaries, don't we have reason to be worried?

We welcome the universal espousal of the democratic system. But there is a fear that democracy has become the kind of religion that communism became. A system devised to free people and permit them to decide their own destiny is becoming a system that is worshipped for itself. Democracy is no longer a means to an end but has become an end in itself. Liberal democrats in the West have now set themselves up as the high-priests of democracy. There is a holier than thou attitude about them. Woe betide those who do not comply with the latest interpretation of their democratic faith.

For the liberal democrats, chaos, instability and retarded economic growth with the accompanying massive and debilitating poverty among their democratic converts are a small price for these people to pay for the liberalism of democracy. Indeed murder and assassinations of citizens are regarded as much more acceptable than any Governmental action to prevent violence and instability. Sanctions and trade restrictions and vicious campaigns that impoverish the already poor are the weapons they use to force their liberal democratic ideas on those they deem not measuring up to their standards. The methods differ little from the subversive strategy of Communist proselytisers.

We admit that generally the Governments of the West are not involved. But pressure groups or the Non-Governmental Organisations set up by their citizens are so powerful and financially so strong that it is usually beyond the capacity of most of the countries of the South to resist or to counter. In addition they have access amounting to control of the international media; access which is almost totally denied their victims. By threatening the exports of developing countries they can exert powerful influence to foist their democratic norms on others. In fact, it amounts to imperialism by other means. And like imperialisms in the past, the subject nations languish and suffer without any means of redress.

The peoples of Eastern Europe and the Russian republics have now discarded centralised power and planning in favour of liberal democracy. We hope they will not be disillusioned. Merely being democratic will not save them from the poverty created by their former centrally planned economies. Political stability in a democracy requires a high degree of sophistication among the people. In other words, the people will have to restrain their exercise of democratic freedom if they are to benefit from democracy. We hope that the people of Eastern Europe will learn quickly. Their prosperity can contribute to the common wealth of nations.

We in the South must wish them well. We would like them to succeed. However, will aid and loans and investment funds be diverted from us in order to help them, or will additional and separate funds be made available to them? We worry despite the repeated assurances and again I think we have reasons to worry.

There is a question that we need to ask the Group of 7. When a few developing countries in East Asia made economic progress they were categorized as Newly Industrialising Countries and their further growth inhibited by the imposition of various

restrictions. Will the countries of Eastern Europe be similarly labelled and similarly restricted if they achieve the level of growth of the so-called Asian NICs? I hope this question is not censored. I hope we get an answer.

This conference will fail if we of the South do not address those problems which lend themselves to solutions based on our own efforts. We cannot really expect others to solve our problems to their own detriment. At best they will only help on a basis of enlightened self-interest.

There are many things we can do for ourselves. Most of these would be economic in character. It is not for us to involve ourselves in the political systems of each other.

Firstly, the developing South constitute a huge market which at the moment is accessible largely to countries. There is no doubt that there are very good reasons for this being so. But there is no reason why we cannot restructure our markets. We will continue to be markets for the North, but we can at the same time develop our economic cooperation and trade with each other.

To do this we need to learn more about each other's needs, the laws and regulations, the systems of imports and distribution, financial and currency matters and a host of other things.

The advanced trading nations of the North are knowledgeable about these things simply because their private companies and public agencies have been in this business for decades and even centuries. Just one trading company in the North would have sufficient outposts to cover the whole world. They need not even trade with other companies. They are capable of trading between their own branches and yet be conducting international trade.

But the nations of the South are practically all quite ignorant of the tremendous trade opportunities that have been exploited by the traders of the North. To be kept informed and knowledgeable require massive investments in men and money. And none of the developing nations of the South on their own can spare the men or the money.

It is for this reason that Malaysia proposes the setting up of a Trade Information Network and a South Investment Data Exchange Centre to service the South. We need to know what is happening and what is available in the South to foster economic relations between us. How often have we purchased goods from the North when such goods are available in the South at probably more reasonable prices? Indeed it is most probable that we can find markets in the South in addition to the markets in the North, thus increasing our trade volume.

We live in the information age. If time means money, so does information. Yet we have no information about each other. Our huge markets and our resources in material and goods are denied us because we are simply not aware of the potentials and the opportunities.

For many of the distinguished delegates, coming to Malaysia have meant going to the North first — a roundabout, lengthy and costly journey. We have hardly any direct air links between us. This has naturally hampered travel between us. The same applies for all the communication systems. Everything goes North before going South, resulting in increased costs, inefficiency and inconvenience. This prevents economic, trade and cultural exchanges from developing.

Of course, if there is no traffic it will not be economical to have direct connections. But is it true that it is totally uneconomic? When the first commercial flight was inaugurated between Malaysia and Europe one could count on one's fingers the number of travellers flying between these two places. Today, every single day huge Boeing 747s fly thousands of passengers between Kuala Lumpur and Europe. Would this route be lucrative if no start was made? Is it not true that because there are flights there are passengers? In fact in the world of the hard sell, nothing that we market would remain unsold for long.

The Southern Routes between the countries of the South must be studied and initiated. It is important for trade and commerce. It is important and will be profitable in itself. Let us look at all our communication potentials and let us take the risk. Let us spread the risk between those who can afford. Let us begin.

In August 1986 a group of people from the countries of the South met in Kuala Lumpur and decided to set up a South Commission. The setting up of this Commission under the Chairmanship of Mwalimu Julius Nyerere was hailed by the NAM meeting in Harare in September of the same year. The Commission has now finished its work and we must congratulate the members of the Commission for the report they have submitted. It has not been easy considering the financial and other constraints under which they worked.

I do not wish to discuss the recommendations of the Commission here. But what is important is that we should not allow it to be yet another academic exercise. We may disagree on the substance or we may agree. What is important is that we must act. We must set in motion the processes which will make this wholly Southern effort worthwhile and productive.

In this connection I would like to mention the setting up of a Secretariat of the South. The North is well-equipped to deal with all eventualities and they are going to be even better organised. We in the South have nothing even remotely equivalent to the OECD countries. With the emphasis now on the North-South divide rather than the East-West divide, the need for a more formal coordination of the South is even greater.

We need not have anything elaborate. We can have minimal staffing with an austere budget. But even this is better than having none. If we are going to act positively as a result of this conference, certainly a Secretariat of some kind is necessary. Malaysia wishes to propose and will support the setting up of such a Secretariat. I hope the other countries of the South will support this proposal.

The NAM started really because of a political need for a third force when the world was divided into two blocs, the East and the West. It has done well, for despite the manipulations and the proxy wars, we have survived; indeed we have grown in number.

But the world has changed. East and West division has almost completely disappeared. Politics and its related military postures are no longer as important. Economic matters now dominate and everyone is concerned with giving their people a better life, materially certainly and in some cases spiritually.

NAM, the Group of 77 and other organisations of the South have therefore to take stock of their role. We too must change. Ideologies should no longer occupy our time. Admittedly there are still many who have to be liberated from the oppression of alien domination. We will continue to support their struggles. But we must now turn our eyes to the well-being of our people.

It is not impossible for the poor to become rich. We have seen how some countries have pulled themselves up literally by their bootstraps. If they can, others can too. Once again I would like to welcome you to Malaysia and I pray and hope that our deliberations will yield positive results. The time span may vary but it would be defeatist to assume that some are just incapable of developing.

We must continue our dialogue with the North. We must solve our debt problems and the deteriorating terms of trade. We must together strive for fair trade. But above all we must create new approaches to enable the South to benefit from the wealth of the South. We must learn from each other. We must help each other. And we must stand together when faced with common problems.

SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER IN HONOUR OF THE HEADS OF DELEGATION
OF THE MEETING OF THE SUMMIT LEVEL GROUP
FOR SOUTH-SOUTH CONSULTATION AND COOPERATION
KUALA LUMPUR, 3RD. JUNE, 1990

We have come to the end of our meeting. It has been a very hectic three days. For me personally and for Malaysia, playing host to such a distinguished gathering of world leaders has been a great honour and privilege. It has also been a great learning experience for us. The cultural and linguistic diversities alone posed a number of challenges for us as organisers. I hope we have met some of these challenges to your satisfaction. The experience we have gained from organising this conference has convinced me more than ever that cultural, linguistic and even political and social differences are not the insurmountable barriers to cooperation that they are made out to be.

More importantly, I hope you will leave Malaysia with a sense of accomplishment. We have gathered together from all over the South, across many thousands of miles, with a resolve to begin a new process of South-South consultation and cooperation. In the intimacy of a somewhat smaller gathering, we have got to know one another better and have come to understand one another's aspirations and concerns. Although the problems we face may differ in both manner and gravity, we have felt the need for united and coordinated responses. This will provide an important basis on which we can carry forward the process of cooperation.

At Carcosa Seri Negara we have also explored the practical measures for cooperation. This was a major objective of our meeting. I believe we have all come away from the meeting with a clearer idea of the way ahead. All that remains is for us to infuse these ideas with the political will to enable them to become a reality. Judging from our discussions these last few days and indeed your very presence here, I would say that the political will is already very much in evidence.

To be sure there were, of course, areas of disagreement. I think such disagreements are natural and to be expected, particularly at any first meeting. We have different domestic needs and demands. We also have varied experiences that propel us to seek solutions in different ways. I have never subscribed to the view that there is only one way and only one solution to any problem. What is important however is that we have begun a process towards harmonizing our search for solutions and of seeking ways to bring to bear the collective weight of the South in support of policies which individually we could not hope to pursue with success.

This meeting which we all hope will become a regular feature, will also oblige us to travel to other parts of the South. For most of us, the cities in the South would not

normally be on our itinerary. The importance of pressing our case and seeking relief from the pressures we face with the North, in the North, leaves little time for visits to the South. It is my hope that these summit level meetings will now set the pattern for greater inter-South exchanges and dialogues. I think we have all sensed how much there is to be gained from expanding such contacts.

As Chairman let me use this occasion to also reaffirm that we had no secret agenda or hidden motives in convening this meeting. Though we are leaders of nations in the South we did not meet as leaders of the South nor as it's appointed spokesmen.

As I said in my opening address, we are simply a group of like-minded countries who came together to see whether we can begin a process towards tangible and mutually beneficial South-South cooperation. It is our hope that this process will be infectious and lead to a revitalization of that much sought after cooperation. Coming from all corners of the South and being individual members of nearly every political and economic grouping in the South from ASEAN to the Carribean Basin, I think we are well placed to encourage this.

Your stay in Malaysia has been all too short. You have probably spent more time inside conference rooms than outside. I wish there was time for me to show you more of Malaysia and introduce you to its people and cultures. I hope you will give me the opportunity of welcoming you back to Malaysia for a longer and more relaxing visit some day soon. Till then, I wish you a safe journey home. It has been a real pleasure having you here. We have benefitted greatly by your wisdom and experience. I hope you have enjoyed your stay here as much as we have enjoyed hosting you.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER HOSTED IN HONOUR
OF THE PRIME MINISTER OF INDIA
MR. V. P. SINGH, AT SRI PERDANA, 4TH. JUNE, 1990**

I am indeed happy to be able to welcome you and Mrs Singh to Kuala Lumpur. We feel particularly privileged because, I am told, this is Your Excellency's first official visit abroad since assuming office as Prime Minister.

Malaysia and India have a long tradition of friendship dating back much before the colonial era. India's struggle for independence was an inspiration to us all. As the beneficiaries of a common colonial heritage we share a number of institutions - such as the civil service and Parliamentary democracy - that provide a strong foundation for an enduring relationship between our two countries. Our peoples have always interacted freely. Many Malaysians attend tertiary institutions in India, and India remains an important and popular destination for Malaysians who aspire to be doctors. Now, as members of the Commonwealth we continue to share many common aspirations.

Over the years our relations have expanded as manifested in the increasing trade and intensifying economic interaction between our two countries. Indian investments have played a significant role in the growth of the manufacturing sector in Malaysia since the 1970s. Indian contractors are also involved in construction in Malaysia. There exists considerable scope to further enhance our bilateral relations by encouraging investments, trade, tourism and cultural exchanges between our two countries. Such exchanges would help promote understanding between our two peoples and further consolidate the existing close relationship between us. We must together explore these opportunities for our mutual benefit.

While our bilateral relations have always been characterised by understanding and warmth, there has also been frequent consultations and close cooperation on a number of issues in the international arena. It is perhaps natural that we have an identity of perceptions on a broad range of subjects of international and economic significance as we share membership in many international bodies. We have always stood up against injustices in South Africa, Palestine and elsewhere. We are both committed towards the objective of constructive South-South cooperation. Indeed, we share the conviction that the world must be made a better place to live in.

We are meeting, Mr. Prime Minister, at a time when events are unfolding in such a dramatic fashion. Who could have foreseen the developments in Eastern Europe. But while we welcome change, it is essential that we have a proper appreciation of where the momentum of events will lead us to. We do not want to be swept willy-nilly by the euphoria over the changes. Our hope is that when the dust finally set-

ties we would see a truly better world where everyone, including us in the South, would benefit as well.

Indeed, if there is to be a better tomorrow, I venture to suggest that there has never been a more urgent moment than the present for us to face-up to the challenges that confront us. While the world may seem a little safer now, we must not be fooled into believing that all is well. Tyranny and injustice still exist in South Africa, Palestine and elsewhere; poverty and disease still remain as endemic as ever for most of the world and, developing countries are still unable to free themselves from the web of indebtedness.

Touching on an issue nearer home, we are encouraged by efforts to end the conflict in Cambodia. Although peace still proves elusive, the prospect for a settlement looks bright. We in ASEAN have always had faith in the value of constructive cooperation in the promotion of regional stability and progress. We are therefore supportive of the efforts of South Asian countries to generate regional cooperation and peace through SAARC. Functional and practical cooperation as well as regular consultations between neighbours, we in ASEAN have learnt, can prove invaluable in creating the right environment conducive to regional peace and stability. Malaysia still has intractable problems with neighbours but we do not allow these to stand in the path of our cooperation in other fields which can bring mutual benefit.

Malaysia stands ready to work in concert with India in the search for solutions for the many problems that continue to plague the world. I note with much satisfaction that India has a tradition of producing great statesmen who have been at the forefront of many initiatives to ease global tensions and to build a more equitable economic order. India has always worked for a stable international environment and India's contributions to the developing world is a matter of record. I feel confident, Mr. Prime Minister, that under your leadership India will continue in these endeavours which have become a hallmark of Indian statesmanship.

May I invite you to join me in a toast to the good health of His Excellency Prime Minister Mr. V. P. Singh and Mrs. Singh, the Government and the people of India, and to Malaysia-India relations.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF THE INTERNATIONAL CONFERENCE
ON BIODIVERSITY
12TH. JUNE, 1990**

I would like to thank the Council Members of the Malayan Nature Society for inviting me to officiate the opening of this International Conference on Biodiversity. The conservation of biodiversity is of global concern and I am glad that the Malayan Nature Society has given emphasis to this topic.

Malaysia is endowed with a great diversity of species in its forests and other natural habitats such as rivers, lakes and surrounding seas. Over 10,000 species of flowering plants, about 2,000 species of vertebrates and about 80,000 invertebrate species have been documented in this country. Only a small proportion of these resources has been utilized for our needs. As a medical man, I am aware of the many plants that are used in traditional medicine. I have no doubt that scientific investigation will reveal that many of these can replace some of the synthetic drugs and can provide new medicinal compounds.

What is of significance is that there is a high degree of endemism of these species in the country. Botanical studies in Peninsular Malaysia have shown that up to 30% of all tree species and 50% of the orchids are not found anywhere else. Biological diversity needs to be conserved to ensure that there remain genetic resources in this world for the further propagation and domestication of potential crops and animals as our forefathers had done with those which we are familiar with today. Many drugs and pharmaceutical products have been obtained from the chemical blueprints provided by plants and animals from the tropical rainforests. Many life-sustaining ecological processes particularly photosynthesis, the water cycle and the nutrient cycle are the result of the fine interaction of plants and animal species particularly in their natural environment. The question of carbon dioxide level and greenhouse effect is of great concern to all nations in the world. Maintenance of a critical level of biodiversity is therefore compulsory for the sustainability of natural ecosystems.

Maintenance of global biodiversity is the common responsibility of everyone, as its benefits are universal and not limited to any one country or region. Developed countries with their advanced technological and scientific capability are in a better position to reap the benefits from the conservation of biodiversity. Thus this effort must be well supported by the wealthy developed countries without imposing restrictive burdens on the developing ones even though the habitat of the diverse species are now usually in the developing countries. It must be remembered that the developed countries were once also the habitat of numerous species until indiscriminate development eliminated them. While we would not wish to destroy biodiversity, it must be remembered that

preserving it imposes a massive cost on the already poor. A way must be found to preserve without bringing development in poor countries to a standstill.

A number of existing international agreements have been formulated for the protection of biological diversity. In the general area of conservation of wild fauna and flora, Malaysia has demonstrated its commitment to conservation by signing such international agreements including the Convention on International Trade in Endangered Species of Wild Flora and Fauna. At this juncture we are also looking at the Ramsar Convention for the protection of Wetlands, the Bonn Convention for the protection of migratory species and the World Heritage sites convention.

I must once again stress that all these conventions are designed to benefit not just Malaysia but also the whole world. The Malaysian Government has also promulgated policies towards this end, including the passing of laws and enactments. A primary law is the Forestry Act of 1984 which provides for the establishment of a permanent forest estate comprising productive, protected and amenity forests. The permanent forest estate of Malaysia today total 12.74 million hectares of which about 29% is protected or maintained as amenity forests. 12.74 million hectares make up about 38% of the total land area of Malaysia. If tree plantations are included about 74% of Malaysia is covered by trees.

It may be argued that tree plantations are not forests. But even if they do not have the same range of biodiversity as the natural forests, they do contribute to the photosynthetic process, the water cycle and other natural functions of greenery.

The measures taken to preserve Malaysian forests carry considerable cost not only in terms of maintenance but also in depriving the people and the nation much land for living, working and cultivating. The price of land naturally increases as less land becomes available for agriculture and industry. Since what we are doing contribute to the better environment of the rest of the world, some thought should be given to the sacrifices by Malaysia and other developing countries.

Still we have dedicated ourselves to preserving the forests. To reduce forest exploitation we have established forest plantations of species that have short harvest periods.

National parks and wildlife are catered for through various Federal Acts and state enactments. A total of 1.485 million hectares have been set aside as parks, wildlife reserves and sanctuaries. The six percent of Peninsular Malaysia so reserved, most of it in pristine condition, represents one of the highest of such percentages in this part of the world. This figure compares well with or even exceeds that of some developed countries of the western world, many which are quite vocal on the subject of conservation.

We in Malaysia have a long and mature history of managing conservation areas. Taman Negara, for example, created in 1939 was the first National Park in South-East

Asia to meet today's international criteria for a national park. This park remains essentially the same as when it was first established.

The Environmental Quality Act sets standards for water and air quality and provides for mandatory environmental impact statements. We have not only sought to implement a high standard of environmental quality but are also determined to be a leader in this endeavour in the region.

In October last year at the Commonwealth Heads of Government Meeting or CHOGM, I had the pleasure and privilege of presenting a document on the environment for the consideration of that important body. This document was adopted and came to be known as the Langkawi Declaration on the Environment.

This declaration marked a new level of understanding and awareness of the importance of the environment in today's world. It also was the fruit of our own environmental awareness which had been nurtured and developed over the years by many different organisations and institutions in this country. Today we are celebrating the 50th anniversary of one of the organisations in Malaysia that has helped nurture this consideration of nature, its conservation and of the environment.

The Langkawi Declaration recognises that environmental problems transcend national boundaries. Therefore there is a need for all nations to cooperate if these environmental problems are to be solved. The declaration promotes afforestation in developing countries to arrest the deterioration of land and water resources. It also calls on countries to upgrade efforts in sustainable forestry. It calls for the support of activities related to the conservation of biological diversity and genetic resources including the conservation of significant areas of virgin forests and other habitats. The unanimity with which this document was supported demonstrates the oneness and the will of the Commonwealth nations to carry out and implement the terms of the Declaration.

It is to the Malayan Nature Society and other responsible conservation bodies that we in the Government look to for feedback on how these national and international policies are actually working out in practice.

There must be a sharing of efforts and responsibility for maintaining biodiversity. The numerous species that are being preserved are not all harmless. Some are dangerous to health. To ask only the developing countries to preserve them is to expose the peoples of these countries to unacceptable threats to their well-being. It is difficult to convince a man who is about to be eaten by a tiger or trampled by an elephant or dying of typhus or malaria that he is helping to preserve biodiversity. It is imperative that the developed countries do their bit for biodiversity.

The developed countries are not only rich and advanced in technology but they have vast unpopulated and unused land. The deserts of the Western United States can in part at least be grown with trees using the vast resources of underground water. Some of the flora and fauna can be transferred to these new forests.

Last there be protest over this idea, let me remind you that quite a substantial area of these deserts together with their abundant acquifers have been developed as resort cities complete with vast golf courses and artificial lakes on which stand luxury hotels. Additionally it must be remembered that tropical plants and flowers have been and are being cultivated in the developed countries under artificial climatic conditions because they have commercial value. In suggesting that some of the deserts be converted to forests, I am not being facetious. Indeed if developed countries want to they can easily reafforest vast areas of the Sahel, the sub-Saharan areas where the poorest people in the world are dying by the thousands every day from lack of food. Let us not trot out the spurious argument that deserts are essential for biodiversity and must remain untouched by the hands of man. They have been touched. If they can be forested, then a part of them should be forested. Reclaiming some of the deserts will not change the environment. Indeed a large part of these deserts are of recent origin, having been created by misuse by man and animals like the elephants.

We have today a gathering of eminent scientist, experts in different specialised fields related to conservation of nature and natural resources as well as the environment. It is your duty to assess the situation in this country accurately and fairly and to make constructive suggestions for the improvement of our present policies and efforts to conserve our rich resources, maintain our biodiversity while at the same time keeping a reasonable momentum of economic development. I assure you that the Government of Malaysia will examine all your suggestions for possible incorporation into our future plans.

I wish you all a most successful Conference and pleasant stay in Malaysia. It is now my privilege and pleasure to declare open this International Conference on Biodiversity.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER HOSTED BY HIS EXCELLENCY
THE PRESIDENT OF THE REPUBLIC OF VENEZUELA
CARACAS, VENEZUELA
1ST. AUGUST, 1990**

First of all, please allow me to express my sincere appreciation to you Mr. President for your very warm words of welcome to my wife and I and to members of my delegation. We are deeply touched by the warmth of your hospitality and the friendship and kind sentiments that greet us. It is truly a pleasure to be here in this beautiful city of Caracas.

Formal diplomatic ties between Venezuela and Malaysia are still very much in its infancy, having been established only in 1986. As you know, our two countries have very different cultural backgrounds, history and language. In addition, we are separated by vast geographical distance. In conventional terms there would perhaps be little reason for our two countries to have much of a relationship at all. And yet, you Mr. President have visited Malaysia twice, while this, my first visit to the continent of South America, is to Venezuela.

Those who would seek a rationale or perhaps an explanation for the growth of our relations need look no further than our mutual commitment to South-South cooperation and to the belief that neither distance nor cultural or linguistic differences are impediments to mutually beneficial cooperation. This mutual commitment was so aptly demonstrated in Kuala Lumpur recently when both our countries joined with other like-minded countries to chart a new course for South-South cooperation. We also proposed to go beyond eloquent statements and get on with the task of implementing practical programmes that would contribute to our respective development efforts.

In this spirit, our two countries have already begun negotiations on a range of agreements and issues that would give substance to the ideals that we in the South have always cherished.

The Economic and Technical Cooperation Agreement that we are discussing, together with new methods of promoting trade and investments will, I am confident, result in tangible benefits to both our countries. It is my hope that a new framework for cooperation will emerge that will serve as a model for South-South relations.

My Government's commitment to South-South cooperation and to developing comprehensive and mutually beneficial relations with Venezuela is fully shared by the Malaysian private sector, some of whose members have joined me on this visit.

For countries such as ours which believe in the primacy of free-enterprise as the main vehicle for growth and development, the role of the private sector is vital. In this sense, our visit is at a particularly appropriate time as I understand that Your Excellency's Government is also pushing ahead with free market programmes and privatisation. In the short-term there may well be difficulties but from our own experience I know that the results, in terms of rapid socio-economic development, more than outweigh the problems that crop up from time to time. It is my sincere hope that the private sectors of our two countries, long separated by lack of information and by different orientations, will now forge enduring links that would help sustain the momentum of economic cooperation.

Our world has witnessed vast changes in recent months. The virtual elimination of super-power rivalry holds out the promise of a more peaceful era. I am not sure however whether this will translate into a more conducive environment for the South. For one thing, the collapse of Soviet power has now placed the industrialised North in a position to impose its own political and economic agenda on others. Economic assistance and access to markets are increasingly tied to the political objective and frequently the economic needs of the North.

At the same time, we appear to be moving the Cold War to a global economic struggle. The developed countries seemed determined to use every means at their disposal to block meaningful global economic reforms that are necessary if the South is to overcome its economic difficulties. Quotas, non-tariff barriers, democratic practices, human rights records, exchange rates, environment, intellectual property, treatment of illegal immigrants, classification of countries are all being used to stifle economic growth in the South. Yet when the same misdemeanours are perpetrated in the North, they are acceptable.

It is therefore vital for the countries of the South to evolve common strategies in dealing with the North and to collectively seek to negotiate a more favourable global economic environment. We need to coordinate our policies on the full range of issues that confront us. Without this I fear that all our efforts at strengthening bilateral cooperation will not avail much.

Under Your Excellency's distinguished leadership, Venezuela has played an important role in galvanising the South to collective action. Indeed, the launching of the Final Report of the South Commission here in Caracas, bears testimony to Venezuela's role. I think it is indeed fitting that the Report is launched in Caracas some twenty six years after the formation of the G-77 which took place in this beautiful city in 1964. I very much look forward to exchanging views with Your Excellency on these important issues.

Before I conclude, let me say again that we are delighted to be here in Venezuela. We are excited by the opportunities arising from a new framework of sustained economic cooperation between our two countries. My delegation and I look forward to our meetings with Your Excellency and members of Your Excellency's Government.

May I now invite you to join me in a toast to His Excellency, President Perez and Madame Perez and to the friendship and cooperation between Malaysia and Venezuela.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
TO VENEZUELAN BUSINESSMEN IN CARACAS, VENEZUELA
2ND. AUGUST 1990**

It gives me great pleasure to be able to address you today. Your nation, although it is so distant from Malaysia and so very different in terms of cultural and socio-economic profiles, yet it possesses striking similarities with my own country, Malaysia.

Venezuela, with a history of Spanish colonial rule, achieved independence in the last century. Malaysia has, similarly a colonial past, being a part of the British Empire, but our independence has been achieved relatively recently, in 1957. In terms of land mass, Venezuela's 916,000 square km. is almost three times Malaysia's total area of 330,000 square km. Both Venezuela and Malaysia have very young populations with between 60% to 70% below the age of 40. Both our countries have our own national languages. In our case, Bahasa Malaysia. But, just as English is your language of commerce and industry, English is also widely used in Malaysia as the language of business.

The diversities and similarities in the socio-economic profile of our countries are equally reflected in the economic sector. Malaysia commenced its economic history based upon two commodities, natural rubber and tin. Now we are very big in palm oil and also cocoa and we export oil and gas. To reduce our dependence on the uncertainties of the commodity market, and at the same time to cater to a rapidly growing population we have turned to the manufacturing industry. We now export microchips, home appliances and motor cars.

I understand that Venezuela has also a similar history of resource-based growth with products such as iron, coffee, cocoa and livestock, and, of course, oil, which has become a strong pillar of your economy. It has been stated that Venezuela possesses the world's largest oil reserves outside of the Middle East and the Soviet Union.

I would now like to touch on Malaysia's manufacturing sector, which has now displaced commodities in contributing towards Malaysia's economic growth. This thrust into manufacturing and the export of manufactured products is a relatively recent phenomenon in Malaysia. In 1967, ten years after Malaysia's independence, the manufacturing sector contributed less than 12% to the Gross Domestic Product of our nation and very little towards export. The major contributing sectors at that time were agriculture, mainly natural rubber, and mining. However, by 1989 the manufacturing sector's contribution had risen to more than 25% of the GDP compared with a 20.6% contribution by the agricultural sector. The manufacturing sector's contribution is

expected to expand even further. Whereas our agricultural sector too will grow in size, its relative contribution to the GDP is expected to decline slightly.

In respect of growth rates, the manufacturing sector generated 12% growth in 1989 as compared to the whole economy which registered a growth rate of 8.5%. It is conservatively expected that in 1990 the manufacturing sector will register an 11% growth rate compared to 8.3% for the whole economy.

Whereas in the past, and in fact even towards the middle of the 1970s, the manufacturing sector's contribution to export earnings was nominal. Today, Malaysia's manufacturing sector has become the top export earner. Last year, the sector contributed export earnings in excess of RM36 billion (US\$13.6 billion) or 54% of total exports including exports of petroleum. Manufactured exports have thus overtaken even the combined exports of a bigger range of commodities and petroleum.

Today, Malaysia is the world's largest exporter of electronic semiconductors and also of latex-dipped goods such as gloves and catheters. We are also the second largest exporter of room air-conditioners in the world. Within the next two or three years Malaysia may well become one of the world leaders in the export of TV sets and video cassette recorders.

Malaysia thus sees itself poised to face the challenges of the 1990s with an increasingly important role assigned to the export-oriented manufacturing sector. Malaysia is moving into an era of high-technology industry not only in the electrical and electronics fields but also in products based upon our natural resources. Malaysia's engineering sector will also experience high technology growth, both in precision engineering industries and in heavy industries as exemplified by the success of the Malaysian car – the Proton Saga. The Proton Saga has been well received in the markets of Europe and is targeted to achieve 80% local content by 1992.

Economist and business leaders have often stated that the centre of gravity of economic growth during the next decade will revolve around the Pacific Basin. Within the Pacific Basin itself the countries of the Association of South East Asian Nations or ASEAN, namely, Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand are already demonstrating growth performances far exceeding those of other areas in the world. Within this ASEAN region, Malaysia stands as a growth centre offering an investment environment of stability, confidence and dynamic. Many companies from leading industrialised nations have identified Malaysia as a springboard to meet the challenges of the expanding markets in the Asia-Pacific region and also as a centre for exports to the developed nations of Europe and America.

For long, developing countries have looked towards developed nations as the only source and salvation for our economic development. However, today, while we continue to look towards developed nations, there is great potential for economic cooperation between the countries of the South. Both our countries, I am confident, have something to offer to each other. We can make a modest beginning and build on this new relationship.

To those of you who wish to expand your business interests into the Asia-Pacific region you may wish to examine the potential that Malaysia offers. Malaysia is an attractive base for any businessman seeking to expand into and to take advantage of the potential that the Asia-Pacific region offers. The factors that contribute to Malaysia's environment include political stability, economic strength, a sound administration, a trainable and responsive work force, high productivity, well-developed infrastructures and a highly efficient banking and financing system. Malaysia has always welcomed foreign investment ever since it achieved independence in 1957. Malaysia offers a package of tax holidays and a series of export and other incentives. Malaysia also offers a quality of life as attractive to foreigners as they are to the locals.

I am confident that this new relationship that has been established as a result of my visit to your country will increase links and generate a greater flow of trade and investments between our two countries. Even if you do not come to invest in Malaysia, we most certainly welcome you as tourists. 1990 has been declared by Malaysia as the "Visit Malaysia Year". However, if you can't make it this year, let me assure you that whatever year you may choose to visit Malaysia, you will be welcomed.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE FORMAL ISSUE OF THE FINAL REPORT
OF THE SOUTH COMMISSION IN CARACAS, VENEZUELA
3RD. AUGUST, 1990**

I am indeed honoured to be given this opportunity to say a few words on this auspicious occasion. It is also an occasion that we of the South can be proud of for after much painstaking efforts we have been able to produce a report which will set the tone for enhancing greater South-South cooperation.

In a sense, we are here today at the end of a long journey. All journeys begin with first steps. The first step began in Kuala Lumpur in May 1986 when leaders, academics and scholars of the South met at a conference organised by the Third World Foundation and the Malaysian Institute of Strategic and International Studies. The Kuala Lumpur Statement that it adopted declared that it was "both necessary and urgent for the South to reappraise its position and chart out a path for the future. To this end, we propose the establishment of an Independent Commission of the South on Development Issues".

Propelled by this statement, I went to the September 1986 Harare Summit of the Non-Aligned. Immediately after the official opening, I flew to Dar-es-Salam to invite President Julius Nyerere to be the Commission's Chairman. The Commission and its Chairman were announced on the fourth day of the eighth Meeting of the Heads of State and Government of the Non-Aligned. On a day when the applause was thin, I remember most vividly the enthusiastic response that arose spontaneously from the floor.

Between that day and today, there has obviously been much quiet effort and great intellectual diligence; and dare I say, ferment. It most certainly is appropriate that the journey that began in Kuala Lumpur four years ago should end today in Caracas. For in May 1986 when the scholars of the South debated the idea of a South Commission, they were inspired by many proposals of a similar nature, aimed at achieving the same end.

The completion of the Report of the South Commission is of course a major milestone in the endeavours of the South. But milestones merely mark the major points in a journey and do not signify its end. This milestone is certainly no exception.

There have been many such reports and commissions in the past. We should take a measure of pride in the fact that for the first time this Report of the South is a genuine effort of the South, by the South, for the South. It is also written by the South,

and funded by the South. I would like to congratulate its Chairman. I would like to congratulate its Commissioners. I would like to congratulate its Secretariat.

To be sure, it will be subjected to critical scrutiny. Indeed, it must be subjected to critical scrutiny. There will be cynics, who will say that what we have will be another academic document. Neither the extreme right nor the extreme left will be satisfied.

But its very nature, a consensual report – which is what the South Commission Report has to be – cannot satisfy any extremist position or comfortably fit the needs of the entire range of countries of the South. Few recommendations can be equally relevant to all countries of the South.

Speaking for myself, let me say that I fully endorse the central message of the Report that the South must move itself, and must find its own way in the world. There is no denying the moral case for assistance. But we in the South cannot afford to forget that the most important helping hand that we all need is at the end of our own right arm. It is an iron law of history that no-one can do anything to us worse than what we can do to ourselves. No one can do anything for us that is as valuable as what we can do for ourselves. This must be the central message of self-reliance at the national level and at the international level.

I also fully endorse the central philosophy expounded in the context of South-North relations. We must start from the secure foundations of realism. There is very little to be gained in 'taking on the North'. Those of us who believe in South-South cooperation are not conspirators against the North. We are believers in concerting our strength, in taking advantage of the potentials for cooperation between us, in seeking dialogue with the North and a say in the affairs of a world that is ours as much as anyone else's.

The time for rhetoric is long gone. It would be the most severe indictment if the Report of the South Commission does become an academic treatise, one that will merely gather dust on the bookshelf.

I have every confidence that this Report of the South Commission will not be shelved and forgotten. For unlike its admirable predecessors, steps have been taken to guard against this eventuality. At the very least, the Report of the South Commission will move from here to the active agenda of the G-15, made up of not only Malaysia and Venezuela but of 13 other states committed to advancing South-South cooperation. Already, some of the recommendations of the Commission have been turned to reality, even before they were put into print.

The Commission recommends 'the participation of heads of state or Government in regular institutionalised consultations'. Already the Summit Level Group for South-South Consultations and Cooperation – the G-15 – has met in Kuala Lumpur. It will be holding its second formal meeting in Caracas next year.

The Commission argues that 'the proposal to establish the South Secretariat requires immediate action'. Already a Steering Group of three foreign ministers (from Senegal, Venezuela and Malaysia) has been established and a 'group of professionals' will become a reality.

The Commission proposes that 'in the area of financial co-operation, priority attention should be given to the strengthening of regional and sub-regional clearing and payment arrangements as well as export credit facilities'. I am glad to report that Malaysia together with other countries have agreed to set up financial mechanisms to enhance trade among the countries of the South. Today, I am pleased to inform you that Venezuela and Malaysia have agreed to enter into a bilateral payments arrangement. Plans are afoot to expeditiously do the same with Argentina, Brazil, Chile, Mexico and Peru in South America. With regard to the African continent, steps have already been taken to enter into bilateral payments arrangements with Algeria, Botswana, Egypt, Morocco, Mozambique, Nigeria, Zambia and Zimbabwe. In Asia, we have already acted to quickly extend the concept - already in place with Iran - to Iraq, Myanmar and Pakistan.

In the Association of South East Asia or ASEAN, forms of payment arrangements already exist. The South Commission recommends that they also be brought into being across continents. I am happy to inform that Malaysia will be convening a meeting of central bankers in November to try to operationalise this concept.

Also very much in line with the thinking of the South Commission, Malaysia has worked out the parameters and the terms of reference for a South Investment, Trade and Technology Data Exchange. And God willing, in November this year we will convene an expert group meeting on this.

The South Commission recommends that 'cooperation among business enterprises of the South should be promoted at the bilateral, sub-regional, regional and inter-regional levels'. I am glad to report that Yugoslavia has agreed to convene the Business and Investment Forum for the South.

The South Commission has strongly argued that in the field of human resources development, 'priority should be given to the identification and development of selected Centres of Educational Excellence' and the establishment of South Fellowships to facilitate the movement of students, teachers and others in the field of education. Malaysia has already entered into concrete negotiations with regard to the former and will extend and expand the fellowships and scholarships that are already being afforded to developing countries.

The South Commission recommends that each country should set up a national committee to advise the government, to mobilise public opinion in support of South-South cooperation, and to promote people-to-people contacts. Malaysia will build on the existing mechanism that already exists and will entrust to this national committee the task of studying and developing the recommendations of

the South Commission and other proposals for South-South cooperation from other quarters.

We may find that in many areas, only parts of the South can participate and act together. It is my view that where this is so, we should proceed, while encouraging others to join in when and where they can.

The South Commission titles its Report 'The Challenge to the South'. 'Challenge' is the appropriate keynote.

The Great East-West conflict is over. It was characterised by the division of much of the world by an iron curtain of animosity, hatred and prejudice. There are those today who fear that in place of the Great East-West Conflict of teutonic proportions will be a Great North-South Conflict of equally heroic character. I do not hold such a view. Conflicts become great and are enduring only where strength meets strength and power confronts power. This is not the South-North reality.

The concern is that, there is a greater danger, the danger of many of the countries of the South simply being forgotten, out of sight, out of mind, standing sullenly by the wayside, in the dark shadow of poverty and backwardness, as the speeding train of history and of progress whizzes by.

There is the danger that in the place of an iron curtain of animosity, hatred and prejudice dividing East and West, there will be an equally opaque mental curtain of ignorance, contempt and complete disinterest in as far as the North is concerned. Now, more than ever, there is the need for the South to be seen, to be heard, to be understood and to be able to move forward.

It is my fervent hope that what we do today and what we will together do in the years to come among ourselves and with the North, will ensure that the impoverished will be heard and that as much of the Third world as possible will be part of the mainstream of development. If this is a cry in the wilderness, a forlorn aspiration, let us remind ourselves that so too was the hope of the scholars of the South who met in Kuala Lumpur four years ago. But that hope has become a reality and we now have the results of their labours.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER HOSTED IN HONOUR
AT THE PRESIDENT OF VENEZUELA
4TH. AUGUST, 1990**

May I first of all extend to you a very warm welcome. It is a great honour for me and my wife to play host to Your Excellency and Madame Perez.

The last few days have been exciting ones for me and my delegation. We have had very fruitful discussions on a whole range of issues affecting our bilateral relations. I am very pleased that there was a unanimity of views on all these issues. Yesterday afternoon we initialled several agreements which will put our relations on a firm footing and pave the way for an expansion in economic cooperation. Venezuela now becomes the first country in South America with which Malaysia has such extensive ties.

It is worth noting that what brought us together is the simple idea that countries of the South have much to offer each other in terms of economic cooperation and that such cooperation can make a meaningful contribution to our respective efforts at economic developments.

Of course we have no illusions that intensified bilateral cooperation between our two countries is going to solve all our economic problems. Our small populations and limited markets mean that we have to also look further afield. However if we can forge such cooperative ties with others in the South, a network of trade and economic ties can be developed which collectively can quicken the pace of our development.

It has been said that a journey of a thousand miles begins with the first step. We have already taken several impressive strides. The establishment of the South Commission was one. The Final Report which was launched here in Caracas, is the first independent assessment of the problems of the South by the South. It provides a clear perspective of how the South can promote its own economic growth while integrating with the global economy. We all owe a debt of gratitude to Mwalimu Julius Nyerere and the other commissioners for their dedication and outstanding contribution to the cause of South-South cooperation.

The Kuala Lumpur Summit of the Group of 15 Countries of the South was yet another landmark event. For the first time we went beyond declarations and adopted specific projects for implementation.

My visit to Venezuela, at the kind invitation of His Excellency President Perez, gave us the opportunity to make further advance by implementing, at the bilateral level, some of the projects adopted in Kuala Lumpur. In this sense the new framework for bilateral cooperation that has been established between Malaysia and Venezuela is important not just for Malaysia-Venezuela relations but also for the South as a whole.

I am aware of course that some countries in the South doubt the efficacy of South-South cooperation. They see it as little more than the usual rhetoric of the South. I am convinced however that when they begin to see that South-South cooperation can really bring tangible benefits in terms of increased trade, investment and technical cooperation, the momentum for South-South will increase. With non-tariff barriers going up in the North and economic assistance increasingly tied to political conditions, a greater reliance on the South will prove necessary. In the meantime, those of us who can agree on specific projects and programmes will push ahead. South-South cooperation must be built on individual cooperative endeavours between states and I think we have been able to accomplish that over these last few days.

Before I conclude, I want to thank His Excellency President Perez and Madame Perez for receiving us with such graciousness and warmth. I very much enjoyed our discussions and your commitment to South-South cooperation has been an encouragement to me. I also want to thank all the officials who have worked so hard to ensure that every detail of the visit was attended to. I know I speak for all members of my delegation when I say that this has truly been a memorable and fruitful visit for us.

May I now propose a toast to His Excellency the President of Venezuela and Madame Perez, to friendship and cooperation between Malaysia and Venezuela and to the future of the South.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE FIRST ASIAN CONFERENCE ON FOOD SAFETY
KUALA LUMPUR
3RD. SEPTEMBER, 1990**

Iwould like to thank the organisers for inviting me to address this First Asian Conference on Food Safety. Food safety is an increasingly important issue that is of personal interest to all of us, to our families and to our nations.

This Conference provides an opportunity for developing countries in the region to discuss matters relating to food safety as well as trade and economic goals in a concerted and positive manner. This Conference also presents a timely opportunity for those of you in government as well as industry to consider the various approaches towards improving food safety in all the countries of Asia where more than half the world's population live. To ensure some measure of success, political commitment at the highest levels will be needed to give the necessary momentum.

The world food situation is generally more positive now than it was a decade ago. In some parts of the world, food surpluses rather than food shortages is seen as the problem. However, food production worldwide is only increasing at about 2.6% per year, slightly faster than the growth of the world's population. The perspective of feeding the world has also changed considerably. There is still hunger in the world, but this is mostly caused by war and civil strife, disorganization in transportation and distribution, and poor purchasing power.

Although the subject of this Conference is scientific in nature, we cannot totally ignore the social and economic factors, which, if not addressed, will impede the implementation of food safety programmes worldwide. Today there is a vast and growing difference in income and wealth between rich and poor nations, and in many instances between the rich and the poor within each nation. And, we have seen, in many developing countries there are people eking out a meagre hand-to-mouth existence, who in times of economic recession may be forced to face food shortages, which could be further aggravated by the problems of food safety.

Food safety currently appears to be one of the most widespread health problems in the world. Some of the underlying causes of this problem are as old as the human race, while others are the results of more recent developments of modern society. The widespread use of agrochemicals is an example of the double edged sword of modern technology – without them our food production would be severely limited, but their use also poses risks to our environment and health and in some instances to food sources themselves. While scientific progress has offered the advantages of a more abundant, diverse and safer food supply, assuring the safety of food requires constant vigilance based on the most modern and up-to-date methods and knowledge.

In the past few years, a number of food trade issues have clouded relations between producing developing countries and the developed consumer and producer countries. Unjustified claims as a basis of health and safety by those able to mount massive propaganda campaigns have actually deprived consumers of cheap sources of food generally coming from developing countries. In the process the producer countries in the developing south have suffered. The reason for the campaign is not the concern with health and safety but is due to purely economic considerations of the parties concerned. Such irresponsible behaviour is not contributing to food safety or to overcoming poverty or food shortages. Another trade barrier is the over-zealous implementation of quarantine measures which prevent direct exports of fresh produce and animal products from developing countries. Specifications and standards demanded by importers have to be realistic. Advancements in analytical techniques have made possible the detection of contaminants, at first in parts per million, then, parts per billion and now parts per trillion. Scientists will continue to chase the elusive zero, but is this realistic for implementation?

Efforts are being made, at the current round of negotiations under the General Agreement on Trade and Tariffs to use available international standards in adjudicating disputes involving issues of safety and health. The world is moving towards a common set of criteria for assessing food safety, and it is these global criteria which will have to be accepted at the national level. This Conference, therefore, comes at a critical time when we all must rationalize our food safety decisions and improve our understanding of the wider areas of food safety. In this context, it is imperative that we think globally, yet act locally to assure our consistency with international food safety standards. While those in the region must help themselves and each other in achieving the international standard, international cooperation is also required since the world food trade is now truly global. And, through experience, to be more effective these international activities should be undertaken at the regional level.

In addition to the global trade aspects of food safety, developing countries of Asia further face prevalent problems of foodborne diseases, largely caused by poor food handling practices. According to reports of the World Health Organization, gastrointestinal infections are among the main causes of morbidity among infants and young children in deprived societies. Although the problem of foodborne diarrhoea is worldwide, it is particularly acute in developing countries, where nutritionally inadequate diets render the problem even more severe. Foodborne diarrhoea is a major contributor to malnutrition and may trigger very serious chronic diseases.

Reports from developed countries indicate that most foodborne diseases are caused by microbiologically contaminated food, and the source of the contamination has, rightly or wrongly, been attributed to products or tourists coming from the developing countries, or the ethnic food handlers working in the countries concerned. Statistical data also show that in many countries, including developed countries, the incidence of these diseases has dramatically increased over the past several years.

Microbial foodborne diseases are not the only food safety problem that is of concern to developing countries of Asia. Currently, the use of pesticides, growth hormones, antibiotics, illegal additives, as well as environmental and industrial pollution, have increased the multitude of food safety problems. On the other hand, affluent societies suffer from improper diets which lead to obesity, hypertension and cardiac arrest.

The safety of food is a complex issue. It is an issue to health authorities, it is an issue to producers, and it is an issue to consumers. Around the world, it has resulted in deaths of many innocent victims, losses to food companies in terms of closures, loss of consumer confidence, lost working hours, hospitalizations and compensations, not to mention the cost of lengthy legal proceedings. It has affected the image of many countries. Food safety programmes vary tremendously from country to country.

Developing countries have to collectively overcome the many constraints facing them. We need to have adequate and effective laws and regulations which are constantly updated to keep pace with changes in social structures, food habits, modern agriculture and food technology. Given the multi-disciplinary nature of food safety, there must be coordinated inter-ministerial approach among the different implementing agencies in each country. Proper infrastructure and basic laboratory facilities have to be provided and inspection services upgraded. These physical provisions will not be of much use if trained human resources are neglected. This is where international cooperation will be most appreciated.

There must also be community awareness of issues involved in food safety and these programmes should be integrated into primary health care systems. Consumers also have a key role to play in assuring food safety. By increasing their awareness and knowledge of food safety, consumers can learn to protect themselves and their families from foodborne hazards both in the market place and their own homes.

Talking about consumers, I sometimes wonder how knowledgeable consumers in developed countries really are. Lately there is an attempt to mislead consumers in the developed countries with such labelling as "no tropical oil". All these labellings put doubts in the consumer's mind, and question the role of food control authorities. Ingredient labelling, required by law, is meant to inform consumers, but not to deceive them. If it is wrong to deceive consumers regarding the "goodness" of certain food when such is not proven, surely it must be equally wrong to deceive consumers on the "badness" of the food concerned when such is not proven. It is even more wrong when the intention is to get a competitive edge for another product.

Food scientists, like all scientists, have been reluctant to voice their opinions for fear of being quoted inaccurately. It should be a scientist's responsibility and the journalist's desire to be clear to the public. This sometimes means using non-scientific language but it should not mean sacrificing accuracy. Too often the expert explains scientific consensus, and may feel the job is completed by mere accurate transmission of facts. But telling a mother the residue she just fed her baby has less than a one in a

million cancer risk does not reduce her fear, but alienates her further. On the other hand, the mass media should be more responsible in their reporting, and not cause consumer alarm with their "media outbreak".

Malaysia has recognized the importance of a safe food supply and has given it top priority. This recognition does not mean that Malaysia has overcome the problems associated with unsafe food. We have experienced many cases of foodborne outbreaks, the most serious one being in 1988 which cost the lives of 13 innocent children. We are committed to doing everything possible to ensure that conditions associated with this tragic incident would not recur.

The changing nature of the food business will bring about new problems, still unforeseen. Legislators must take into account food risk-benefit arguments as they set the climate for food regulations. Through meetings like this, the common goal of meeting the target of health through food safety, can be achieved through developing national capabilities and enhancing our economic viability. Given the scarcity of our resources, priorities must be established, and priority must be given to the never ending process of improving the provision of basic human needs and economic infrastructure.

I wish this conference every success in its deliberations. With this remark I now have much pleasure to declare open the First Asian Conference on Food Safety.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE STATE BANQUET HOSTED BY HIS EXCELLENCY
THE PRESIDENT OF THE REPUBLIC OF KOREA IN SEOUL, KOREA
12TH. SEPTEMBER, 1990**

On behalf of my wife and members of my delegation, I would like to first of all thank you, Mr. President, and the Government and people of the Republic of Korea for the very warm welcome and hospitality that has been extended to us since our arrival in Seoul. It is a great pleasure for us to be here in Korea among friends.

Two years ago, I had the pleasure of welcoming Your Excellency in Kuala Lumpur. We had a very useful exchange of views on a number of important issues. Much has happened since then. The world today is a very different one and we need to take stock of the changes that have taken place and develop new strategies for enhancing our relations in the next decade.

In reviewing our bilateral relations over the last few years, I am struck at how much progress we have achieved. In terms of agreements alone we now have in place an extensive network that has proven conducive to the rapid development of relations. We have concluded agreements covering trade, avoidance of double taxation, scientific and technical cooperation, investment guarantees, air services and maritime transport.

Both Korea and Malaysia have made great strides in the area of bilateral trade. The Republic of Korea is today Malaysia's sixth largest Asian trading partner and our fourth largest export market. Total trade last year stood at almost RM5 billion. I am happy to note that Malaysia has emerged as a major supplier of commodities for Korea's industries. Malaysia currently accounts for 74% of Korea's rubber and latex requirements, 95% of Korea's palm oil imports, 42% of Korea's sawn log requirements and nearly 15% of its crude oil needs. Korea can continue to depend on Malaysia as a reliable and competitive source of these important commodities. At the same time, Malaysia's exports of manufactured goods to Korea have also increased and now account for more than 15% of total exports.

In the other direction, the Republic of Korea's exports to Malaysia have also risen significantly, registering a growth of over 27% in the first few months of this year alone. As the pace of Malaysia's industrialisation gathers momentum and with a growth rate of over 10% forecast for this year, I expect Korea's share of the Malaysian market to rise even further.

Apart from trade, Korea is particularly well-known in Malaysia for its expertise in the construction industry. Korean companies have been, and are major participants in

the construction of highways, bridges, industrial plants and office and residential complexes. I want to take this opportunity to reiterate that Korean companies will always be welcomed in Malaysia under our open economic system. Our trade and economic relations are therefore mutually beneficial and we complement each others economies well.

If there is one area where more can be done it is in the field of investments in the manufacturing sector where Korea continues to lag behind Taiwan, Singapore and other Asian economies. Up till the end of 1989, only some 76 projects with total capital investment amounting to RM302 million had been approved. This compares with RM3.3 billion from Taiwan alone. I would therefore like to invite more South Korean investors to Malaysia. They can be assured of a conducive and profitable business environment.

A very important aspect of our relations is the "Look East Policy" that was initiated by my Government in early 1982. From our perspective, the results of the programmes thus far have been impressive. Where once there was none at all, now nearly 600 Malaysians have been trained in Korea in engineering, management and other disciplines at Korean universities, private corporations and Government institutions. These Malaysians are now contributing effectively to our development effort as well as carrying forward the relationship between the private sectors of our two countries. I wish to record here my deep appreciation to you, Mr. President, to your Government and to the many Korean corporations that have made this program and its success possible. I believe that the Look East Policy has become an important bond in the overall relationship between our two countries and we hope it will be maintained.

These are, by any measure, substantial achievements which we can all be proud of. The challenge ahead is how to maintain these mutually beneficial ties in the light of the changes that are taking place both regionally and internationally. Europe, for example, is awash in change and new opportunities seemingly abound. Trade orientated countries like ours must of course always be alert to possible new obstacles and opportunities wherever they may occur. There are also political imperatives that we all must consider. Korea has undertaken several new initiatives relating to Europe culminating in Your Excellency's historic meeting with President Gorbachev only a few months ago. Malaysia views these as positive developments and we wish you every success in these endeavours. On our part, we too are reviewing our relations with Europe and we believe that there is much to be gained by closer ties. Our private sectors might even want to consider linking up and jointly exploiting business opportunities in Europe. Perhaps a three-way partnership between Korean capital and technology, Malaysian capital and raw materials and local interests might come in useful and profitable.

We hope however that Korea-Malaysia relations will continue to enjoy an important place in your strategies as it is in ours. Ours has been a long and mutually beneficial relationship and it must not be neglected.

An area that is very close to our heart is South-South cooperation. Malaysia together with other like-minded countries have taken the initiative to expand and

deepen the scope of South-South cooperation. In June this year the leaders of 15 South countries met in Kuala Lumpur to discuss practical ways to expand South-South cooperation. The Summit was in many ways a landmark event in the history of the South. Several new initiatives were launched which I believe will quicken the pace of South-South cooperation. We are convinced that South-South cooperation is not simply an ideal but a very viable and mutually beneficial economic proposition.

I am happy to note that Korea shares Malaysia's commitment to South-South cooperation. The financial support extended by Korea to the work of the South Commission testifies to this. The developing countries of the South can learn much from Korea. As I mentioned earlier it was this realization that led to Malaysia's own Look East Policy. Indeed your economic success is an inspiration to all of us in the South.

On the political level, we have to be constantly alert to the challenges as well as to the opportunities which have emerged in the light of recent events. While the direction of detente has been fairly set in the West, the impact of these changes in the Asia-Pacific is less clear. It is our hope these changes will result in a general lessening of tension that could make for a more stable situation particularly in Northeast Asia. We support the peaceful reunification of the Korean Peninsula, an objective that is greatly cherished by the Korean people and shared by the Malaysian people.

Malaysia and its ASEAN partners are committed to regional peace and stability through cooperation and close consultations. We are happy that the Republic of Korea's relationship with ASEAN has now been institutionalised at the sectoral dialogue level. It is our hope that this will now lead to closer economic collaboration between the ASEAN countries and Korea and that it will also contribute to the process of consultation and cooperation in the wider Asia-Pacific region.

While we continue to search for ways to enhance the security of the Asia-Pacific region, it must not be forgotten that protectionism and economic and trade frictions pose an even greater danger to our region. If no agreement is reached on causes and solutions, the free trade system upon which the region's prosperity has been premised will suffer. Managed trade or purely-bilateral approaches are not viable solutions. It is therefore necessary for us to help sustain a free and open trading system both at the bilateral and regional levels.

Before I conclude, may I once again thank you Mr. President and Madam Kim Ok-sook for the warm welcome you have extended to us and for the exquisite dinner in our honour this evening.

May I now invite you to join me in a toast to the continued good health of the President of the Republic of Korea and Madam Kim Ok-sook, to the continued prosperity and well-being of the Government and people of the Republic of Korea and to the friendship and cooperation between the Republic of Korea and Malaysia.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER HOSTED BY
THE KOREAN FEDERATION OF SMALL BUSINESS (KFSB), THE KOREAN
CHAMBER OF COMMERCE AND INDUSTRY (KCCI), THE FEDERATION OF
KOREAN INDUSTRIES (FKI) AND THE KOREAN FOREIGN TRADE
ASSOCIATION (KFTA) IN SEOUL, REPUBLIC OF KOREA
13TH. SEPTEMBER, 1990**

I would like to express my appreciation to the four major economic organisations in Korea, namely, the Korean Chamber of Commerce and Industry, the Federation of Korean Industries, the Korean Trade Association and the Korean Trade Promotion Corporation for their joint effort in hosting this dinner. Indeed, it provides an opportunity for me to meet so many Korean friends on one occasion.

This is my second visit to your beautiful country in my capacity as Prime Minister of Malaysia, the first being seven years ago in 1983. In between my last visit and today, the world has seen the Republic of Korea's rapid progress from deficits in balance of payments to massive surpluses from 1986 onwards. The world has also seen the resounding success of the 1988 Olympic Games in Seoul, an event so superbly organised and orchestrated that it will be well-remembered for many years to come.

Korea's real GNP is expected to grow at an annual average of about 7% over the next decade, thereby boosting your nation's per capita income from about US \$5,000 currently to US \$10,000 by the end of the century. This will put you in the ranks of the world's developed nations.

We are not new to each other. Bilateral trade between our two countries have been expanding rapidly over the last decade, increasing by almost five times over the 1980 to 1989 period. Last year, with total trade reaching about US\$1.9 billion Malaysia was South Korea's largest trading partner among the ASEAN countries and the second largest in Asia after Japan. We have established a mutually beneficial relationship: Malaysia meets the demand of Korean industries with raw material inputs such as natural rubber, timber and crude petroleum which amounted to nearly 60% of Malaysia's total exports to Korea; while nearly half of Korea's exports to Malaysia is made up of machinery and transport equipment, with another 40% composed of manufactured goods.

What Malaysia is offering you this evening is the opportunity to further develop this established business relationship. Malaysia offers Korean entrepreneurs the necessary ingredients and incentives that will ensure the success of your investments in Malaysia. In this regard the manufacturing sector in Malaysia is expanding rapidly and offers many opportunities.

The next decade will see a further globalization of the manufacturing business based on cost advantages. This has been made possible with current improvements in communication and transport, which should see even further progress in the years to come. Japan has taken advantage of this globalization to become the economic power it is today. Korea is obviously next on the line.

Indeed, last year, Korean manufacturers responded quite well to the invitation to invest in Malaysia. Manufacturing projects approved last year with South Korean participation totalled 29, with proposed South Korean investments recording a high US\$70 million. These figures were the most encouraging so far for Korean investments in Malaysia. For the first seven months of this year, 12 Korean investment projects have been approved totaling US\$32 million.

The past one year saw a major step forward for Korean-Malaysian business co-operation with the move by two of Korea's most conservatively-managed companies into Malaysia's manufacturing sector — Samsung and Lucky Ltd. This year also saw the start-up of one of the largest Korean projects in Malaysia - Korea Iron and Steel Wire's US\$34 million project in the state of Johore. Another big name in Malaysia is Hyundai which is involved in two major wood-based joint-ventures.

We are very encouraged indeed by this obvious show of confidence by Korean companies in Malaysia's industrial capabilities, and we hope to see more such ventures in Malaysia in the near future.

Since 1987, the manufacturing sector has taken over from the agricultural sector as the largest contributor to GDP in Malaysia. Another noteworthy development is that the manufacturing sector has also emerged as the top performer in the country's export sector. With export earnings totalling US\$13.6 billion last year or 54% of total exports, manufactured exports have overtaken even the combined exports of commodities and petroleum.

In recognition of the role of foreign investments in the development and growth of the manufacturing sector, the Government has given special attention to the formulation of policies that, we hope, will be well-received by investors, overseas and local alike.

Malaysia's 10-year Industrial Master Plan, 1986 - 1995, has identified the manufacturing sector as the engine for Malaysia to achieve and sustain high economic growth. Korea is, of course, familiar with this strategy and how successful it can be. Just as Korea had a cost advantage when it started to industrialise, so has Malaysia now.

The leading role in the achievement of the nation's development objectives will be allocated to the private sector while the Government will concentrate on providing a conducive environment for business to encourage active participation by both local and overseas investors. Red-tape has been minimised and a department in the Prime Minister's Office has been set up to deal with complaints not resolved at other levels.

This brings me to the next area — the opportunities for investment in Malaysia. Of course, the best people to decide on the profitability of a certain investment would be you yourselves — entrepreneurs who are already in the business. However, the Government would like to encourage investments in certain key areas where the scope exists for further development and where we believe Malaysia has a comparative advantage.

The broadly defined areas in which Malaysia is keen to promote are the resource-based industries, that is, industries utilizing Malaysia's abundant natural resources; the high technology industries, and the supporting industries which includes a whole range of engineering industries.

Besides the industries I have mentioned, recent developments in Malaysia have also opened up new avenues for investors. One major area is the tourism industry. Malaysia's tourism potential is still relatively untapped. With the Visit Malaysia Year promotion achieving a 63 per cent growth in the first 7 months, i.e. over 4 million visitors, investors are beginning to realise this potential and a number of multi-million dollar tourist projects have been launched recently. Foreign ownership of hotels and other properties are permitted under certain conditions and many non-Malaysians have taken advantage of this. Another area which Koreans will find worth investing in is retailing. Well-known Japanese department stores have gone into joint-ventures with locals and have successfully retailed both their goods and local products. Some have gone in sourcing from Malaysia the goods they retail through their chains in Japan and elsewhere.

One of the key factors which has attracted overseas investors to Malaysia is our accessibility to the markets of the world via an efficient network of air and sea ports, sophisticated telecommunication, as well as other infrastructural facilities within the country. Our accessibility to the other parts of the world is due to the fact that Malaysia is no new-comer where international business is concerned. Because of our relatively small population size, Malaysia has to sell to the world. We have always been an export-oriented economy. Only the composition of goods have changed over time, from mainly raw commodities two decades or so ago to one where manufactured exports today make up 54% of total exports.

Besides having a good physical infrastructure, Malaysia also offers investors a responsive workforce. Malaysia has a very young population in which 60% of her 17.4 million population is within the working age group.

Another factor for consideration would be Malaysia's strategic location within the ASEAN region. We are located in a region which is experiencing rapid rates of growth and where the economic potential has yet to be fully tapped. ASEAN has an estimated total population of 310 million with a combined GDP estimated at more than US\$220 billion and a growth rate averaging 5% per annum. Malaysia lies literally in the heart of ASEAN and is well-placed to serve not only the ASEAN but also the Pacific Rim countries.

There are obviously areas for business development by Korean companies in the region. The fact that not all ASEAN countries are equally industrialised will create opportunities for investment, bilateral or regional. Products which are based on the utilization of natural resources, which have value-added and which represent a higher degree of technology input, are areas where ASEAN as a whole is looking. Processing raw material into finished products in ASEAN itself will reduce double-handling and speed up delivery.

I must add that Malaysia can be a gateway for Korean investors, not only to the ASEAN and Pacific Rim countries, but practically, to all parts of the world. We are a member of the Commonwealth, we have very friendly ties with Muslim countries, the Non-Aligned countries and the Group of 77. Malaysia can open up trade opportunities for you by providing the friendly links to these countries.

The manufacturing sector in Malaysia is ready for its take-off in the 1990s. The sector clearly possesses tremendous potential for growth. Over the years, Malaysia has become an attractive investment base for investors; among the factors being her strong economic growth, stability and conducive investment climate, the abundant natural resources, the excellent infrastructure and the ample supply of educated and trainable manpower available in the country. Above all these, the Government is totally committed to fostering an increasingly conducive environment for the growth and development of industries in Malaysia.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE DINNER HOSTED BY BARISAN NASIONAL IN HONOUR
OF DR. NELSON MANDELA, DEPUTY PRESIDENT
OF THE AFRICAN NATIONAL CONGRESS
KUALA LUMPUR
3RD. NOVEMBER, 1990**

We are deeply honoured to welcome in our midst this evening a truly great son of Africa, Dr. Nelson Mandela, the Deputy President of the African National Congress. On behalf of the Government and people of Malaysia, may I extend to you, Dr. Mandela, and members of your delegation, our very warm welcome. You will always find in the people of Malaysia the warmth and spirit of brotherhood and the strong support for your struggle.

This evening is indeed an historic occasion for Malaysia - historic because we are able to meet in person a giant of a man whose very name MANDELA has come to symbolise the struggle by the people of South Africa for freedom, for democracy and for basic human rights. For many of us you have come to epitomise fortitude and perseverance. We can see for ourselves that your long years of imprisonment have only served to strengthen your spirit, your determination and your commitment to the cause of dismantling apartheid and bringing democracy and justice to the peoples of South Africa.

Malaysia has been a staunch supporter of the anti-apartheid cause. We have followed with concern the struggle of the people of South Africa for freedom and for democracy. We have shared in spirit the pain and the sufferings which you and your colleagues have gone through in your years of imprisonment in the bid to pursue your cause. Like you, we have never lost faith that the day will come when democracy will be upheld in South Africa.

We are therefore most encouraged by developments in South Africa over the past year since President De Klerk came into power; events which indicate that things may be moving closer to the dismantling of apartheid in the country. Beginning with President De Klerk's inaugural pledge to achieve a new South Africa free from white domination and oppression, the world has witnessed developments taking place in South Africa which could not have been envisaged two years ago. The world has lauded your release from prison; the release of other political prisoners; the unbanning of the African National Congress and other anti-apartheid groups; the lifting of the state of emergency in the various provinces of South Africa including that of Natal recently; and other pledges by President De Klerk to dismantle the pillars of apartheid. The decision of the African National Congress to suspend armed struggle has also contributed positively to creating a climate conducive for negotiations.

These developments have made it possible for you, Dr. Mandela, to be with us this evening, thousands of miles away from the prison cell which has for more than twenty-seven years kept you captive in person but not in spirit. These developments have been brought about partly by the continuous pressure which the international community has been putting on the Pretoria regime over many decades to dismantle the abominable system of institutionalised discrimination and oppression called apartheid – a system which segregates man from man according to the colour of his skin; a system which is totally unacceptable in this day and age.

Encouraged though we are by the developments in South Africa of late, apartheid is still in place. We share your concern, Dr. Mandela, that the international community cannot at this stage release the pressure on Pretoria. It may take many months yet for the dialogue which Pretoria has initiated with the ANC to show evidence that recent progress towards dismantling apartheid is irreversible and that the system itself will be dismantled. Until then, Malaysia will continue to maintain the pressure on the South African government through economic and other sanctions. We would like to urge other nations to do the same. We do not share the assessment of some Western nations that President De Klerk has to be rewarded at this stage for the reforms he has initiated.

I believe it is important that we maintain the momentum of developments in South Africa. All parties concerned should exert every effort to ensure a successful outcome to the ongoing negotiations between the ANC and the South African Government. As a member of the Commonwealth Committee of Foreign Ministers on Southern Africa (CFMSA), Malaysia has been monitoring closely the developments in South Africa and has participated with other members of the Committee in a continuous review of the situation there and of the international community's response to these developments. The Committee has had the benefit of your presence and your assessment of the situation when the Committee met in Abuja, Nigeria, in mid-May this year. We will continue to be guided by your perception.

Events since then have caused some concern to Malaysia. I refer to the armed clashes between various anti-apartheid groups in South Africa which have resulted in the loss of hundreds of lives over the past few months. I fear that this inter-factional violence, if allowed to continue, can undermine the progress made thus far towards dismantling apartheid. But I am sure that this problem is uppermost in your mind and that you will exert every effort and influence to contain it.

Your personal presence here in Malaysia, Dr. Mandela, brings home the realisation to many of us that democracy is not to be taken for granted by countries which have already obtained independence. It is a precious right which is to be protected and nurtured. It is a precious right which those of us in the Commonwealth are trying to strengthen.

Here in Malaysia, we have just completed our general election, and the results have demonstrated once again a victory for the people and democracy. It has been a

keenly-contested election, but the people have made their choice clearly and unequivocally. The people of Malaysia are grateful that inspite of the various racial, ethnic and religious differences which are inherent in the social fabric of the Malaysian society, we have been able to exercise political freedom, unhampered, for the last 33 years. The leaders of Barisan Nasional, the ruling coalition, who are your hosts tonight, offer you our prayers that the people of South Africa will also be able to enjoy this right free from violence in the near future and in the years to come. Malaysians will be among the first to rejoice on the day when you and each and every South African, irrespective of the colour of his skin, are able to determine South Africa's future through the ballot box.

Dr. Mandela, as I have said earlier in my speech, you have come to epitomise for many of us fortitude and perseverance. You have demonstrated strength and patience in your struggle against apartheid. You have sacrificed a lifetime to bring justice and democracy to your people. Your efforts will not be in vain. The international community will ensure that your objectives will be achieved.

I would like to invite distinguished guests present tonight to rise and to drink to the good health of Dr. Nelson Mandela and to the success of his people's struggle against apartheid.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE 17TH. ASIAN ADVERTISING CONGRESS, KUALA LUMPUR
5TH. NOVEMBER, 1990**

It gives me great pleasure to be able to address this Seventeenth Asian Advertising Congress. Malaysia is honoured to be the host of this year's Congress and I wish 'Selamat Datang' to all foreign participants.

The theme of this Congress - Advertising to Power Tomorrow's Powerhouse: Asia — well chosen. It is forward-looking and implies a commitment by the advertising industry not only to share in the economic dynamism of the region, but also to actively contribute towards it. More than anything else, economic growth is an invigorating creative process. Your services will therefore be needed to establish and enlarge profitable markets within our countries and outside of them.

Asia's potential is just being discovered. The fact that it is only now that attention is being given by the world's business community implies a lack of information and often of deliberate misinformation about Asian countries. In this great information age, it is surprising to see how myths about Asia continue to be regurgitated with depressing frequency. To most of the Western world Asian countries are still the typical mismanaged, grossly corrupt and undemocratic nations, quite incapable of making progress. On the other hand if they do make progress they are likely to become economic and military threats to Western domination. In actual fact Asian nations are merely desirous of progress in the Western sense and wish to have their share of prosperity.

Asia has been and will be growing faster than other parts of the world in the near future. This has led many analysis to believe it will match the European Community and North America as a market place in the 1990s. Asia has been shielded from the eyes of Westerners for so long that when statements about Asia becoming the 'Mega-Market of the 1990s' are made, it sounds hardly credible. Yet the vast natural resources and the huge population must mean markets. Although the per capita is small, the size of the population does imply a substantial purchasing power for affordable items. And in many instances Asian nations have achieved a considerable degree of affluence and those who know how, can obviously sell to them even the least essential goods. In other words, Asia as the mega-market of the 1990s is no empty statement.

Asia has notched up a truly impressive growth record. In 1988, it grew by 9.4% at a time when world growth was 4.1%. In 1989, Asian growth slowed to 5.4% but it still

managed to outpace world growth of 3.2%. Despite oil price rises and fears of recession in advanced and developing economies alike, Asia is seen to be firmly in the driver's seat in 1990 and 1991. Given an expected world growth of between 2 to 2.4% in these years, the International Monetary Fund expects Asia to grow by 5%. This is an indication of the tremendous growth forces which will sustain the record of progress shown by most Asian countries.

By the year 2000, it is predicted that Asia's Gross National Product, including that of Japan will exceed that of the United States and of Europe. At first glance, such a comparison may not seem warranted. Asia is, after all, far from a seamless market. The continent has enormous political, social, economic, and ethnic diversity and this will not change no matter how rapidly or successfully its economies manage to transform themselves. Nevertheless Asia has become self-originate from Asian countries. As Asians support each other's growth, they will become their own market as much as they will be the world's market.

Asians have good reason to be proud. Within the space of fifty years, a mere blink in the longer throw of history, Japan has risen from the ashes to become the world's second strongest economy after the United States. Four economies — South Korea, Hong Kong, Singapore and Taiwan — have raised themselves to great heights of economic distinction. While not yet comparable, Malaysia and Thailand are recording some of the fastest growth rates in the world. Indonesia does not lag far behind. These are achievements that were hardly dreamt of as recently as a decade ago.

If the 1980s was the decade of the so-called NICs, the 1990s could well be the decade of Asia. The East and South East perimeters of Asia enjoy growing prosperity and the prospect of the socialist economies to the North and West of Asia joining their ranks in the future is brighter now than ever before. The failure of Soviet-style economic planning is now an admitted fact. With few exceptions, the communists have abandoned their centrally-planned-and-managed system in favour of some form of market economy and business liberalisation. While changes in policies can be made overnight, the lack of experience in managing a free market system will delay real economic progress. But the chances for them to join Asian growing economies are now far better than when they were ideologically hamstrung. Their contribution to Asian growth in the decade of the 90s will therefore be fairly substantial.

There should be no illusions, however. At least some of the talk about Asia's economic successes is motivated by less than good intentions. Some nations, fearing that they will one day have to face Asian countries as competitors, are doing their utmost to keep them at bay. They constantly wag accusing fingers in Asia's direction, saying that its economies have benefitted from less than acceptable practices, for example, denial of human rights and workers rights, undemocratic governments, disregard for the environment, etc.

The truth of the matter is that Asian countries have saved, invested and taken entrepreneurial risks while others have lost much of their will to do so. Countries of

developing Asia are constantly seeking to master the production of goods and services that the world wants and to improve upon the technologies which drive them. This contrasts with the almost insane urge of some developed countries to consume far beyond what they can reasonably afford and to spend enormous sums of money to hone their technologies for war rather than peace. Whereas Asian societies have preserved a solid work ethic, the desire of others to do so have faltered. Whereas the rapidly developing countries pay heed to the imperatives of development, the need for meticulous planning and careful economic policies, others have thrown them to the winds.

Japan and other East Asian economies know well that the economic formulas that worked in the 1980's will not assure them of a place in the 1990's and beyond. So they have raised their technological capabilities and efficiency. Rising labour costs in their countries mean that labour-intensive, low-technology production is no longer compatible with their stage of development. Rather than complain, or seek to protect out-moded production processes, they are instead rapidly moving production off-shore so that they can remain globally competitive.

Asia's manufacturing base has therefore begun to shift to South East Asia where pools of educated and relatively lower cost labour exist. This trend has had a very significant impact on the industrialisation process and economic growth of the rest of Asia and will contribute towards continued rapid development of many Asian nations.

As Asia grows, wealth-creating opportunities are generated. Some countries like Japan have already become the engines of growth for other aspiring Asian economies. Other prospering economies are also contributing tangibly to the region's and the world's prosperity. They, along with ASEAN economies, are not, however, taking their success for granted. They are continuing to think carefully about where to invest scarce resources, seeking out strategic high-growth areas that can propel them into the future.

By most accounts, the growth of the Malaysian economy can be expected to average between 7 to 8% over the medium-term. The policies that have been developed and implemented over the previous years have laid a strong foundation for growth. The Government's fiscal strategy has been to contain the role of the public sector, thereby allowing the private sector greater room to grow. Of course, some rise in public expenditure has to be expected to support growth in the coming years. These decisions are, however, constantly watched in order not to undo the hard-won results earned over previous years.

Adding to the desire to create a buoyant private enterprise-based economy is the policy of privatising public agencies. The divestment of some 246 agencies and enterprises worth about RM16 billion will be given full attention to in coming years. It is encouraging to note that the private sector has responded to the new policy environment by investing heavily in productive capacity. Large amounts of new investment are being channelled into manufacturing for export. These are augurably some of the most pro-

fitable areas in the Malaysian economy and are generating vast additional re-investment capabilities.

Over the next five years, manufacturing will undergo extensive change. While products such as semi-conductors and textiles will remain important export items, there will be extensive diversification to newer products. Already, Malaysia is beginning to produce such electrical products as colour television sets, audio equipments and video cassette recorders. Judging by current patterns of investments, production of petrochemicals, including middle distillates, and high-technology resource-based products such as polyethylene should also make a strong showing. The service sector is poised to be a major beneficiary of the rapid growth of manufacturing. Primarily, this will take the form of business and ancillary services such as advertising.

Advertising is of course an industry in itself. It is an industry which promotes other industries. When promotion succeeds, enterprises become successful. In a very competitive environment the skills in promoting products and services are crucial. Such is the power of advertising promotion that bad products can succeed at times and for a time at least, while good products can languish and eventually vanish if promotion is weak.

Advertising skills mean power. And sometimes it can corrupt. It is necessary that ethical codes be maintained by those in the industry.

With so much going on in Asia, advertising is set to boom. There are and there will be tremendous opportunities for advertising people in Asia. No one should begrudge the advertising industry its share of the growth cake and the profits. After all the growth of an industry is as much due to management and technology as it is to the promotion of the products of industry. Without skillful promotion no one will buy the myriads of unfamiliar new products which have now become household things.

We should therefore welcome the advertising industry even if they do add to the cost of products. Even this cost can be offset by the volume that advertising generates.

The Seventeenth Asia Advertising Congress in Kuala Lumpur is held at a most significant time when the role of industry in Asia is much more appreciated and in demand than ever before. I hope participants will benefit greatly from this congress. I hope also that the advertising industry will always appreciate the power they wield and will protect the consumers as much as they are obliged to their paymasters. I hope that the advertising industry in Asia will help the growth of Asian economies. I hope that together we will make a reality of the theme of this Congress "Advertising to Power Tomorrow's Powerhouse - Asia".

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER IN HONOUR OF HIS EXCELLENCY
RATU SIR KAMISESE MARA
PRIME MINISTER OF THE REPUBLIC OF FIJI
KUALA LUMPUR
26TH. NOVEMBER, 1990**

It is with deep pleasure that my wife and I welcome you Mr. Prime Minister and Adi Lala and members of your delegation to Malaysia. Your visit is a demonstration of the warm and friendly relations existing between our two countries - a relationship that is built upon a tradition of mutual trust and assistance. Malaysians recall with appreciation the courage and valour of Fijian soldiers fighting alongside our own in the Malayan jungles in the defence of freedom and democracy. Stemming from this involvement there exists deep affection and goodwill among Malaysians for Fijians. My wife and I also recall with pleasure the warmth and kindness with which you and the people of Fiji received us when we visited Fiji in 1982.

Your visit provides an opportunity for us to discuss substantive elements of our relationship. This morning we had a useful and productive exchange of views. I am confident that the new thoughts and ideas that we explored together could help to provide additional dimension to our bilateral relations. On my part, I shall do my utmost to forge more substantive and fruitful links between Malaysia and Fiji.

We have at present three Malaysia companies operating in Fiji. With the new opportunities which your Government is offering, I hope many more of our businessmen would venture into Fiji. Although the trade volume between our two countries is small, it is increasing. This positive trend needs to be nurtured and encouraged. While urging Malaysian businesses to venture into Fiji, I also welcome Fijian businessmen to explore opportunities available in Malaysia.

The world today is undergoing changes of major proportions. New patterns of regional and international cooperation are emerging. Nevertheless there are still serious areas of discord which need to be tended to. Inequities persist in the international economic system and in trade. Numerous other issues have been introduced that make the resolution of such inequities more difficult. Given these circumstances I believe there is a compelling need for closer cooperation amongst developing countries when facing our common challenges. Coordinated and concerted efforts too have to be made to expand economic relations among the developing countries. There is much we can learn and benefit from each other.

Malaysia is deeply committed to the concept of economic and technical cooperation among developing countries. Our hosting the first Summit of the Group of 15 in Kuala Lumpur and our continued involvement in the Group's activities testify to this commitment. Another is Malaysia's Technical Cooperation Programme (MTCP). Within our modest resources, we would like to share the experience and expertise in developing countries. I am happy to note that the training programmes offered within this framework have been widely utilised by the Government of Fiji. I hope such training could be usefully adopted to the needs of Fiji. If the training we are providing to the Fijians is found to be useful, it might be possible to expand the programme to include other areas not presently covered.

While bilateral cooperation is decidedly important, regional cooperation should not be neglected. The various questions raised by the dramatic changes in the economic and political scene world-wide could best be responded to in a collective manner. We welcome initiatives and efforts in establishing dialogue and cooperation between ASEAN and the South Pacific Forum countries. We are neighbours, a fact which many of us intellectually accept but very few are serious enough to take advantage of. At the moment, despite our proximity, there is a lack of substance in the relations between the two regional groupings. Initiating and promoting this interlocking network of cooperation between ASEAN and the FORUM countries, it would be more prudent to limit ourselves to the more practical projects that will contribute to peace and prosperity in our area.

I note that Fiji has made impressive strides both economically and politically. The economic gains that accrue from the Interim Government's pragmatic policies have restored stability to Fiji. Much of the progress I believe is due to Your Excellency's leadership and wise counsel. And in much the same fashion, the new constitution which was promulgated recently will provide the foundation that the nation needs to progress further.

You and I well know that in managing a multi-racial nation, a continuous balance has to be made in meeting the opposing demands of our different communities. Despite the seemingly intractable problems that confront us, very unique opportunities are given to us to build a united nation whose people are proud to be its citizens. I believe the Fijians will rise to the challenges ahead. I wish Your Excellency and all Fijians of whatever racial antecedents well.

Once again, allow me to reiterate how happy we are to have you and Adi Lala as our guests. I am confident that your visit will contribute to closer relations between our two countries. I hope you and Adi Lala will have a most pleasant stay in Malaysia.

**STATEMENT BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
ON THE UN SECURITY COUNCIL RESOLUTION NO. 678
ON THE IRAQ-KUWAIT SITUATION
29TH. NOVEMBER, 1990**

Malaysia as a member of the Security Council has supported the adoption of Resolution 678 at a meeting of the Security Council today. The resolution authorises member states of the United Nations to use all necessary means to uphold and implement Security Council Resolution 660, which condemns Iraq's invasion of Kuwait and which demands the withdrawal of Iraqi forces from Kuwait, and all subsequent resolutions of the Security Council to restore international peace and security in the area.

This has not been an easy decision for the Malaysian Government to make. The Government has considered very carefully all the various factors regarding the situation between Iraq and Kuwait before arriving at its decision. In view of the importance of the subject the Minister of Foreign Affairs, Datuk Haji Abu Hassan bin Haji Omar, met with the US Secretary of State, James Baker, in Los Angeles on 24th. November 1990 conveying our views on the Gulf crisis and on the general question of peace in the Middle East. In addition our Permanent Representative to the United Nations, Datuk Razali Ismail, had close consultations with other members of the Security Council and the Non-Aligned Movement caucus over the past several days.

Malaysia is always conscious of the responsibility entrusted upon it as a member of the UN Security Council. As a small nation and member of the Organisation of Islamic Conference (OIC) and the Non-Aligned Movement it is Malaysia's duty to support and uphold the unity and resolve of the Council to confront aggression and restore peace. Malaysia's stand against strong nations invading or annexing small nations is well-known. We cannot compromise on this.

The Government of Kuwait, Saudi Arabia and Egypt and other OIC countries had appealed for Malaysia's support at the Security Council and their appeal weighed heavily in our consideration as Kuwait is one such small country which has been invaded and annexed by a powerful neighbour, Iraq.

We have always been a strong proponent of a peaceful solution to the present crisis in the Gulf and co-sponsored and supported various resolutions towards that objective. Unfortunately and much to our regret, Iraq has not evinced any willingness to comply with the resolutions calling for peaceful and unconditional withdrawal and

restoration of Kuwait to its legitimate Government and people. We therefore share the view that Iraq should be reminded of its obligations to the United Nations Charter and under international law and that a final opportunity be given to Iraq to adhere to the ten previous resolutions adopted by the Council, within a definite time frame before further action is taken. It is now for Iraq to make possible a peaceful solution to the Gulf crisis which started with its invasion of Kuwait.

Malaysia has always sought to avoid the use of force to make Iraq withdraw from Kuwait. A unilateral action could have been taken by the multi-national force against Iraq under Article 51 of the UN Charter, following Kuwait's request for collective self-defence. We have, however, always insisted on the centrality of the United Nations' role in the maintenance of international peace and security, and that any proposed use of force for that purpose must be brought before the Security Council for its prior approval.

We have been less than happy over the United States' ambivalent stand on the question of peace in the Middle East, particularly on the question of Palestine and Israel's brutal treatment of Palestinians in the occupied territories. The United States must now show its serious concern for the rights of the Palestinians and its resolve to move towards a just and even-handed approach to the various issues affecting the Middle East.

But we believe the fate of Kuwait and its people cannot be subjected to the solution of the Palestine question. We do not believe Iraq's invasion of Kuwait can be a means to solve the Palestine question. We reiterate our unequivocal support for the Palestinians and demand that the Security Council fully address itself urgently to this problem in accordance with relevant United Nations resolutions.

We strongly urge Iraq to take heed of and abide by this urgent call of the international community to withdraw immediately and unconditionally from Kuwait before 15th. January 1991. It is our fervent hope that the use of force can be avoided. It is essential that Iraq respond positively and comply with this resolution to avoid war. Malaysia has also stated that, in the event force is used, it should be within the scope of the UN Security Council resolutions, especially Resolutions 660, 662 and 664. Countries taking such action are not authorised by the Council to go beyond the objectives of those resolutions.

It is a matter of record that Malaysia has consistently condemned any and every act of aggression committed by one country over another. We do not condone nor accept the use of force in the settlement of disputes between states, let alone an outright military invasion. This is why Malaysia has given its support to Security Council Resolution 678.

UCAPAN PERDANA MENTERI
Y.A.B. DATO' SERI DR. MAHATHIR BIN MOHAMAD
DI MAJLIS MAKAN MALAM MERAIKAN T.Y.T.
LI PENG PERDANA MENTERI REPUBLIK RAKYAT CHINA
KUALA LUMPUR
10HB. DISEMBER, 1990

Izinkan saya, bagi pihak Kerajaan Malaysia, bersama isteri saya mengucapkan kepada Tuan Yang Terutama serta isteri dan rombongan, selamat datang ke Malaysia. Kita merasa gembira kerana mempunyai peluang pada malam ini untuk menyatakan rasa persahabatan dan saling menghormati di antara kedua-dua negara kita sebagai jiran di rantau Asia-Pasifik ini. Saya berharap Tuan Yang Terutama dapat tinggal lebih lama di negara ini daripada 3 malam yang dijadualkan. Namun begitu, saya harap semasa kunjungan singkat ini, Tuan Yang Terutama akan dapat menyaksikan aspek-aspek penting pembangunan Malaysia, kehidupan sosial dan kebudayaan negara majmuk ini, serta dapat memahami akan aspirasi negara kami.

Malaysia adalah sebuah negara kecil yang masih muda daripada segi sejarah dan juga pembangunanannya. Tetapi kami di Malaysia ingin menjadi maju dengan lebih cepat menerusi pendidikan dan pertumbuhan ekonomi yang stabil. Bagi mencapai matlamat ini, kami sanggup bekerja kuat dan bersedia mempelajari pengalaman dan pengetahuan negara-negara yang lebih maju. Oleh kerana sesebuah negara itu tidak boleh hidup terpencil, Malaysia juga menjalinkan pertalian persahabatan dengan negara-negara tetangga dan dengan negara-negara di seluruh dunia amnya. Matlamat utama kami adalah untuk menjamin keamanan dan Malaysia bersedia memikul tanggungjawab ini bersama-sama dengan masyarakat antarabangsa. Dalam hal ini, Malaysia mempunyai pendirian yang sama dengan Republik Rakyat China.

Selama dua puluh tahun kebelakangan ini Malaysia dengan penuh yakin telah menumpu usaha-usahanya untuk meningkatkan kewibawaan ASEAN. Selaras dengan usaha-usaha ini, Malaysia terus memperjuangkan konsep Kawasan Aman, Bebas dan Berkecuali di rantau ini. Kejayaan ASEAN dalam pembangunan ekonomi dan kerjasama serantau mungkin tidak mudah dicapai sekiranya ASEAN tidak mendapat kerjasama dan persefahaman daripada negara-negara besar seperti Republik Rakyat China yang menjadi jiran yang dekat. Kami merasa senang hati apabila Republik Rakyat China berulang kali menyatakan komitmennya kepada prinsip hidup bersama dan tidak mencampuri hal-hwal negara-negara lain. Pendirian ini merupakan faktor terpenting yang memupuk keyakinan dalam hubungan di antara Republik Rakyat China dan Malaysia.

Kunjungan Tuan Yang Terutama ke Malaysia berlaku di masa yang baik dalam sejarah hubungan di antara kedua negara kita. Ia berlaku semasa kita telah berjaya membina keyakinan dan kepercayaan yang secukupnya terhadap satu sama lain yang membolehkan kita berterus terang membincang isu-isu semasa dunia. Oleh yang demikian kami berasa sukacita kerana akan berunding dengan Tuan Yang Terutama dan delegasi hari esok dan bertukar-tukar fikiran secara mendalam.

Keyakinan Malaysia terhadap Republik Rakyat China yang patuh kepada Kelima-lima Prinsip Hidup bersama dalam hubungan antarabangsa, jelas terbayang dalam langkah-langkah yang telah diambil oleh Malaysia bagi mempererat lagi hubungan antara kita. Tuan Yang Terutama barangkali masih ingat bahawa 16 tahun dahulu Perdana Menteri Kedua Malaysia, Allahyarham Tun Abdul Razak, telah melawat Beijing dan menandatangani Kenyataan Bersama untuk menjalin hubungan.

In the last five years by mutual agreement, we laid in place a framework to foster more trade. We signed agreements on trade, investment guarantee, avoidance of double taxation, air service and maritime. Five months ago we removed travel restrictions on Malaysians wishing to visit the People's Republic of China. This most recent step aimed at the further improvement of our relationship may seem insignificant to those who do not understand our historic relationship in the perspective of opposing ideologies and the vulnerability felt by small states.

When the People's Republic of China accepted the principle of non-interference in the internal affairs of others, she gained the trust of her friends and she also won the right to manage her own internal affairs. Thus despite the political events in the People's Republic of China in June last year, Malaysia's relations with the People's Republic of China remained on course and economic relations continued to improve. Thirteen joint investment projects between Malaysian entrepreneurs and China's state corporations have been set up to date totalling US\$500 million in value. In Malaysia, seven joint ventures with Chinese interest have already been approved.

The fact that you are visiting the Southeast Asian countries again, twice in the last half year, testifies to the importance China places in maintaining good relations with countries in this region. We in ASEAN also place importance to our relations with the People's Republic of China. The resumption of diplomatic relations between the People's Republic of China and Indonesia, followed by the establishment of diplomatic relations between Singapore and the People's Republic of China this year leave no doubt that ASEAN recognises the role which the People's Republic of China could play in the stability and prosperity of the region.

At present ASEAN has a dialogue-relationship with six countries. Although the People's Republic of China is not one of these countries, being a potentially powerful economy and integral to the Asia-Pacific region, there is a possibility that the People's Republic of China could become a dialogue partner of ASEAN.

There have been very encouraging developments in the field of international relations. With the ending of the cold war, it would seem that every country is concentrating on economic development so that its people could live in peace and happiness.

Unfortunately there is an unhealthy trend in that there is a tendency to establish economic blocs. Besides the unification of the European market, the United States has formed a joint market with Canada and now with Mexico as well. The United States is now making efforts to attract the Central and Latin American States so that there will evolve a stronger economic link for North and South America.

Apart from the reunification of Germany, there is a possibility that the East European countries may join the European Economic Community soon.

On the other hand, as soon as countries in the East is seen by the West to achieve the status of a developed nation, various measures are taken by the West to frustrate them.

Malaysia disagrees with the formation of economic blocs. But the fact is that many developed countries in the West have formed economic blocs, and are using their economic strength to obstruct fair and free trade.

In such a situation Malaysia has reexamined her stand and is of the view that for the world to achieve a balanced economic development, the countries of the Asia-Pacific region should strengthen further their economic and market ties so that eventually an economic bloc would be formed to countervail the other economic blocs.

Malaysia feels that the People's Republic of China ought to play an important role in the formation of such a bloc for the protection of fair trade in the world.

**ADDRESS BY THE PRIME MINISTER
Y.A.B. DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE INTERNATIONAL CONFERENCE ON "THE ASEAN COUNTRIES
AND THE WORLD ECONOMY: CHALLENGE OF CHANGE"
BALI, INDONESIA
4TH. MARCH, 1991**

Iwould like to thank the organisers for inviting me to address this crucial conference. It is crucial because we meet at a time when the international situation is more fluid than at any time since the Second World War.

Despite the Age of Confrontation and Cold War being behind us we still do not seem to know where we are going. Our future history is very much in the making with no clear indication as to the direction it will take.

At this crucial turning point, the course that the states of ASEAN must take cannot just be to let others shape that history. We cannot be mere objects of international relations. With the "East" in turmoil, the "South" in continuing crisis, and the "West" on an economic collision course, an active ASEAN can contribute positively. It is incumbent upon us to play a productive role in the making of the new international economic order.

This is a time, therefore, for the most creative ASEAN initiatives for a productive peace. Our joint collaboration must go beyond our ASEAN sub-region, beyond the region of South East Asia, beyond East Asia, even beyond the Pacific region.

We must of course be aware of our limited weight in the international arena. There is every reason for humility. But the corruption arising from a sense of powerlessness is as bad as the corruption of power.

If we do not in our own modest ways try to shape history, then we must not bemoan our fate later.

In the last two generations, too much of the creative energies and resources of the world were diverted from possible cooperation to deadly East-West confrontation, from the task of enhancing the prosperity of the world's peoples to the pursuit of national security imperatives. Too much of the world's resources were diverted to conflict, diverted away from the demands of development.

We have seen the spread of democracy and democratic tendencies, most spec-

tacularly, of course, in Eastern Europe. Democracy may mean freedom from political oppression but not necessarily from economic and developmental oppression. The proponents of democracy are not averse to international dictatorship.

The process of turning battlefields into market-places is continuing apace.

Throughout the world, most dramatically of course in what was once called the Socialist Bloc, we see a swing towards the free-enterprise system. The collapse of Communism as an ideology and the command economy as an economic method and the turn towards the market system, can contribute towards higher productivity nationally and greater prosperity for the entire global economic system. But at the same time, we would be extremely foolish not to be fully aware of the negative side of the equation.

There is today an economic recession in the United States, Canada, Australia, New Zealand and the United Kingdom, democracy and the free market notwithstanding. Japan and Germany have slowed down. In the 1960s, the OECD countries, on which so much of ASEAN's economic performance is hinged, grew by an annual average of 5 per cent. In the 1970s, they grew on average of 2.9 per cent. Whereas there is every hope that the recession economies will not be down for long, we would be foolish to predicate our future on a vigorous and fast growing world free market economy.

In the 1990s we must also expect international trade to grow at a less than robust rate. This again will be no surprise given that in the 1960s world trade grew annually by an average of 8 per cent, in the 1970s by 6 per cent, in the 1980s by 4.4 per cent.

A less than vigorous trade growth regime in the foreseeable future should also be no great surprise given the rise of protectionism and managed trade, the movement towards trade blocs, and the general erosion of the global trading system. We can only hope that GATT will not in the end stand for a general agreement to talk and talk and no more than that.

Real commodity prices will continue their downward trend and will offer no relief to heavily-indebted developing countries that are still dependent on the exports of agricultural and other raw materials. The global debt crisis too will not go away.

There is a danger of a global credit squeeze arising out of the diversion of German financial flows to the Eastern part of Germany and Eastern Europe, the reduced surpluses of Japan, the sustained high deficits of the United States, the problems of the banking and financial system in Japan, the United States and elsewhere, and the investment of Japanese surpluses increasingly in their own domestic development.

There are a host of problems for the world arising out of the structural weaknesses of the world's biggest economy and biggest debtor nation, the United States. We now live in a world where the developing countries are deprived of the past lever-

age of "defection to the other side". There is the sole American giant, with immense problems at home and no longer driven by the imperatives of the Cold War abroad. We must surely expect a more demanding United States, desirous of greater "help" and "adjustment" from others.

We see a situation today of a dramatic rise in the political, diplomatic and military clout of the US and a severe erosion in its economic position and welfare. We can expect the application of that enhanced political, diplomatic and military clout to shore up the economic position and to enhance the US economic welfare. The increased pressures will be political and social as well as economic. Military adventures cannot be excluded.

We cannot rightly expect the clash of the economic giants – the United States, Japan and the European Community – to attenuate. We should expect it to escalate, making it incumbent upon us to make sure that we are not squeezed in the middle, and caught in the cross-fire.

We should take into our calculations the possibility of greater Eurocentricism, and a greater EC to include the Eastern European countries. We must expect continuing and serious instability in the previously tightly controlled states of the Soviet Socialist Republics and Eastern Europe.

This rough balance sheet of longer-term positive and negative fundamentals and uncertainties remains me of the very first paragraph of Charles Dickens' historic novel, "A Tale of Two Cities". Let me quote the entire paragraph, written in one long sentence, to describe the Europe of 1775. Dickens wrote of that period:

"It was the best of times, it was the worst of time,
it was the age of wisdom, it was the age of foolishness,
it was the epoch of belief, it was the epoch of incredulity,
it was the season of Light, it was the season of Darkness,
it was the spring of hope, it was the winter of despair,
we had everything before us, we had nothing before us,
we were all going direct to Heaven, we were all going
direct the other way – in short, the period was so far
like the present, that some of its noisiest authorities
insisted on its being received, for good or evil, in the
superlative degree of comparison only".

I believe that what Dickens wrote of the Europe of 1775 is superlatively apt in describing our world of the early 1990s. It is indeed the best of times and the worst of times. It is indeed the age of wisdom and the age of foolishness. It is indeed the epoch of belief and the epoch of incredulity. It is indeed the season of Light and the season of Darkness. It is indeed the spring of hope and the winter of despair. We do indeed have everything before us and nothing before us.

In the case of Europe after 1775, there was an era of turmoil and devastation, culminating in the Napoleonic Wars. Order was only restored with the Congress of Vienna of 1814-15.

Our world today cannot afford two generations of turmoil. And ASEAN must contribute to the collaborative peace, through balanced economic development worldwide.

Globally there is a chance for a more effective and productive United Nations developing into an even-handed global authority, the conscience of all mankind and protector of the weak against the aggression of the strong. We should work together to make sure that the United Nations is re-invigorated and will serve to deny Thucydide's Conclusion: "that in the affairs of states, the strong will demand what they will and the weak must yield what they must".

The ASEAN countries and many developing nations which are so dependent on an open trading system – much more dependent than any of the great trading nations such as Japan, Germany and the United States – must make the GATT system work. The tide of protectionism must be halted and rolled back. The movement towards mercantilist, inward-looking, and "the rest of the world be damned" trading blocs must be reversed. The trend towards managed trade, bilateralism and unilateralism, must be stopped dead in its tracks. ASEAN must help to secure the open trading system that will save not just ourselves but the very nations which are busy erecting barriers.

However before ASEAN can hope to influence the economic course of the world, we must strengthen ASEAN itself, all the three parts of ASEAN. We must strengthen the ASEAN Peace, the ASEAN Concert and the web of economic and social relationship between us in the ASEAN Community.

First, the Pax ASEAN which we have successfully constructed since the mid-Sixties must not be taken for granted. It has been one of the great successes of the post-war world, the more remarkable because it has been a Pax without an Imperium. The statesmanship of the founding fathers will be prominently recorded in the history of the region. The leadership of ASEAN will be required in the days ahead to strengthen the ASEAN Peace. We would be very foolish to take for granted the structure of understanding, mutual respect, trust and goodwill that has been established. The ASEAN Peace must be an active peace, which must be in constant upkeep, and in perpetual construction.

Second, the ASEAN Concert, our joining of hands to deal with the outside world. The wide agenda for ASEAN initiative cannot be actualised without a substantial strengthening of the ASEAN Concert in the days ahead, when the "Cambodia cement" and the defensive anti-Communist impulse will recede further into history.

Third, we must indeed launch bold and innovative initiatives with regard to enhancing the level of economic cooperation between us. We should aspire to achieve

a level of performance on the economic front that we have secured with regard to our political and diplomatic cooperation.

There is now a clear ASEAN consensus on the strengthening of the ASEAN Secretariat, to enable it to respond to the challenge of internal cooperation and the challenges of external action in the 1990s. We must quickly turn consensus into concrete reality.

Much will have to be done at the Fourth ASEAN Summit that will be held in Singapore. And much will need to be accomplished in the run-up to the Summit. With regard to this, I believe it is time for ASEAN to consider a new element, an ASEAN Informal Meeting of Heads of State which should meet regularly in a relaxed ambience between the formal Summit Meetings. Such an informal gathering, away from the cameras and the pressure to produce some dramatic outcome, held for the purpose of merely exchanging views and perspectives and keeping in close touch, would contribute to the process of ensuring fullest consultation between us. This should be over and above the bilateral meetings. I believe that it cannot be stressed enough that we of ASEAN at all levels must be engaged in a constant process of candid consultation.

Let me now turn to a broader geographical canvas: what ASEAN should now be actively considering with regard to South East Asia. International relations in South East Asia has moved from a situation of warm war to cold war. We have now progressed to a cold peace. It is time to move our relationship towards a cooperative peace.

The time has come for ASEAN to prepare for the making of a new South East Asia. ASEAN must move forward with the creative and comprehensive engagement of the other states of the region.

South East Asia should no longer be at sixes and threes. The mountain of distrust and misunderstanding must be removed. A divided region is not in the interest of any regional state. It is in the interest of all of South East Asia that we secure a system composed of states which are economically prosperous, socially dynamic, strategically secure, domestically at peace and politically unpolarised. The ASEAN states should act now to hammer out the acceptable modalities and the most appropriate mechanisms.

In 1967, we together launched the first act of regional reconciliation. The outcome was ASEAN.

We must now stand ready to launch the second phase of regional reconciliation, to achieve the objective ASEAN set out from the moment of its birth: the creation of a South East Asian system of states that are at peace with each other, involved in a dynamic and vigorous economic and political relationship of mutual respect and mutually beneficial cooperation.

ASEAN now already has the Bali "Treaty of Amity and Cooperation in South East Asia" which sets out the fundamental precepts for political, economic, social, technical and scientific cooperation between us. Papua New Guinea, amongst the non-members of ASEAN, has acceded to the Treaty. ASEAN should now welcome any initiative taken by any of the regional states to accede to this admirable and comprehensive treaty.

The idea of inviting initially the Foreign Ministers of Vietnam, Laos and Myanmar to a dialogue with the ASEAN Foreign Ministers, and the Heads of Government of these countries to a dialogue at the next ASEAN Summit has also been put forward. These are suggestions that should be given serious study. In the meantime, let me inform you that the Government of Malaysia encourages the fullest private sector participation in the economies of the non-ASEAN states of South East Asia. South East Asia is now no longer a battleground. Let us proceed as fast as we possibly can to turn into one prosperous marketplace.

Let me now turn to the proposal for an East Asia Economic Group (EAEG). In the first place let me emphasise that the Group is not intended to be a trade bloc. Regional economic groupings are acknowledged as legitimate means for neighbours in a region to improve their economic well-being. Accordingly preferential treatment and the removal of trade barriers within a group are legitimate and proper.

But a grouping becomes a trade bloc when the member states are no longer allowed to negotiate trading terms on their own with nations outside the group. The European Community claims that it is not a trade bloc but the fact is that even now import quotas and preferential treatment are based not on the requirement of individual member countries but on the EC as a whole. In 1992 this will be formalised and there is justifiable fear that trade between the EC countries will be classified as domestic with all that implies and quotas designed to protect the industries and agricultural produce of Europe as a whole.

The United States for its part has entered into a free trade union with Canada and will shortly do the same with Mexico. The United States' declared objective is to make the whole of North, Central and South America a single economic grouping. The degree of exclusivity in trade that will result from this grouping is as yet a matter of speculation but such a grouping cannot but be protectionist to a degree.

The countries of Europe and America have a reputation for economic arm twisting, though not always by Governments. Thus "human rights" records, trade unionism, exchange rates, media treatment, environment protection, "democratic practices", quality and health standards and a host of other issues are used for the suppression of the economic growth of potential competitors. The action taken against the so-called NICs are illustrative of this. Alone and bereft of friendly support, these countries are not in a position to even protest. Indeed open protest might invite even more severe punitive pressures.

It is paradoxical that even as the centrally planned Eastern bloc economies espouse the free market systems as a solution to their economic problems, the East while free traders of the West are opting for a controlled international marketing system. But the fact is that with the formation of the European Union and the American free trading zone, that is what is happening.

The question is what do we in this region do to rescue the free trading system of the world? Do we refuse to acknowledge the gloomy facts? Do we hush up things? Do we look the other way? Do we accept them without a whimper? Or do we confront them; the reality of those trade blocs, that is, not the nations.

Two wrongs do not make one right. We in East Asia must not form a trading bloc of our own. But we know that alone and singly we cannot stop the slide towards controlled and regulated international commerce; which in fact is no different from the command economies of the socialist Soviets, only the scale is international; which is obviously going to replace free trade if the EC and the American Union are allowed to rewrite the rules. To stop the slide and to preserve free trade, the countries of East Asia, which contain some of the most dynamic economies in the world today, must at least speak with one voice.

It will be impossible to do this unless we can consult each other, unless we can have some form of grouping which is recognisable. A free trade arrangement between us is impossible at this point in time. There is too much disparity in our development. An Economic Community after the EC pattern is far too structured and is well nigh impossible to achieve. But a formal grouping intended to facilitate consultation and consensus prior to negotiating with Europe or America or in multilateral fora such as the GATT is not too far-fetched an idea. It is also not against the GATT principle, nor will it run contrary to membership in such organisations as the APEC, in which the United States and Canada are members while having an economic union with each other.

Because of its market size alone, the EAEG will be listened to. But it will also have the knowledge, the technology and the skills which can become bargaining counters in any trade off with the trading blocs of Europe and America.

Membership of the Group by developing countries should serve to remind the other members of their responsibility to the developing world. A concerted effort can then be made to boost the economic growth of the weaker members, and indeed to help the developing world generally.

The mere existence of the group, backed as it is by the massive combined economic strength of the members should help to retard the slide towards trade blocs and protectionism. At the same time the group can foster better trade and development within the group. Given a dedication towards mutual help, the Group can survive without the constrictive structuring of a formal Economic Community.

After the initial negativism following the mootings of the Group, it is heartening

that lately there have been more positive pronouncements from Europe and America. The members of ASEAN now understand the EAEG concept and support it. What remains is for us to formally propose the concept to the East Asian nations outside of ASEAN. This is a task for all ASEAN nations.

I am sure that once it is understood that the EAEG is principally concerned with trade and the maintenance of free trade, that it does not compete with the ASEAN group, that it is GATT and even APEC compatible, the fears regarding its formation and its role will disappear. World trade would benefit from EAEG rather than be stifled by it.

As I said at the beginning, the peace dividend that should come with the ending of the East-West confrontation is not with us yet. Indeed the situation is very fluid, with signs of recession everywhere and new centres of tension and instability.

In espousing democracy and free enterprise, nations are finding that it is easier to declare the intention, or to overthrow authoritarian regimes even, than to obtain tangible benefits from democratic freedom and the market economy.

Peoples power is fine. It can remove dictators and corrupt Governments. But power corrupts and peoples power can be no less corrupting. Once it is realised that political power can be achieved through getting people on the streets, the potentially corrupt can also resort to this weapon for their own ends. Indeed, the overthrow of the corrupt often results in the installation of another leader who is or becomes equally corrupt. It is easier to overthrow allegedly corrupt Government than to materialise a Government that can rehabilitate the nation.

Democracy must not be an end in itself. It must remain a means to an end – the installation of good Governments in the true sense of the word. Making a religion of democracy, accepting everything that is done in its name unquestioningly will only destroy the faith in the efficacy of the system. Forcing it down the throat of people who are not ready for it will not do any good either.

To succeed, democracy has to become a culture of the people. Its shortcomings must be recognised and accepted and circumspection must be applied to it as with every system of Government.

The end of the Cold War and East-West confrontation and the universal acceptance of the liberal democracy concept are to be welcomed but the dividend can only come if we appreciate the need to organise and arrange the system that will replace confrontation. There will be no dividend if in the affairs of nations Thucydide's Conclusion still apply: "that the strong will demand what they will and the weak must yield what they must".

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER IN
HONOUR OF HIS EXCELLENCY MR. TOSHIKI KAIFU
PRIME MINISTER OF JAPAN
KUALA LUMPUR
27TH. APRIL, 1991**

On behalf of the Government of Malaysia, my wife and I wish you and Madam Kaifu and distinguished members of your delegation a warm welcome to Malaysia.

We had hoped to see you here earlier, in January this year, but the outbreak of war in the Gulf demanded the urgent attention of every responsible member of the United Nations. In the history of the United Nations there had been few occasions when multi-national forces went to the assistance of a beleaguered member. It is hoped that other actions of a less violent nature will also draw this kind of cooperation among members of the United Nations. In the relief work among refugees, for example, such meaningful cooperation will be very valuable.

Malaysia which had the opportunity to serve in the Security Council of the UN during the early part of the Gulf crisis learnt at first hand the value of the common voice on matters that could have wide consequences for the world. We also perceive the desirability for economically strong countries like Japan and Germany to play a wider role within the framework of the United Nations.

The Gulf war may have ended but the political and economic issues that fuelled that war remain very much alive. Indeed more problems have been created. In the immediate present, two countries lie in ruins and countless innocent people have lost their lives. A new group of displaced people has emerged, that of the Kurds. In the meantime, the Palestinian problem is no nearer to a solution.

The cessation of hostilities which we welcome may have put an end to Iraq's ambitions but it has also brought about an altered power structure that bodes ill for the Middle East. Israeli intransigence has been intensified. Even its closest ally, the United States, the most powerful nation in the world, is unable to soften it. The seeds of conflict and instability in the Middle East are very much in place and will remain so for as long as the Palestinians are denied their inalienable rights.

As we have seen, the whole world can be affected by the conflicts in the Middle East. It is important, therefore, for the world to help resolve the Palestinian problem. The festering problem helps no one, not even the Israelis. If the Palestinians are

prepared to accept the legitimacy of Israel, then Israel must be made to accept the legitimacy of the Palestinian state.

Aside from the dramatic developments in the Gulf region, the world is undergoing some radical changes. From an obsessive concern with ideologies, the nations of the world have now switched towards economic development. Every Government wants to see the people it governs enjoy ever improving standards of living. But economic growth cannot be achieved in isolation. To grow, nations must trade with each other so that the strength of the economically powerful will pull along the economically backward. In other words, trade must be free so that all will benefit by it.

The international free trade system set up after the last World War was without doubt the instrument of recovery for the ravaged economies of victors and vanquished alike. Japan is a shining example of economic success brought about by free trade. The major western nations also reaped abundant wealth. Clearly if protectionism had prevailed world economic growth would be stultified and no new state would ever reach economic take-off.

A corollary to free trade is foreign investment, a means of spreading capital and technology to the countries which are financially and technologically poor. The investors may not be motivated by social or political concern. They may invest purely for profits. But the poor host countries are appreciative of the investments because they contribute towards economic growth and better life for their people.

And as the poor countries prosper, they become better markets for the products of the rich. Clearly helping others to prosper yields very good returns. A world of rich countries hurts no one. Yet we still find a "beggar thy neighbour" attitude among some rich and powerful nations. Restrictive trade and policies, which whether intentionally or not stifle the growth of poor nations, are still very much favoured by many rich nations.

Malaysia being a developing country knows only too well the painful edge of protectionist policies. Not only do they cause economic hardships but they also result in social and political instability. It is for this reason that Malaysia in its small way tries to help neighbours and other developing countries. We want to see our neighbours in particular, prosper because we sincerely believe that their prosperity will be beneficial to Malaysia and to regional security and stability.

One result of this perception is Malaysia's membership of ASEAN. ASEAN is not a trade bloc. It is quite simply a mutual help, non-exclusive fraternity of nations. We do not promote exclusive trade among ourselves. Every member is free to trade with non-ASEAN countries. Yet by being grouped together through ASEAN, not only have the members prospered but trade between each one of them and the rest of the world has multiplied. Clearly ASEAN does no one any harm. If at all, the obvious prosperity of ASEAN has contributed to the prosperity of the already prosperous by ASEAN becoming a rich market.

When the East Asia Economic Group of EAEG was proposed, the lessons of ASEAN were well learnt. The first is the advantages of free trade. And the second is that the prosperity and stability of neighbours contribute to a nation's prosperity.

With the ASEAN experience and the acute awareness of free trade as an engine of growth, it is unthinkable for any ASEAN member, least of all Malaysia, to advocate exclusive regionalism and the abandonment of free trade. With some 50% of its trade taken up by the developed American and European countries it would be suicidal for Malaysia to want to trade only with East Asian countries. The EAEG that is being proposed cannot, therefore, be intended to close the markets of East Asia to Europe or America. All that is intended is for the East Asian countries to voice collectively in favour of free trade at all fora involved with the future of the world trading system. An East Asian economic community or an East Asian exclusive free trading zone is very far from our minds.

We are, therefore, shocked to be told that countries in the East Asian region should not have a forum among themselves or identify themselves as East Asians. It has been put across to us that since East Asia is in the Pacific Rim we are therefore required at all times to act as members of the Pacific Rim. While countries on the eastern shores of the Pacific may form exclusive groups, those on the western shores may not even form a forum. Arguments like this simply does not make sense.

We are told that some quarters do not understand the objectives of the EAEG. We accept that while no explanation is due to us when others take action which affect us, we however, are required to explain what we want to do. But surely it is very clear that it is impossible for the EAEG to be anything like the European Community or even the United States-Canada Free Trade Area.

We were not consulted when others erect barriers against us, but can we not be allowed at least to form a group that is nothing more than a forum to enable us to discuss how to preserve free trade and to help each other become economically more developed? Is it wrong for us to wish to develop? If ASEAN's development has made the group a rich market for the developed countries, will not a rich East Asian Group constitute an even richer market for Europe and America?

We are bewildered by the vehemence of the condemnation of the East Asia Economic Group. The way we see it, only those not in favour of free trade would object to a grouping that is dedicated to ensuring free trade.

I offer my congratulations to you and the government of your predecessors who had followed a steadfast policy to strengthen the amicable relations between the countries in this region and Japan. In 1977, Prime Minister Takeo Fukuda at the end of an ASEAN tour, similar to Your excellency's present undertaking, called for the consolidation of a relationship with ASEAN based on mutual confidence, trust and a "heart to heart" understanding. Prime Minister Fukuda also disavowed the role of Japan as a military power and pledged to cooperate positively with ASEAN countries in their

efforts to strengthen their own solidarity and resilience, together with other like-minded nations outside the region. Those three points proclaimed by Prime Minister Fukuda became the famous "Fukuda Doctrine" of the early 1980's. Successive Prime Ministers of Japan have reaffirmed in practice Mr. Fukuda's vision.

After the discussions which we had with you today, I am most pleased that you and your government remain committed more strongly than ever to the goals of the "Fukuda Doctrine". As a step forward, we also recognise the need for Japan and ASEAN to extend greater cooperation and assistance to all Asian states on the Pacific sea board, to promote regional trade and solidarity.

When we took the decision to develop closer ties with Japan almost a decade ago, we also envisaged that over a period of time a new generation of Malaysian youths would be trained in the technology and ethics of Japanese industries.

By that decision we opened the possibility of Japan as a focus of new learning to Malaysians in general. Through that passage, thousands of our youths have in the last eight years reached Japan among whom nearly three thousand were supported by the Government of Malaysia. The results have shown that our government's student programme has contributed greatly to the economic development of the country and more significantly, it has generated goodwill and friendship between the peoples of Japan and Malaysia.

To reaffirm our faith in each other Malaysia hopes to send more students and technical trainees to Japan. The creation of this pool of trained workers is to meet Malaysia's growing skilled manpower requirement. I hope those Japanese businesses and industries who are already involved in the region will continue to assist in this training programme.

UCAPAN PERDANA MENTERI
Y.A.B. DATO' SERI DR. MAHATHIR BIN MOHAMAD
DI MAJLIS MAKAN MALAM MERAIKAN T.Y.T.
DR. MARIAN CALFA, PERDANA MENTERI REPUBLIK PERSEKUTUAN
CZECH DAN SLOVAK DI SRI PERDANA, KUALA LUMPUR
17HB. MEI, 1991

Bagi pihak Kerajaan dan rakyat Malaysia, saya mengucapkan "Selamat Datang" kepada Tuan Yang Terutama Dr. Calfa dan Puan Calfova serta ahli-ahli rombongan Tuan Yang Terutama ke Malaysia. Kami mengalu-alukan lawatan Tuan Yang Terutama dan peluang untuk menjalin perhubungan baru dengan Kerajaan dan negara Tuan Yang Terutama.

Dalam beberapa tahun yang lepas Czechoslovakia telah mengalami perubahan besar dan penting dan kini Tuan Yang Terutama melawat Malaysia sebagai pemimpin Republik Persekutuan Czech dan Slovak yang baru. Kami telah mengikuti perkembangan-perkembangan di negara Tuan Yang Terutama dengan penuh minat. Kami turut merasa gembira dan mengucapkan tahniah kepada Tuan Yang Terutama serta rakyat Republik Persekutuan Czech dan Slovak kerana rakyat Republik itu kini dapat menentukan nasib mereka sendiri dan bebas untuk mengejar aspirasi dan harapan di masa hadapan.

Setelah berjaya di dalam perjuangan politik, Kerajaan Tuan Yang Terutama telah melaksanakan satu lagi usaha yang mungkin lebih berat, iaitu mentransformasikan negara Tuan Yang Terutama supaya menjadi sebuah negara yang dinamis dan makmur. Ini adalah satu tanggungjawab yang asas dan amat penting, kerana akhirnya kebebasan politik hanya mempunyai erti jika terdapat pembangunan sosio-ekonomi dan rakyat merasa nikmat kemajuan. Oleh kerana inilah Malaysia memberi keutamaan kepada pembangunan ekonomi dan perhubungan ekonomi, sosial dan kebudayaan dengan lain-lain negara.

Berikutan perubahan besar yang berlaku di Eropah Tengah dan Timur, Kerajaan Malaysia telah mengkaji semula perhubungannya dengan negara-negara di rantau tersebut. Sekatan-sekatan perjalanan akan dilonggar dan diselaraskan dengan peraturan-peraturan yang digunakan untuk negara-negara Eropah Barat. Lebih banyak pertukaran perdagangan dan perniagaan sedang dirancang bagi membiasakan sektor swasta Malaysia dengan keadaan-keadaan baru perdagangan dua hala dan pelaburan di Eropah Timur dan Tengah. Dalam Belanjawan Malaysia bagi tahun 1991, kami telah menyediakan insentif-insentif kepada ahli-ahli perniagaan kami yang melabur dalam projek-projek di seberang laut. Kami bukanlah pengeksport modal yang besar tetapi ada bidang-bidang yang kami mempunyai kepakaran yang boleh menyumbang kepada

perkembangan ekonomi dua hala dengan negara-negara seperti Republik Persekutuan Czech dan Slovak.

Saya sedar Tuan Yang Terutama juga sependapat dengan komitmen ini supaya hubungan ekonomi yang memberi faedah bersama dapat diperkukuhkan lagi. Dalam rundingan kita hari ini, kita telah bertukar-tukar pendapat dan mengkaji cara-cara yang berpotensi untuk menjalin kerjasama ekonomi, terutama di peringkat sektor swasta. Kita juga telah berbincang mengenai faedah menandatangani beberapa perjanjian ekonomi yang penting dan pembentukan sebuah jawatankuasa ekonomi bersama bagi mengawasi kemajuan kerjasama ekonomi dua hala di antara kedua-dua negara kita. Di masa akan datang, kita perlu menentukan perjanjian-perjanjian ini menghasilkan kerjasama yang nyata yang akan memanfaatkan rakyat kedua-dua negara dan membantu usaha-usaha pembangunan kita.

Kita bertemu untuk mengukuhkan kerjasama dua hala ketika ekonomi antara-bangsa berada di dalam keadaan tidak menentu. Kegagalan Rundingan Uruguay adalah berita buruk bagi negara-negara seperti Malaysia yang memerlukan suasana perdagangan yang teratur dan terbuka untuk maju dan tumbuh. Sementara negara-negara perindustrian banyak memperkatakan tentang kebebasan dan demokrasi, mereka nampaknya enggan mengambil langkah-langkah perlu untuk mengekal dan memperluaskan sistem perdagangan antarabangsa yang amat penting bagi menjamin kebebasan dan demokrasi yang mereka laungkan. Program-program bantuan, walaupun penting, tidak akan dapat menggantikan perdagangan. Tanpa sistem perdagangan terbuka, ekonomi-ekonomi pasaran bebas dan seterusnya institusi-institusi pluralisme politik yang berkaitan dengannya, akan menjadi lemah. Jika Rundingan Uruguay runtuh sepenuhnya, mungkin lebih banyak yang terancam daripada hanya sistem perdagangan antarabangsa yang ada sekarang. Namun ada negara-negara perindustrian tertentu yang nampaknya tidak memperdulikan bahaya-bahaya ini. Sebenarnya, mereka nampaknya berselindung di sebalik sekatan-sekatan perlindungan dan blok-blok perdagangan serantau. Saya rasa adalah suatu keganjilan bahawa pada waktu negara-negara di Eropah Tengah dan Timur sedang menuju ke arah sistem pasaran bebas, sesetengah negara perindustrian yang berkuasa nampaknya memilih satu sistem perdagangan terurus atau 'managed trade' di peringkat antara-bangsa, yang bertentangan dengan perdagangan bebas.

Apabila negara-negara Eropah Tengah dan Timur menggugurkan sistem ekonomi yang dirancang dan dikawal untuk memilih pasaran terbuka, negara-negara demokrasi Barat telah menyuarakan kegembiraan mereka yang amat sangat. Negara-negara blok timur diberi harapan untuk mempercayai bahawa ekonomi pasaran menyumbang kepada pertumbuhan dan kekayaan negara-negara demokrasi Barat.

Kami di Malaysia juga diberitahu mengenai kebaikan perdagangan bebas apabila kami mencapai kemerdekaan. Hampir bersendirian di kalangan negara-negara merdeka yang baru, kami enggan memilik-negarakan syarikat-syarikat perniagaan asing. Kami membuka pasaran kami kepada eksport seluruh dunia. Malahan kami menggalakkan lebih banyak penyertaan asing dalam ekonomi kami. Kami tidak pernah

menyekat pengaliran keluar masuk matawang-matawang asing. Justeru itu, pasaraya-pasaraya dan kedai-kedai kami dipenuhi dengan barang-barang daripada seluruh dunia.

Tetapi kami tidak boleh membeli tanpa menjual. Pada awalnya, kami menjual komoditi seperti getah dan timah yang tidak dikeluarkan oleh negara-negara maju. Tetapi, syarat-syarat perdagangan telah berubah dan menjejaskan kami dengan teruk. Untuk membeli barang-barang pembuatan yang sama kami terpaksa menjual lebih banyak lagi komoditi kami. Bursa-bursa komoditi yang terletak di negara-negara pengguna menyebabkan harga-harga komoditi kami terus jatuh.

Bagi mengatasi masalah ini, kami terpaksa mengalih kepada pembuatan. Daripada sebuah negara yang mengeksport hampir 100% bahan-bahan mentah, kini 52% daripada eksport kami adalah barang-barang pembuatan. Tetapi sementara komoditi kami terus tertakluk kepada amalan-amalan perdagangan yang tidak adil, barang-barang pembuatan kami pula kini menghadapi berbagai-bagai jenis sekatan. Sekatan-sekatan ini kononnya disebabkan kami tidak mengamalkan hak kemanusiaan, pencemaran alam sekitar, dasar-dasar buruh dan publisiti yang tidak adil.

Pengalaman kami ialah tidak ada benda seperti perdagangan bebas. Perdagangan hanya bebas apabila negara kita merupakan pasaran, tetapi apabila kita ingin memasuki pasaran-pasaran negara-negara kaya, perdagangan tidak lagi bebas.

Sekarang telah muncul pula blok-blok perdagangan yang amat berkuasa yang akan menyekat lagi perdagangan bebas.

Tuan Yang Terutama kini mendokong sistem pasaran bebas. Kami harap Tuan Yang Terutama akan memperolehi pengalaman yang lebih baik. Pasaran kami akan tetap terbuka kepada negara Tuan Yang Terutama. Kami akan berdagang mengikut peraturan-peraturan GATT. Kami akan terus menganjur dan mengamalkan prinsip saling pergantungan ekonomi. Kami percaya tidak ada sebarang manfaat yang akan diperolehi sekiranya negara-negara jiran miskin, sama ada yang dekat atau jauh. Kami percaya jika sesebuah negara itu menjadi lebih kaya, lain-lain negara di dunia juga akan mendapat manfaat. Oleh itu, dasar kami tidak bertujuan untuk memperkayakan diri kami dengan merugikan pihak lain.

Oleh kerana kami percaya kepada perkongsian kekayaan di kalangan negara-negara, kami merasa sedih dengan usaha-usaha untuk menyekat sesetengah negara di Asia daripada menjadi maju.

Bagi negara-negara seperti Malaysia yang memperolehi sehingga 72% Keluaran Dalam Negara Kasarnya (KDNK) daripada eksport, perkembangan ini adalah merbahaya. Oleh kerana kami menghargai sistem perdagangan terbuka dan bergantung kepadanya, kami sedang mencari jalan untuk memperkukuhkannya dengan membentuk kerjasama yang lebih rapat di kalangan negara-negara Asia Timur bagi menggalakkan perdagangan dan pelaburan di rantau ini.

Kumpulan Ekonomi Asia Timur atau EAEG yang sedang dibincangkan oleh negara-negara ASEAN sekarang tidak akan menjadi kumpulan yang eksklusif. Ianya adalah selaras dengan obligasi-obligasi GATT dan akan memelihara sistem perdagangan berbagai hala. Ia sebenarnya akan menjadi forum perbincangan ekonomi serantau bagi mengekalkan perdagangan bebas. Ia akan berusaha untuk memaksimumkan peluang-peluang perdagangan dan pelaburan di kalangan ahli-ahlinya dan dengan lain-lain negara perdagangan. Justeru itu, negara-negara membangun dan negara-negara lain seperti negara-negara Eropah Timur dan Tengah yang kini sedang cuba mengintegrasikan ekonomi mereka dengan ekonomi antarabangsa tidak perlu bimbang kawasan pertumbuhan yang pesat ini akan ditutup kepada mereka.

Usaha bersama kita untuk meningkatkan kerjasama ekonomi dua hala adalah selaras dengan langkah untuk memajukan Kumpulan Ekonomi Asia Timur. Adalah menjadi harapan kami agar kerjasama dua hala kita dapat dijadikan jambatan bagi memperluaskan hubungan ekonomi di antara Eropah Timur dan Eropah Tengah dengan negara-negara rantau Pasifik. Saya rasa Kerajaan Tuan Yang Terutama boleh menyumbang ke arah proses ini, bukan sahaja dengan meningkatkan eksport ke rantau ini tetapi juga dengan menyumbangkan sebahagian daripada keperluan-keperluan untuk program pembangunan semula negara Tuan Yang Terutama daripada rantau ini. Dengan cara ini, hubungan yang boleh memanfaatkan kita bersama akan dapat diwujudkan dan ini akan meningkatkan kerjasama ekonomi dan seterusnya keperluan kita di antara satu sama lain. Hubungan seperti ini saya percaya akan dapat mengatasi sebarang tekanan yang mungkin ditimbulkan oleh regionalisme di masa hadapan.

Lawatan Tuan Yang Terutama ke Malaysia merupakan satu peristiwa penting dalam hubungan dua hala kita kerana lawatan ini merupakan lawatan yang pertama oleh seorang Perdana Menteri dari Republik Persekutuan Czech dan Slovak. Dengan adanya persefahaman antara kita bersama dan kesungguhan untuk meningkatkan kerjasama ekonomi seperti yang jelas terbukti dalam perbincangan kita hari ini, saya yakin lawatan Tuan Yang Terutama ke Malaysia juga akan menandakan permulaan satu era baru yang produktif dalam hubungan di antara kedua-dua negara kita.

UCAPAN PERDANA MENTERI
Y.A.B. DATO' SERI DR. MAHATHIR BIN MOHAMAD
DI MAJLIS MAKAN MALAM MERAIKAN T.Y.T.
ANAND PANYARACHUN, PERDANA MENTERI THAILAND
KUALA LUMPUR
29HB. MEI, 1991

Dengan amat sukacitanya saya ingin mengalu-alukan kedatangan Tuan Yang Terutama dan ahli-ahli rombongan Tuan Yang Terutama ke Malaysia. Malah Tuan Yang Terutama bukanlah seorang asing kepada Malaysia kerana pernah melawat ke sini secara persendirian dan secara rasmi sebelum memegang jawatan Perdana Menteri Thailand. Lawatan Tuan Yang Terutama kali ini lebih mengembirakan lagi kerana kami menyambut Tuan Yang Terutama buat pertama kali sebagai Perdana Menteri Thailand. Sudah pasti lawatan Tuan Yang Terutama akan mengeratkan lagi hubungan tradisional yang rapat dan khas yang wujud di antara Malaysia dengan Thailand.

Tuan Yang Terutama membuat lawatan ketika perubahan-perubahan ekonomi dan politik yang penting sedang berlaku di dunia hari ini. Oleh yang demikian, lawatan ini memberi peluang kepada kita untuk bertukar-tukar pandangan dan idea mengenai peranan yang boleh kita mainkan di rantau ini untuk memenuhi cabaran-cabaran baru tersebut. Petang tadi kita telah mengadakan perbincangan yang amat berguna mengenai isu-isu dua hala dan serantau. Kita merasa bangga dengan tahap kerjasama ekonomi, kebudayaan dan sosial yang wujud di antara kedua-dua negara dan kita berazam untuk mengukuhkan lagi kerjasama ini dengan menghapus sebarang halangan yang mungkin masih ada. Mekanisme yang perlu sudahpun wujud dalam bentuk Suruhanjaya Bersama dan beberapa jawatankuasa yang berfungsi. Saya yakin, bahawa dengan panduan dan sokongan Tuan Yang Terutama, kita akan berupaya mencapai matlamat yang telah kita tetapkan bersama.

Jika saya menekankan keperluan untuk meningkatkan kerjasama dua hala kita, ianya adalah untuk menarik perhatian mengenai betapa pentingnya kerjasama sedemikian bukan sahaja bagi kita, tetapi juga sebagai asas utama bagi sebuah organisasi serantau yang kukuh dan mempunyai daya ketahanan yang kita semua dukung, iaitu ASEAN. Dalam dunia hari ini di mana negara-negara kecil akan mendapati sukar untuk hidup dalam politik antarabangsa yang penuh dengan kepincangan, hanya organisasi serantau yang kukuh dapat menawarkan peraturan yang paling berwibawa untuk melindungi kepentingan mereka. Selaras dengan semangat inilah kami mengutarakan ASEAN dan sekretariatnya diperkukuhkan. Saya merasa gembira bahawa laporan oleh lima orang terkemuka yang dipilih khas untuk mengkaji dan membuat perakuan-perakuan khusus bagi memperkukuhkan ASEAN, akan dibentangkan tidak lama lagi untuk pertimbangan semua negara ahli. Memandangkan Tuan

Yang Terutama sendiri, sebelum ini pernah terlibat dalam usaha yang sama, saya yakin Tuan Yang Terutama akan memberi sokongan penuh kepada usaha-usaha tersebut.

Dalam semangat kerjasama serantau dan kolektif kita yang sama, Malaysia telah mencadangkan penubuhan Kumpulan Ekonomi Asia Timur atau EAEG. Sepertimana yang telah beberapa kali kami nyatakan, EAEG adalah selaras dengan obligasi GATT dan akan mengekalkan sistem perdagangan berbagai hala. Ia juga akan menjadi sebuah forum bagi ahli-ahlinya berbincang di antara satu sama lain bagi mengekalkan perdagangan bebas. EAEG tidak akan menjadi sebuah kumpulan perdagangan yang eksklusif. Bagaimanapun, ianya sudah tentu ingin membantu ahli-ahlinya menjadi makmur dan meningkatkan perdagangan di antara negara-negara serantau. Saya merasa gembira bahawa ASEAN telah bersetuju untuk mengkaji dan menyediakan butir-butir konsepnya. Saya percaya kami mendapat sokongan Tuan Yang Terutama bagi menjadikan konsep tersebut satu kenyataan.

Memandangkan Tuan Yang Terutama memegang jawatan pada ketika ini dalam sejarah Thailand, Tuan Yang Terutama mempunyai tanggungjawab untuk menjamin kestabilan, keselamatan dan kemakmuran yang berterusan bagi negara Tuan Yang Terutama. Saya mengucapkan kejayaan dalam usaha-usaha Tuan Yang Terutama kerana kami di Malaysia, sebagai jiran paling dekat, ingin melihat Thailand menjadi sebuah negara yang stabil, selamat dan makmur.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE CHILEAN COUNCIL FOR INTERNATIONAL RELATIONS AT SANTIAGO
20TH. JUNE, 1991**

"COOPERATION AND COMPETITION IN THE PACIFIC"

I am delighted to be here in Chile. As you know this is my first visit to this country. We have, I think, neglected each other for too long. I hope my visit can contribute towards forging a new framework for mutually beneficial cooperation.

I am honoured to be invited to address you and to share with you some thoughts about the future of the Asia-Pacific region. For centuries the Pacific Ocean has kept us apart. However, the relentless advance of communication technology is drawing us closer together. Far from being an ocean that divides us, it is now becoming an ocean that links us. We must take advantage of this shrinking ocean to restructure our relations, particularly in economic interaction.

I know that you in Chile have already sensed this and have taken steps to strengthen your Pacific identity. You are for example, active in the Pacific Basin Economic Council (PBEC) and have only last month joined the Pacific Economic Cooperation Conference (PECC). You have also expressed interest in establishing contact with ASEAN through the Rio Group and in the APEC process. I welcome Chile's active interest in the emerging structure of Pacific cooperation. The strengthening of bilateral ties between our two countries is also an intrinsic part of this process and is one of the reasons for my visit.

East Asia is reputedly the world's most dynamic region. Growth rates now average more than 5 per cent. Most East Asian economies are expected to register even higher growth rates of between 7 to 10 per cent this year. On the whole, the East Asian nations already account for more than 38 per cent of global trade. By the end of this century the region will outrank all others in trade and investment flows, productivity and growth.

The East Asian region owes its astounding economic success to two main factors, namely free-market policies and free trade. If you look around the East Asian region, you will note that every country that has registered high growth rates also practise a free-market economy. This is not a coincidence. The free-market system is not a perfect one but no better alternative exists.

This reality is now also more widely accepted in this part of the world. The countries of South America are increasingly adopting free-market policies, economic liberalism and deregulation. State-owned industries are being privatised. I believe, these

are necessary prerequisites for sustained economic growth. Certainly the Malaysian Government is committed to such an approach and the results have been impressive. I am convinced that with your policy shift in favour of a market economy, South America will begin experiencing high growth rates as well. Indeed Chile's own high growth rates bear testimony to this. South America will also be more integrated with the global trading system and will benefit from trade flows and investments. These are exciting developments which augur well not only for South America but also for East Asia as a whole.

The East Asian region today is at a cross-road. There are many impulses pulling and pushing us in different directions. There is for example the impetus to Pacific-wide cooperation that has found expression in PECC and PBEC. There is also the Asia-Pacific Economic Cooperation or APEC.

Malaysia of course supports such forms of cooperation but it is important to ensure that it will genuinely serve the needs of smaller Pacific countries such as the South Pacific island states and groupings such as ASEAN. It must not become a vehicle to perpetuate existing asymmetries and policies that place us at a disadvantage. Despite these concerns we are prepared to keep an open mind on the issue. APEC has perhaps the potential to be a Pan-Pacific organisation encompassing a number of sub-groupings. If APEC is to move forward however, its goal must be an organisation of equal states committed to free trade and economic cooperation both in principle and practice. In the meantime it would be more convincing, and certainly it would inspire confidence in us, if those who loudly espouse its benefits demonstrate their commitment to free trade in tangible ways. Chile and others in this part of the world, as much as China and Vietnam, should join the APEC process and work with us to achieve these objectives.

In the opposite direction is the trend towards economic regionalism. In Europe, this trend will in the immediate term culminate in EC 1992 and in the longer haul in greater European integration. In the Americas, the US-Canada Free Trade Area has already taken shape. It may soon lead to the formation of a North American Free Trade Area or NAFTA. Under the Enterprise for Americas Initiative, the concept will be extended to cover all of the Americas. Judging from the many statements that have been made by its principal proponents, the rationale behind these barriers and efforts to encourage greater investments are all laudable.

The emergence of large and powerful regional economic groupings will however also impact upon the Asia-Pacific and on other developing countries in many other ways. NAFTA alone will have a market of 360 million people with an annual output of US\$6 trillion while the EC will have a market of 340 million people with an output of nearly US\$5 trillion. If these groups remain committed to free trade internally and externally, it would greatly stimulate global economic growth. But let us not forget that these groupings also have the potential to do enormous harm if the fundamental principles of free-trade are sacrificed for political expediency. Even before these groupings took full shape, we have experienced their intemperance. What is there to guarantee that things will not get worse when their influence and weightage increases?

Let me illustrate these concerns with some tangible examples. Meeting in the New York Plaza Hotel in September 1985, the G-7 nations decided that a weaker US Dollar was needed to stimulate U.S. exports. They subsequently intervene in foreign exchange markets to give effect to this decision. As a direct result of this policy, now known as the Plaza Accord, the Dollar weakened and the Yen and other major currencies appreciated. This was of course good for U.S. exports but for Malaysia it meant that we had to take a very big revaluation loss on our Yen-denominated external loans. Although we and other smaller nations were so adversely affected by the Plaza Accord, we were not consulted. We the poor nations were simply expected to adjust to these changes meant to benefit the rich.

A few years later, our palm oil was targetted by powerful lobby groups in the U.S. which were envious of our success in producing a wholesome oil at competitive prices. They launched a smear campaign against palm oil, branding it a poison. Discriminatory legislation against palm oil was introduced at both federal and state levels. When we sought to defend ourselves we were hauled up before the International Trade Commission, a U.S. federal agency, which accused us of making unsubstantiated claims. Those who claimed that palm oil is damaging to health have also no proven evidence to support these allegations. But they were not subjected to action by any U.S. agency. In the meantime pressure applied on palm oil users forced them to label their products as free from tropical oils, thus insinuating that palm oil is dangerous. Only 3 per cent of edible oil consumed in the U.S. is made up of palm oil, yet all the heart diseases in the U.S. are attributed to it.

Chile itself has not been immune from such unfair practice. It was not so long ago one or two contaminated grapes led to the imposition of a total ban on the export of all Chilean grapes to the U.S. I am told that Chile lost over US\$340 million as a result.

When the big countries are disadvantaged, when their beef exports are discriminated against because of arbitrary standards, when their rice exports face high tariffs, they are able to use their economic clout to protect their interests. But what do the smaller countries do when we face such difficulties?

And these are not the only issues developing countries have to contend with. A recent UNCTAD report, for example, estimated that at least US\$25.6 billion of exports from developing countries are affected by non-tariff measures such as import quotas and voluntary export restraints. Again the big countries have the power to force open the markets of developing countries with the Super 301 enactments, an example of an international application of a national law. What however do we do when our exports face non-tariff harassment and are adversely affected by non-trade issues like labour rights, environmental problems and even over whether we should accept illegal aliens?

Unfortunately things will not get better, at least in the near term. The Uruguay Round has floundered principally because of the differences between the U.S. and the EC. Indeed, these two giants can hold the entire multilateral trading system to ran-

som because of their difference. At this stage, I am not hopeful that the Uruguay Round can be successfully concluded. The world economy also faces uncertain prospects. The industrialised countries are already facing recession. As demand weakens and the terms of trade deteriorate further, protectionism will increase. Trade tensions can therefore be expected to rise with adverse consequences for developing countries.

Against this backdrop of an uncertain international economic situation, Malaysia has proposed the formation of the East Asia Economic Group (EAEG), a forum of East Asian nations to consult on ways to uphold the free trade system. We have explained that as East Asia is so heavily dependent upon the free flow of trade both internally and externally, we feel the need to come together to ensure an open trading system within our group and between any member and the rest of the world. Like NAFTA, we hope that we can also discuss ways to reduce trade barriers and promote investments and cooperation. Such a grouping will never become inward-looking or protectionist simply because we would have most to lose by doing so. As a first step this proposal is now being discussed within ASEAN though much outside pressure is being exerted against ASEAN to abandon it. It would seem that East Asians are not to be allowed to even set up a consultative mechanism while trade blocs take shape elsewhere. We are not even allowed to call ourselves East Asians. We prayed for an end to the wasteful East-West confrontation, but the unipolar world which has emerged does not seem any less threatening.

Those who claim to abhor trade blocs must not themselves retreat behind blocs of their own while they forced others to open their markets. Free trade must be universal and must be so structured that it will be possible for the poor to grow and become developed. A demand for national status to be mutually practiced may sound fair. But in practice the rich and powerful with the capacity to go abroad will be the real gainer. Of what benefit will it be for a tiny bank in the developing country to gain national status in the land of corporate giants?

Still developing countries must continue to build up bilateral linkages and widen our trading base to include non-traditional markets. It is always unhealthy to be too dependent on one or two markets. Some time ago several developing countries established a forum to promote South-South Cooperation. It has come to be known as the G-15. I am convinced that South-South trade can yield good dividends. I am convinced also that this will be demonstrated by Malaysia-Chile relations. I am realistic enough to accept that South-South cooperation is not the solution to all our problems but it can certainly be an important part of the answer.

As for Chile, I hope that apart from enhancing trade with developing countries in general, you will continue to give priority to ties with East Asia. With its high growth rates and its ever increasing demand for machinery, consumer products, food and raw materials, East Asia should be an attractive profit center for Chilean businessmen. East Asian countries are also looking for new markets and new opportunities for investment. They can be encouraged to look to Chile and South America.

Chile in fact is uniquely placed to act as a bridge between East Asia on the one hand and the rest of South America on the other. Certainly Malaysia would like to use Chile as a base to expand its economic and trade ties with the rest of South America. You have an open economy and good infrastructure. The Port of Valparaiso is already emerging as an entrepot for the surrounding states. To reap the full benefits of cross-Pacific linkages serious efforts should also be made to strengthen shipping and air links between Chile and East Asia. The decision of both our governments to discuss these issues in the next few days will contribute to this. I look forward to the day when Malaysia Airlines and Lan Chile fly to each other's capitals, establishing for the first time a southern route linking both our countries and regions. There are thus bright prospects for cooperation between Chile and Malaysia and on to East Asia.

Chile is joining the Asia-Pacific community at a critical juncture in the history of the Asia-Pacific. The Pacific can offer much to Chile and other South American Pacific states, but only if it remains open to free trade and cooperation. The events that are shaping the Asia-Pacific today are not merely of academic significance. For countries like Malaysia and Chile who depend on free trade to prosper and grow, it may be the key to our survival.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
TO CHILEAN BUSINESSMEN, SANTIAGO
21ST. JUNE, 1991**

First and foremost, I wish to take this opportunity to thank your Government for the invitation extended to me and my delegation to visit Chile. As you are aware, the first contact between the region and Malaysia was made a long time ago in the 16th. century when the famous Spanish navigator, Ferdinand Magellan reached the Far East by way of South America in 1521. A little known fact about Magellan's epic vo-yage was that one crew member, Henry the Black, was a Malay from the Philippines who was taken to Spain by Spanish colonisers earlier. Ferdinand Magellan or to give his Portuguese name, Fernao de Magalhaes, a Portuguese citizen served under Afonso de Albuquerque in Malacca, Malaysia. As Magellan died in the Philippines the man who first circumnavigated the world was actually Henry the Black, a Malay. Juan Sebastian del Cano, who took over after Magellan died must be the second man to circumnavigate the world. Later on in the late 19th. century, rubber trees from this region were introduced to Malaysia and since then Malaysia has been well-known throughout the world for its rubber exports in terms of quantity, quality and the technology that Malaysia has developed in the production and application of natural rubber.

Malaysia lies on the reverse side of South America with the huge expanse of the Pacific Ocean lying between us. Fortunately today with major advances and achievements in the field of transportation and communication, this physical distance between us has been reduced considerably and, consequently it is easier for people of our two countries to visit and communicate with one another.

I am delighted to note that trade between our two countries has shown encouraging growth in recent years. Two-way trade between Chile and Malaysia has grown from US\$12 million in 1985 to US\$54 million in 1990. Growth in trade has been mutually beneficial as both imports and exports have expanded.

Malaysia has an open economy in which trade assume an important role. Total exports amounted to US\$29,400 million in 1990. The export sector contributes about 69 per cent to the Gross Domestic Product of the country. Malaysia maintains trade relationship with all the countries of the world including countries in this region. It is my fervent hope that our bilateral trade relationship will continue to grow strongly. The large group of Malaysian businessmen in my delegation is here to explore positively more economic interaction between our two countries.

In the past, the Malaysian export trade was dominated by minerals and primary commodities. With rapid industrialisation the export of manufactured goods today contributes about 60 per cent of exports. Malaysia also maintains a substantial import

trade amounting to US\$29,300 million in 1990. They are mainly food, machinery and transport equipment together with industrial machinery and components for the manufacturing sector.

In view of the importance of international trade to the economy, Malaysia is committed to an open economic system and we wish to strengthen further our economic links with all our existing trading partners as well as develop new ones. Like Chile, Malaysia is a member of the General Agreement on Tariffs and Trade (GATT) and together we participate actively in the Uruguay Round of Trade Negotiations which was launched five years ago in Punta del Este.

We are hopeful that the successful conclusion of the Uruguay Round will eventually result in a more liberal international trading regime. The Uruguay Round has entered its fifth year of negotiations. Though there had been hitches which have slowed down the negotiations, there are now however, positive indications that participating countries are willing to return to the negotiating table with renewed commitment and political will, to bring the Round to a successful conclusion. Malaysia as a trading nation, small though it may be, will do its utmost to contribute positively to the successful conclusion of the Round. In this regard, our commitment is reflected in our efforts to liberalise further our import regime consistent with a more liberal trading practice. Liberalisation inter-alia would take on the form of tariff reduction and de regulation in economic activities.

As part of the process to facilitate the successful conclusion of the Uruguay Round, Malaysia is already actively involved in cooperation with like-minded groupings such as the Cairns Group and G15. In our efforts to strengthen multilateral cooperation, Malaysia is also active in promoting regional cooperation. At the regional level, the Association of South East Asian Nations (ASEAN) of which Malaysia is a member, has made much progress in the field of trade and industrial cooperation. Intra-regional trade has been enhanced through the ASEAN Preferential Trading Arrangement (PTA) while regional industrial cooperation is facilitated through the ASEAN Industrial Joint Venture (AIJV) programmes.

At the East Asian regional level, Malaysia has initiated the formation of the East Asia Economic Group (EAEG). The EAEG is not intended to be a closed trading group but merely a forum for East Asian countries to defend the free trading system. It also has the objective of enhancing economic cooperation among East Asian countries. The ASEAN experience has shown that neighbouring countries can learn a lot from each other and can help each other to develop. When neighbours develop together their intra-regional economic activities are enhanced for the benefit of all. Poor neighbours create problems particularly in terms of migration. Their markets too cannot contribute towards regional trade. Poor neighbours will consequently stunt regional growth. The EAEG by keeping free trade alive and helping each other's growth is expected to have the same catalytic effect on East Asian countries as ASEAN had. The countries of the EAEG will be free to trade with the rest of the world. As collectively it will be a massive market,

it will benefit countries outside the region as well. World trade will therefore benefit from the formation of the EAEG.

We note that the countries of South America have also intensified their efforts in enhancing regional cooperation by setting the time frame for the operation of the Andean Pact and the MERCOSUR. We view these regional cooperation programmes positively as they seek to enhance trade and economic cooperation along accepted multilateral trade principles embodied in the GATT. Apart from these developments in regional cooperation, there are also other developments taking place in the developed world such as the formation of the Single European Market and the North American Free Trade Agreement (NAFTA).

In the interdependent world that we live in, developing countries such as ours are greatly dependent on the developed world for trade and investment. The developed countries however have their own regional groupings and, at the same time, their own economic imperatives which tend to spill over and adversely affect us. We hope that they will set a good example for the developing countries by structuring their regional groupings and devising solutions to their problems in ways which are consistent with the free trade principle.

While the developed world is important to the developing countries as a market for their products, we should not forget the tremendous potential benefits that could be derived through greater South-South cooperation and trade. It must be remembered that developing countries are good markets for the developed north. They surely can be good markets for the countries of the south as well, if only we can get our act together. Therefore in our quest for economic development, cooperation among the developing countries should merit priority attention also. Vast potential and opportunities for the furtherance of economic and trade gains exist in the developing world.

We are hopeful that South-South cooperation will be further intensified. The purpose of my visit here with a large delegation is to meet with political and business leaders and to identify and pursue common areas of interest. I am confident that we can all succeed in this effort in view of the common goals that we have. We are members of the Group of 77 and of GATT and we have high expectations on the Uruguay Round of Trade Negotiations. In these activities, we share common aspirations to achieve and accelerate economic development in the context of a liberal trading environment to give our people a higher standard of living and a better quality of life.

The enhancement of economic relations between our two countries encompasses several areas in trade and cooperation in the services sectors. In this respect, Malaysia looks forward with confidence to increased trade with Chile, both imports and exports. To facilitate this, we shall be concluding a Trade Agreement between our two countries as well as a Bilateral Payments Arrangements to facilitate payment of trade transactions.

Another potential area for economic cooperation between our two countries which can be explored further is investment. Malaysia has a liberal and attractive pro-

gramme to attract foreign direct investments, both in terms of capital and technology. Foreign investors find that investments in Malaysia give them a competitive edge in world markets as well as access to the burgeoning markets of South East Asia and East Asia. The availability of numerous raw materials and reasonable as well as highly trainable labour force ensure profitability.

For Chilean industries wanting to sell commodities or manufactured goods to East and South East Asia, Malaysia provides a depot and base for rapid and efficient distribution to the countries in the region, as otherwise direct shipments from Chile would be costly and infrequent due to shipping constraints. Malaysia especially welcomes regional headquarters and offer incentives to them. Company executives enjoy a good life in Malaysia because of good communication, low cost of living and the availability of food and goods from every corner of the globe. The annual inflation rate is between 2 to 4 percent and most luxury items enjoy tax-free status.

Malaysia also pursues an active policy of privatisation since 1981. In this privatisation programme, participation by foreign investors is also welcome especially when they can contribute technology or expertise. In any case as such companies are listed on the stock exchange, foreigners and foreign institutions can buy and sell shares in a booming capital market.

Our achievements made in the plantation sector and in recent years in the development of the manufacturing sector has enabled Malaysia to develop expertise in manufacturing, plantation management, construction and engineering consultancy. We are ready to cooperate with the Chilean business community in these sectors as has been done with many other countries.

I am heartened by the tremendous potentials for the strengthening of bilateral cooperation over a broad range of economic activities. While Government can provide the environment and conditions conducive to such a development, it is for the private sector of both countries to get the business moving. In this regard, I am confident that there will be concrete discussions on business opportunities among the business leaders of both countries and follow-up action will be taken to translate the business potentials into actual business transactions and projects on the ground to increase the commercial flows and investments between our two countries.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER HOSTED BY
HIS EXCELLENCY PRESIDENT FERNANDO COLLOR DE MELLO
PRESIDENT OF THE FEDERATIVE REPUBLIC OF BRAZIL, BRASILLIA
26TH. JUNE, 1991**

Permit me, first of all, to thank you Mr. President for your kind invitation to visit Brazil officially and the warm welcome that has been extended to my wife and I and members of my delegation. We are very happy to have had the opportunity to make this visit to your beautiful and huge country.

Malaysia and Brazil are separated by vast geographical distances. This has been compounded by our historical experiences, our languages, cultures and religions. But on closer examination there are elements of similarity in our languages and culture and in history. The first European to come to Malaysia were the Portuguese. Today we still have a colony of people of Portuguese descend, and Portuguese dances, songs and words are now a part of the Malaysian culture. Still our two countries are far apart and have had little contact. We could hasten to correct this and to lay firm foundations on which we could build a meaningful relationship beneficial to both countries.

Our bilateral trade, eventhough small, has been increasing steadily over the past few years. There is no doubt that there exists potentials and possibilities for further growth. The business community and Chambers of Commerce in both Malaysia and Brazil have a major role to play in exploring and establishing trading and investment links which would bring direct benefits to both our countries. It is for this reason that I have brought with me a big group of Malaysian businessmen who are keenly interested in developing business ties with Brazil. I am hopeful that the contacts they will establish here will help accelerate the pace of cooperation not only between Malaysia and Brazil but also between Brazil and South East and East Asia. Malaysia is ready and well-equipped to be the conduit to facilitate Brazil's trade with the rapidly growing region in East and South East Asia.

The one problem which always arises when the discussion centres on trade and investment opportunities, not only between Malaysia and Brazil, but also between South East Asia and Latin America, is the lack of adequate shipping and air links between our two regions. This is a major drawback to our efforts to bring us closer together. Yet the distance between Latin America and East Asia is not greater than those between Europe and East Asia and North America and East Asia. We must overcome this psychological barrier and apply our minds and energy towards overcoming this problem. The matter concerns not only the Governments of the two regions but also the private sectors. Joint efforts are necessary if we are to make any progress. The sooner we begin addressing this problem, the better it would be for all of us.

Malaysia and Brazil have consistently spoken out against the unfair trade practices of the developed countries which discriminate against our products, preventing access to their markets. We have also spoken out against the unfair and unstable prices we are getting for our primary products. We have also been subjected to economic pressures for alleged environmental crimes.

Cooperation amongst developing countries is therefore all the more vital now. We should not cut ourselves off from the North. But since the North can find markets in the South and exploit them, surely the countries of the South too can have access to the same markets for our mutual benefit. While we can form regional groupings in order to be more competitive and to help each other grow, we must continue to keep trade free, for only through trade can we hope to grow rapidly enough to catch up with the developed countries. Jointly the countries of the South can uphold free trade and halt the slide towards protectionism in the North.

The developing countries have been exploited in the past precisely because of the lack of unity and cooperation amongst us. We cannot let history repeat itself. That is why Malaysia has been emphasising the urgent need for South-South Cooperation. This is not to suggest a confrontative approach - that we take the developed countries from the North. Malaysia remains convinced that a healthy North-South trading environment remains the best scenario for total world trade to grow. But in the meantime, South-South cooperation and trading arrangements must be explored and exploited. We firmly believe that South-South Cooperation, in particular its trade component, has tremendous potentials if we collectively put our minds to it. The G15 is one vehicle to energise South-South Cooperation, not only in trade, but also in investments, in stimulating greater financial flows and their related services and in promoting relevant technology exchanges. I believe we have only just begun tapping the surface potentials in South-South Cooperation. With greater diligence and sustained efforts, we can realise fully the fruits of South-South collaboration. Let us remember that the massive trade we now have with the North began in a small way. Just as that trade grew so can trade between the South grow.

Once again I thank you and the Government of Brazil most sincerely for having made our visit such a happy and enjoyable one. I hope that Your Excellency will have the occasion to visit Malaysia sometime in the future so that we can continue the discussions we have had in Brasillia, and to enable me to reciprocate the warm hospitality you have so generously lavished on us.

May I now invite you to join me in a toast to the good health of His Excellency Fernando Collor de Mello, President of Brazil, to the Government and people of Brazil and to the friendly relations between Malaysia and Brazil.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
TO BRAZILIAN BUSINESSMEN IN BRAZIL
28 TH. JUNE, 1991**

I wish to take this opportunity to thank the organisers for inviting me to address this distinguished gathering. As you are aware, Malaysia's early contacts with Brazil was in the late 19th century, when rubber trees from Brazil introduced to Malaysia. Since then Malaysia has been well-known throughout the world for its rubber exports and technology.

I am delighted to note that trade relationship between our two countries has shown encouraging improvement in recent years. Brazil represents Malaysia's largest trading partner in South America. Malaysia's total trade with Brazil amounted to US\$328 million in 1990. This accounts for half of Malaysia's total trade with South America amounting to US\$661.4 million in the same year. Two-way trade between Brazil and Malaysia has grown from US\$78 million in 1985 to US\$328 million in 1990.

Malaysia has an open economy in which trade assumes an important role. Total exports amounted to US\$29.4 billion in 1990. The export sector contributed about 59 per cent to the Gross Domestic Product of the country. Malaysia maintains trade relationship with all the countries of the world.

In the past, the Malaysian export sector was dominated by the export of minerals and primary commodities. With rapid industrialisation the export of manufactured products today contributes about 60 per cent of exports. Malaysia also maintains a substantial import trade amounting to US\$29.3 billion in 1990. They are mainly food, machinery and transport equipment and industrial components for the manufacturing sector.

In view of the importance of international trade to the economy, Malaysia is committed to an open economic system and we wish to strengthen further our economic links with our trading partners, including Brazil.

Malaysia, as a developing country, strongly supports a more liberal international trading environment. In this regard, our commitment is reflected in our efforts to liberalise further our import regime consistent with development needs. Liberalisation inter-alia would take on the form of tariff reduction and deregulation in economic activities.

As part of the process to facilitate the successful conclusion of the Uruguay Round, Malaysia is already actively involved in cooperation with like-minded groupings

such as the Cairns Group and G15 which also includes Brazil. In our effort to strengthen multilateral cooperation, Malaysia is also active in promoting regional cooperation. At the regional level, the Association of South East Asian Nations (ASEAN), of which Malaysia is a member, has made much progress in the field of trade and industrial cooperation.

At the East Asian regional level, Malaysia has initiated the formation of the East Asia Economic Group (EAEG). EAEG has the objective of enhancing economic cooperation among East Asian countries and to pave the way for a more open multilateral trading system. Apart from this immediate objective, the EAEG will continue to serve as a consultative forum within the region to enhance trade and investment. The EAEG will be GATT consistent and will not be a trading bloc. In this regard, the EAEG will not only be beneficial to the countries in the region but also to countries outside the region, through the potential trade-creating effects of the Group.

In relation to regional cooperation, we note that South America has also intensified its efforts in enhancing cooperation by setting the time frame for the operation of the Andean Pact and the MERCOSUL. We view these regional cooperation programmes positively as they seek to enhance trade and economic cooperation along accepted multilateral trade principles embodied in the GATT. Apart from these developments in regional cooperation, there are also other developments taking place in the developed world such as the formation of the Single European Market and the North American Free Trade Agreement (NAFTA).

In this interdependent world, developing countries such as ours are dependent in many ways on the developed world for trade and investment. The developed countries, however, have their own regional groupings and, at the same time, their own economic problems which do worry us. We hope that they will set a good example for the developing countries by structuring their regional grouping and by finding solutions to their problems consistent with the free trade principle.

While the developed world is important to the developing countries as a market for their products, we should not forget the tremendous potential benefits that could be derived through greater South-South cooperation. Therefore in our quest for economic development, cooperation among the developing countries should merit priority attention also. Vast potential and opportunities for the furtherance of economic and trade gains exist in the developing world.

The visit of the Malaysian delegation to Brazil is to enable Malaysian businessmen and entrepreneurs to meet and hold discussions with their Brazilian counterparts on business and joint venture opportunities as well as to identify and pursue common areas of interest. I am confident that we can succeed in this effort in view of the common goals that we have.

Brazil is the largest economy in the region. Its economy is rapidly growing involving a wide range of activities in the production and exports of minerals, natural

resources, agricultural development as well as manufacturing. In many ways, our economies complement each other and there are many areas for cooperation. There is certainly immense potential for strengthening of economic relations. In this respect, Malaysia looks forward with confidence to increase trade with Brazil, both imports and exports.

Another potential area for economic cooperation between our two countries which can be explored further is investment. Malaysia has a liberal and attractive programme to attract foreign direct investment, both in terms of capital and technology. The rapid industrial growth achieved in recent years is very much due to our open policy of getting foreign involvement in our economy. Brazil has a large and sophisticated industrial base backed by domestic technology and therefore Brazilian industrialists are well placed to look at investment opportunities in Malaysia to set up manufacturing base to cater for the national and regional markets. Malaysia is located in the heart of the fast growing Asia Pacific region and Malaysia offers an attractive location for Brazil to expand its economic relations with the region.

Malaysia also pursues an active policy of privatisation. In this privatisation programme, participation by foreign investors is also welcome by providing the capital and technology in the privatised projects.

Our achievements made in the plantation and mining sectors and in recent years in the development of the manufacturing sector has enabled Malaysia to develop expertise in manufacturing, plantation management, mineral exploration and extraction, construction and engineering consultancy. We are ready to cooperate with Brazilian businessmen and industrialists as we have done with many other countries.

I am heartened by the tremendous potentials for the strengthening of bilateral cooperation over a broad range of economic activities. While Government can provide the environment and conditions conducive to facilitate such a development, it is the role of the private sectors of both countries to get the business moving. In this regard, I am confident that there will be concrete discussions on business opportunities among the business leaders of both countries and follow-up action will be taken to translate the business potentials into actual business transactions.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER GIVEN BY
HIS EXCELLENCY PRESIDENT CARLOS SAUL MENEM
PRESIDENT OF THE REPUBLIC OF ARGENTINA
BUENOS AIRES, 1ST. JULY, 1991**

First of all let me say how delighted I am to be here in Argentina. I have heard much about Argentina's rich history, its riches, its beauty and its many accomplishments. Therefore I look forward to this visit, my first to Argentina. Although my visit to Argentina is a short one, it promises to be very eventful and productive.

I must also express my sincere appreciation to Mr. President and to your government for the very warm welcome and gracious hospitality that has been extended to my wife and members of my delegation. I am also particularly pleased for the opportunity to meet with you again and to renew the contacts we first established when you visited Kuala Lumpur last year for the G15 summit.

Malaysia and Argentina established diplomatic relations in 1964. Through we have cooperated well in international fora, our bilateral relations have until recently lacked substance. But this is now changing. There is now a greater realisation that while our trade and consequently our economic health may depend on the markets of the industrialised countries, there is much to be gained from closer collaboration with other developing countries.

I am sure you will agree with me the G 15 process has already begun to germinate greater cooperation and exchanges amongst its members. There is now also a greater consciousness of the potential of South-South cooperation and trade.

Like you, I am keen to exploit the full of economic cooperation between our two countries in the spirit of South-South cooperation. The Malaysian market is open to Argentinian products ranging from machinery to wheat and beef. Some Argentinian companies are already doing well in Malaysia. A few turnkey projects are also being discussed. The Malaysian economy is set to grow at around 8% this year. There will thus be a great demand for goods and services which Argentina can help supply. On our part we have a whole range of goods and services to offer as well. The more than sixty Malaysian businessmen who have come with me to Argentina is an indication both of our commitment to economic cooperation and to the potential trade.

Our efforts to strengthen bilateral relations and economic cooperations comes at an opportune time. There is a growing trend towards economic regionalism in the

world today. In Europe and in North America trading blocs have taken shape. Though based on laudable principles of free trade their actions are often at variance with what they preach. I appreciate that economic imperatives may take it necessary for Argentina and other South American countries to be associated with these groupings in order to have access to trade, investments and economic cooperation. We wish you every success. Your success will be good for us just as our success will be good for you. I hope, however, that this will not lead to a diminution of the mutually beneficial ties that this region has with East Asia. With its high growth rates which average between 7 to 10 percent., East Asia represents an important economic focus for South America. I hope, therefore, that closer ties with East Asia will be an intrinsic part of any South American strategy for economic growth and development.

For East Asia free trade is absolutely essential to development and growth. The East Asia nations will thus continue to be open to free trade and receptive to closer interaction with South America. The East Asian Economic Group or EAEG that is now being discussed within ASEAN will help uphold free trade and promote economic inter-dependence between regions. On the basis of our discussions today, I must say that I am greatly encouraged by the prospects for cooperation not only between our two countries but also amongst developing as a whole.

On that note of optimism, may I once again thank you for receiving me and my delegation with such warmth and hospitality. May I now propose a toast to you Mr. President and to the friendship between Malaysia and Argentina.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
TO ARGENTINIAN BUSINESS LEADERS ORGANISED BY
THE FOUNDATION OF SCIENTIFIC AND
INTERNATIONAL STUDIES IN BUENOS AIRES, ARGENTINA
1ST. JULY, 1991**

First and foremost, I wish to take this opportunity to thank your Government for the invitation extended to me and my delegation to visit Argentina. As you are aware, the first contact between the region and Malaysia was made a long time ago in the 16th. century when the famous Spanish navigator, Ferdinand Magellan reached the Far East by way of South America in 1521. A little known fact about Magellan's epic voyage was that one crew member, Henry the Black, was a Malay from the Philippines who was taken to Spain by Spanish colonisers earlier, Ferdinand Magellan or to give his Portuguese name, Fernao de Magalhaes, a Portuguese citizen served under Afonso de Albuquerque in Malacca, Malaysia. As Magellan died in the Philippines the man who first circumnavigated the world was actually Henry the Black, a Malay. Juan Sebastian del Cano, who took over after Magellan died circumnavigated the world. Later on in the late 19th. century, rubber trees from this region were introduced to Malaysia and since then Malaysia has been well-known throughout the world for its rubber exports in terms of quantity, quality and the technology that Malaysia has developed in the production and application of natural rubber.

On the globe, Malaysia lies on the reverse side of South America with the huge expanse of the Pacific Ocean lying between us. In the days of the sailing ships, contacts were hazardous and time consuming. Fortunately today with major advances and achievements in the fields of transportation and communication, this physical distance between us has been reduced considerably and, consequently it is easier for people of our two countries to visit and communicate with one another.

I am delighted to note that trade between our two countries has shown encouraging growth in recent years. Two-way trade between Argentina and Malaysia has grown from US\$42 million in 1985 to US\$144 million in 1990. Growth in trade has been mutually beneficial as both imports and exports have expanded. At the same time, the composition of trade has also diversified to include new products such as wheat, maize, animal feeds stuffs, oil seeds, automatic data processing machines, vegetable fats and oils, flat-rolled iron and steel, pipes and tubes of iron and steel and plastic products from Argentina and from Malaysia radio broadcast receivers, telecommunication equipment, medical instruments and apparatus and textile and garments.

Malaysia has an open economy in which trade assumes an important role. Total exports amounted to US\$29,400 million in 1990. The export sector contributes about 69 per cent to the Gross Domestic Product of the country. Malaysia maintains trade relationship with all the countries of the world including countries in this region. It is my fervent hope that our bilateral trade relationship will continue to grow strongly. The large group of Malaysian businessmen in my delegation is here to explore positively more economic interaction between our two countries.

In the past, the Malaysian export trade was dominated by minerals and primary commodities. With rapid industrialisation the export of manufactured goods now contributes about 60 per cent to exports. Malaysia also maintains a substantial import trade amounting to US\$29,300 million in 1990. They are mainly food, machinery and transport equipment together with industrial machinery and components for the manufacturing sector.

In the past 5 years, Malaysia's total external trade has increased at an average growth rate of 25 per cent per annum. As a result, total external trade more than doubled from US\$23,400 million to US\$58,700 million in the 5 year period between 1986 and 1990.

In view of the importance of international trade to the economy, Malaysia is committed to an open economic system and we wish to strengthen further our economic links with all our existing trading partners as well as develop new ones. Like Argentina, Malaysia is a member of the General Agreement on Tariffs and Trade (GATT) and together we participate actively in the Uruguay Round of Trade Negotiations which was launched five years ago in Punta del Este.

We are hopeful that the successful conclusion of the Uruguay Round will eventually result in a more liberal international trading regime. The Uruguay Round has entered its fifth year of negotiations. Though there had been hitches which have slowed down the negotiations, there are now however, positive indications that participating countries are willing to return to the negotiating table with renewed commitment and political will, to bring the Round to a successful conclusion. Malaysia as a trading nation, small though it may be, will do its utmost to contribute positively to the successful conclusion of the Round. In this regard, our commitment is reflected in our efforts to liberalise further our import regime consistent with a more liberal trading practise. Liberalisation inter-alia would take the form of tariff reduction and de-regulation in economic activities.

As part of the process to facilitate the successful conclusion of the Uruguay Round, Malaysia is already actively involved in cooperation with like-minded groupings such as the Cairns Group and G15 which also includes Argentina. In our efforts to strengthen multilateral cooperation, Malaysia is also active in promoting regional cooperation. At the regional level, the Association of South East Asian Nations (ASEAN) of which Malaysia is a member, has made much progress in the field of trade and industrial cooperation. Intra-regional trade has been enhanced through

the ASEAN Preferential Trading Arrangement (PTA) while regional industrial cooperation is facilitated through to ASEAN Industrial Joint Venture (AIJV) programmes.

At the East Asian regional level, Malaysia has initiated the formation of the East Asia Economic Group (EAEG). The EAEG is not intended to be a closed trading bloc but merely a forum for East Asian countries to defend the free trading system. It also has the objective of enhancing economic cooperation among East Asian countries. The ASEAN experience has shown that neighbouring countries can learn a lot from each other and can help each other to develop. When neighbours develop together their intra-regional economic activities are enhanced for the benefit of all. Poor neighbours create problems particularly in terms of migration. Their markets too cannot contribute towards regional trade. Poor neighbours will consequently stunt regional growth. The EAEG by keeping free trade alive and helping each other's growth is expected to have the same catalytic effect on East Asian countries as ASEAN had. The countries of the EAEG will be free to trade with the rest of the world. As collectively it will be a massive market it will benefit countries outside the region as well. World trade will therefore benefit from the formation of the EAEG.

We note that the countries of South America have also intensified their efforts in enhancing regional cooperation by setting the time frame for the operation of the Andean Pact and the MERCOSUL. We view these regional cooperation programmes positively as they seek to enhance trade and economic cooperation along accepted multilateral trade principles embodied in the GATT. Apart from these developments in regional cooperation, there are also other developments taking place in the developed world such as the formation of the Single European Market and the North American Free Trade Agreement (NAFTA).

In the interdependent world that we live in, developing countries such as ours are greatly dependent on the developed world for trade and investment. The developed countries however have their own regional groupings and, at the same time, their own economic imperatives which tend to spill over and adversely affect us. We hope that they will set a good example for the developing countries by structuring their regional groupings and finding solutions to their problems in ways which are consistent with the free trade principle.

While the developed world is important to the developing countries as a market for their products, we should not forget the tremendous potential benefits that could be derived through greater South-South cooperation and trade. It must be remembered that developing countries are good markets for the developed North. They surely can be good markets for the countries of the South as well, if only we can get our act together. Therefore in our quest for economic development, cooperation among the developing countries should merit priority attention also. Vast potential and opportunities for the furtherance of economic and trade gains exist in the developing world.

This is so because firstly, most countries of the developing world have large population as well as abundant resources. Large population even when the per capita income is low, provide a good market for numerous essential products. Secondly, many of the developing countries are achieving high growth rates which will enhance their purchasing power and market demand. Hence, we should be positive that greater cooperation among developing countries would be mutually beneficial.

In this regard, we are hopeful that South-South cooperation will be further intensified. The purpose of my visit here with a large delegation is to meet with political and business leaders and to identify and pursue common areas of interest. I am confident that we can all succeed in this effort in view of the common goals that we have. We are members of the Group of 77 and of GATT and we have high expectations on the Uruguay Round of Trade Negotiations. In these activities, we share common aspirations to achieve and accelerate economic development in the context of a liberal trading environment to give our people a higher standard of living and a better quality of life.

The enhancement of economic relations between our two countries encompasses several areas in trade and cooperation in the services sector. In this respect, Malaysia looks forward with confidence to increase trade with Argentina, both imports and exports. To facilitate this, we have concluded an Economic, Trade, Scientific and Technical Agreement between our two countries. We are exploring the possibility of concluding a Bilateral Payments Arrangements to facilitate payments for trade transactions.

As mentioned earlier Malaysia has a large agricultural sector comprising rubber, palm oil, cocoa as well as a large and growing manufacturing sector and their requirements constitute a significant potential market for Argentina products such as the supply of fertilizer to the plantation sector, fish meal and animal feeds, minerals such as copper and iron ore, and steel products to the manufacturing sector. With the growing per capita income and a liberal import market, Malaysia needs substantial imports of wheat, beef, canned foods, fruits, seafood, machinery and consumer goods. I am happy to note that some of these products are already being exported by Argentina to Malaysia.

In return Malaysia can supply agricultural raw materials such as rubber and cocoa, petroleum and industrial components such as rubber thread and masterbatch; stearic acid, yarn and fabric, telecommunication apparatus, electronic and electrical components, to meet the needs of the industries in Argentina as well as palm oil, consumer products and automobiles.

Another potential area for economic cooperation between our two countries which can be explored further is investment. Malaysia has a liberal and attractive programme to attract foreign direct investments, both in terms of capital and technology. Foreign investors find that investments in Malaysia give them a competitive edge in world markets as well as access to the burgeoning markets of South East Asia and East Asia. The availability of numerous raw materials and reasonable as well as highly trainable labour force ensure profitability.

For Argentinian industries wanting to sell commodities or manufactured goods to East and South East Asia, Malaysia provides a depot and base for rapid and efficient distribution to the countries in the region, as otherwise direct shipments from Argentina would be costly and infrequent due to shipping constraints. Malaysia especially welcomes regional headquarters and offer incentives to them. Company executives enjoy a good life in Malaysia because of good communication, low cost of living, the availability of food and goods from every corner of the globe. I might add that the annual inflation rate is between 2 to 4 percent. Most luxury items enjoy tax-free status.

Malaysia also pursues an active policy of privatisation since 1981. The private sector is welcome to acquire or buy shares in companies which take over many Government monopolies and functions. In this privatisation programme, participation by foreign investors is also welcome especially when they can contribute technology or expertise. In any case as such companies are listed on the stock exchange, foreigners and foreign institutions can buy and sell shares in booming capital market.

Our achievements made in the plantation sector and in recent years in the development of the manufacturing sector has enable Malaysia to develop expertise in manufacturing, plantation management, construction and engineering consultancy. We are ready to cooperate with the Argentina business community in these sectors as has been done with many other countries.

I am heartened by the tremendous potentials for the strengthening of bilateral cooperation over a broad range of economic activities. While Government can provide the environment and conditions conducive to such a development, it is for the private sector of both countries to get the business moving. In this regard, I am confident that there will be concrete discussions on business opportunities among the business leaders of both countries and follow-up action will be taken to translate the business potentials into actual business transactions and projects on the ground to increase the commercial flows and investments between our two countries.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING CEREMONY OF THE
24TH. ASEAN MINISTERIAL MEETING
KUALA LUMPUR
19TH. JULY, 1991**

On behalf of the Government and the people of Malaysia I bid you "Selamat Datang" to Kuala Lumpur for the 24th. ASEAN Ministerial Meeting. Malaysia is indeed honoured to host this annual event again after six years. I hope your deliberations will result in new consensus and achievements that will further strengthen our association.

I would also like to extend a warm welcome to their Excellencies the Deputy Prime Minister of the Soviet Union and the Foreign Minister of the People's Republic of China who are attending the ASEAN Ministerial Meeting for the first time. We are indeed delighted to have both of you as Malaysia's honoured guests. Your presence at this meeting is indeed a clear reflection of the importance you attach to ASEAN as a regional association. Now that ASEAN and the Soviet Union as well as ASEAN and China have decided to sit together in conference, the ideological barriers between us have been overcome. There is, however, the psychological barrier to cross, so let us work together towards more fruitful relations between us in the interest of peace and security in the Asia-Pacific region.

We meet here at a momentous time in the history of the world in which events at the closing years of this century will rewrite the equation of political and economic balance in the emerging new world order. No other period during this century holds such promise of reconciliation and cooperation, for with the end of the Cold War the age of East-West division has ended. Unfortunately new uncertainties have arisen which threaten to erode the open global trading system.

While we applaud the reduction in East-West tensions and the dramatic speed at which the socialist countries have opted for democracy and the free enterprise system, we view with disquiet and growing concern the trade disputes between the economic super-powers — the United States, Japan and the European Community. Another political and economic reality of the world today is the trend towards closed regionalism. Managed trade, bilateralism and trading based on reciprocity endanger the open multilateral trading system, and consequently the growth of world trade.

The stalemate of the Uruguay Round, the growing competition for market access and new adverse trade practices are ominous signs that discriminative economics and

exclusionary trading policies will characterise the relations between the groupings of the developed world as well as between the developed and the developing world.

The economies of ASEAN and the many developing nations which are so dependent upon the open trading system are threatened by the new waves of protectionism. It is to defend the open multi-lateral trading system that the formation of an East Asia Economic Group (EAEG) has been proposed. The EAEG mirrors our basic belief in close consultation and cooperation between regional countries for the common good. It also reflects ASEAN's concern over the spread of regional trading blocs and constitutes a realistic approach to counter the adversarial and protectionistic stance adopted by some countries and economic groups which is putting the multilateral trading system in jeopardy.

Let me stress that the EAEG is not a trade bloc but the concept is that of a loose consultative forum comprising countries in East Asia. The EAEG will provide ASEAN and other East Asian countries the leverage and a platform to act in concert and speak with one voice with regard to any trade problems or trade related issues that affect us directly or indirectly. It will not work to restrict or constrict trade. On the contrary, its imperatives will be the defence and maintenance of free trade and expansion of economic relation between regional countries as well as with those outside the region.

The ASEAN experiences have shown that when countries in a region consult and cooperate, their chances of stability and success are greater. It is no accident that the ASEAN countries have such good records of economic growth and political stability. Clearly an extension of such consultation and cooperation to encompass the countries of East Asia will have the same effect. Not only will the Zone of Peace, Freedom, and Neutrality (ZOPFAN) be served but by helping the weaker economies of East Asia to grow, intra-regional trade will grow and the problems of economic migration resolved.

ASEAN and the other East Asian countries, whether economically strong or weak, need an anchor to weather and withstand the adverse trade winds which are blowing. A strong and United ASEAN, politically as well as economically, can bring the EAEG into shape and make it work for the positive benefit of all. The EAEG would be ASEAN's contribution to the maintenance of an open global trading system.

The West tells us that democratic freedom and human rights are fundamental for the achievement of economic and social development. We in ASEAN never disputed that democracy for the people and opportunity for the individual to develop his or her own greatest potentials are indeed important principles. We disagree, however, that democracy has only one definition or that political systems qualify as democratic only when they measure up to certain particular yardsticks. Similarly, the norms and precepts for the observance of human rights vary from society to society and from one period to another within the same society.

Therefore, when the issue of human rights are linked to trade, investment and finance we cannot but view them as added conditionalities and protectionism by other

means. We question whether the motivations have not in fact been political and self-serving. Malaysia now faces a petition by the International Labour Rights, Education and Research Funds (ILRERF) to withdraw our trade privileges under the United States GSP. They say Malaysia has violated workers' rights and freedom. This is not the first of such petitions and will not be the last. The American Federation of Labour-Congress of Industrial Organisation (AFL-CIO) mounted similar petitions before. These labour organisations may seem to be concerned with the welfare of our workers but should their petitions result in the withdrawal of GSP privileges, the next result will be reduce investments in our country and create unemployment among the workers. We should recognise their actions for what they really are.

Government in developing countries constantly face the problem of securing a fine balance between the need to ensure national economic development and the kind of individual and group disruptive activities which tend to destabilise society and inhibits growth. Nobody can claim to have the monopoly of wisdom to determine what is right and proper for all countries and peoples. It would be condescending, to say the least, and suspect for the West to preach human rights to us in the East.

In the ASEAN experience, we have learnt that both at the national and regional levels, peace and security, democracy and freedom as well as stability are possible and sustainable only when the people are free from economic deprivation and have a stake in the national life. Rightly, ASEAN countries have placed a high premium on political stability by managing a balance between the rights of the individual and the needs of the society as a whole. This has enabled the ASEAN countries to make great strides in the socio-economic advancement of their peoples. It has also enhanced the resilience of individual countries and the ASEAN region as a whole. However, ASEAN needs to do more.

ASEAN is 24 years old this year. It is cohesive, united by shared geography, common goals and economic dynamism. It is today much envied by many. Its success in providing a climate of peace and stability has enabled its member states to concentrate on economic development, resulting in our economies being among the fastest growing in the Asia-Pacific region. We achieved a growth rate of about 8 per cent in 1990, a record that we are all proud of and must strive to maintain, if not to improve.

However, we cannot be content with the present level of ASEAN cooperation. ASEAN has a greater role to play in international relations and in promoting intra-ASEAN economic cooperation. ASEAN must proceed to a higher plane of cooperation, collective action and self-reliance in order to have an effective voice in international, inter-regional and multi-lateral fora.

It is only a strong and united ASEAN which can exert its collective weight and voice to ensure that justice, fair play and even-handedness continue to be the guiding principles in the construction of the new international political and economic order. It is only a strong and united ASEAN which can contribute towards shaping that new order.

While regional peace and security are essential preconditions for our economic growth, the new world order which we should strive for is not only one that is free from the threat of war but it should also be a world free from poverty, hunger and diseases as well as an order which promotes equal economic opportunity and easy access to modern technology for all countries and peoples. And, most important of all, it should be a world order which recognises that countries and peoples can and must be allowed to maximise their national political, economic and social potentials in ways compatible with their historical, cultural and national circumstances.

It is from a strong ASEAN base that we should approach the question of peace and security of our immediate wider environment in the Asia-Pacific region. ASEAN has already made its mark in terms of geo-politics. The relevance of ASEAN for our regional existence as well as in international affairs has been proven beyond doubt. It is equally important that we should make ASEAN relevant in terms of geo-strategy. A new strategic environment is clearly developing in the Asia-Pacific region following the effective ending of super power rivalry in the area, but the shape of new things to come is yet unclear. This is for the ASEAN countries to study and assess together so that an effective and positive ASEAN contribution to peace and security in the Asia-Pacific region can be made.

In South East Asia itself, it is time for ASEAN to consider how the non-ASEAN states of the region can now be brought into the regional mainstream. The ZOPFAN Declaration of 1971 was an acceptance on the part of all member states of ASEAN of certain basic principles of intra-regional relations. The Declaration also provided the guiding principles for extra-regional interstate relations. The Treaty of Amity and Cooperation of 1976 elaborated on these principles and invited acceptance of them by others in the region. Regionalism in South East Asia has to be brought to a higher plane from the process of communication and consultation to that of conscious and organised interdependence between all the regional states. Just as ASEAN provides for politico-economic interdependence, I believe the relevant elements of ZOPFAN and the Treaty of Amity and Cooperation can provide the structured politico-security framework for that organised interdependence between all South East Asian states.

A rapid pace of economic development requires an environment of peace and security. For so long as the Cambodian problem remains unresolved, it will continue to affect the peace and security of the region. Much honest efforts have been made to find a durable solution. Urgent matters on the international economic agenda requires our full attention. A Cambodian continuing to be at war will not only mean unending misery and suffering for its people but also affect the progress of the region.

At a time when regionalism is beginning to assume new importance in international economic affairs, we cannot afford to have the continuing division and the separation of the Indochina countries from the rest of South East Asia. A Cambodia mired in perpetual turmoil while the other parts of the region and the rest of the world passes them by is a possible scenario, but we wish to prevent that from happening. However, in order to enable them to integrate into the regional life, Cambodians must

first find peace among themselves. We are therefore much encouraged by the unanimous election of His Royal Highness Prince Sihanouk as the President of the Supreme National Council. We are confident under his wise leadership, the Cambodian parties would be able to achieve national reconciliation and reach agreement on a comprehensive political settlement.

There is no doubt that in the area of political and diplomatic cooperation ASEAN has made an international impact. But our performance on the economic front requires substantial upgrading. For more than ten years now, ASEAN's collective energy has been concentrated on finding a solution to the Cambodian problem. While we should continue to persevere until a solution is found, it is timely to give proper attention to economic matters. We need to refocus our economic cooperation, both internal and external, on these crucial areas that really matter. There must be new initiative and ideas to step up economic cooperation, to give our economic front sufficient leverage, as well as to consolidate and upgrade our present cooperation.

While ASEAN should not be a trading bloc and each ASEAN country must remain free to trade with other nations, increasing steps should be taken to increase regional integration. We should be bold enough to examine specific areas where there can be greater regional integration, as for instance intra-regional trade.

ASEAN's experience in the last world-wide economic slow down of 1985-1987 period was a painful one. But it was a lesson well learnt. It is imperative that ASEAN pools its resources and collectively create a conducive economic climate in the region for renewal and enhanced growth. An ASEAN supported by economic strength will have a stronger voice in international negotiations for fairer trade terms with the developed countries.

To date our volume of intra-regional trade and investments remains small. The volume of intra-ASEAN trade remains at a low 20 per cent of ASEAN's total trade despite an increase in the number of products under the ASEAN Preferential Trading Arrangement. We cannot continue with the piece-meal approach to trade liberalisation among ourselves. I support, therefore, the recent proposal made by Prime Minister Anand of Thailand that we work towards the establishment of an ASEAN Free Trade Area sometime by the turn of the century.

I see merit in establishing an ASEAN Free Trade Area although there are many structural factors that inhibit our economic integration, such as our different levels of economic development, our competing economies, our lack of industrial complementation and our frequently divergent perceptions of short and long term benefits both for the individual nation and the region. I appreciate that these are hard issues and harder still to make the choices. But make them we must if ASEAN wishes to be counted as an economic force in her own right.

Our economies, having registered some of the fastest growth rates in the Asia-Pacific region, will continue to grow, perhaps at a slower rate in view of the poor inter-

national economic climate. The future of the international trading system may be uncertain, but we are quite certain that the ASEAN economies will grow from strength to strength. Therefore, the factors which inhibit integration will no longer be so formidable or even relevant by the first quarter of the 21st. century. By then, the economic disparity between ASEAN member states will have narrowed considerably, external and internal markets for ASEAN product would have expanded thus making the problem of competing economies less relevant.

Much as we need vision and foresight to chart the direction for ASEAN's future growth, we need more the courage and collective will of all to set our objectives on course and the achievement of these objectives within a time frame. We should set our minds to achieve what is, after all, quite possible.

As a start and for which we are already doing, albeit not in the pace that we should, there is the urgent need to liberalise our trade substantially within the grouping. Trade liberalisation will not only bring our economic cooperation to a higher plane, it will also reinforce our trade links with other countries and regions. We should strengthen our political cooperation by economic means. There is much room to increase trade flows, to create a larger market for complementary industrial ventures, to encourage greater private sector participation and to widen as well as give more impetus to ASEAN industrial joint ventures.

Just as we ask our trading partners to heed our call for a fairer and equitable trade terms, we have to demonstrate positive efforts of our own. I am quite certain that a liberalised ASEAN trading area will be a source of strength for us in the wider multi-lateral trading environment.

When we advocate a more economically integrated ASEAN, no one should mistake it as an idea to make ASEAN a trading bloc. Far from it. The outward dependence and orientation of our economies make it impossible for us to be self-contained or inward-looking. It would be illogical for us to abandon the multi-lateral trading system under which ASEAN economies have prospered. Consistent with our dependence on the open international trading system and multi-lateralism, ASEAN cannot but defend and seek to preserve them.

Much has been said about the need to revamp the ASEAN Secretariat. There is now consensus to restructure and strengthen the Secretariat to enable it to set up programmes for intra-regional as well as extra-regional economic cooperation. But consensus must readily be turned into reality. It is in ASEAN's interest to be innovative, to improve its coordination and to accelerate the process of decision-making in the light of rapid changes in global economic conditions. A strong and effective Secretariat is a necessity to bring about changes in the methods and increase in the substance of ASEAN economic cooperation. Your task is to determine how best the ASEAN institutional machinery and in particular the ASEAN Secretariat is to be improved bearing in mind the requirements of the Association in the future.

A strong and effective ASEAN Secretariat will pave the way towards making ASEAN more economically integrated. It is therefore essential that we work towards making ASEAN more viable and relevant in the next century. It will engender self-reliance and resilience, enabling ASEAN economies to sustain economic dynamism and to withstand economic crises.

With the conviction that we are setting out on the right course and with hope that you will conclude your deliberations on these pressing issues with speed and consensus, I now have great pleasure to declare open the 24th. ASEAN Ministerial Meeting.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF THE SECOND CONFERENCE
OF ASEAN MINISTERS RESPONSIBLE FOR INFORMATION
KUALA LUMPUR
1ST. AUGUST, 1991**

It is indeed a pleasure and privilege for me to address this distinguished gathering of the ASEAN Ministers responsible for Information. I am delighted to be present here this morning, especially to meet with leaders of the communication and information sector of ASEAN, and to officially open the Second Conference of ASEAN Ministers responsible for Information.

Events appear to be moving very fast these days in all parts of the world — in Eastern Europe, in the Americas, in Africa and in Asia and, of course, in our own neighbourhood. These events will invariably affect the course of history — for better or for worse. With the advances in all fields of communication the world has now become a global village and consequently thoughts or words or deeds reach the ears and even the eyes of everyone as frequently as they happen. We were able to sit in our houses and watch modern warfare being conducted on a real time basis. And countries can no longer shield their people from the happenings in other parts of the world. One of the most astounding results was the exposure of the failure of the communist ideology which led to it being abandoned in Russia and Eastern Europe.

There can be no doubt that the advances in communication technology have been large beneficial to the human race. Their scope for awareness of the world they live in has been vastly enlarged. Far away places with strange sounding names seem no longer far or strange. Knowledge which had taken a whole lifetime to acquire in the past can now be learnt in an hour. There is a great deal more transparency in the affairs of man and of nations. Distance no longer separate, for the pressing of a few buttons will bring people within talking distance of each other.

Along with all these advances there is an explosion in the media industry, particularly the electronic media. The volume of information that is disseminated cannot be coped by any individual or society or nation. There are far too much news that are fit to print or to broadcast. Accordingly news must be chopped into digestible bits, interpreted, vetted, censored, analysed, and underlined by people in the information business, whether Governmental or non-Governmental.

What these people are doing are no doubt essential. Without proper presentation, news would be confusing and indigestible. Some people must therefore con-

dense and vet what the people should read and what they should not. And these people, whether they be from the Government or from the non-Government organisations, must acquire a considerable degree of power. And power, they say, corrupts.

Freedom of the press is now accepted as an essential part of democracy. Quite rightly the dissemination of news by the press should not be suppressed. Governments have been able to subjugate their people by denying news. To allow Governments to control the press is synonymous with totalitarian rule. Any Government which interferes with the dissemination of news must therefore be regarded as undemocratic, a heretic in a world that now unanimously accepts democracy as an article of faith.

Knowing how powerful is the influence of information on the mind and action of people, and knowing also that it is impossible to distribute all the news as they happen and equally impossible for people to absorb all the news that is distributed, it is inevitable that the people involved in the information industry should select some happenings to report and to exclude the others.

In addition, it has now been accepted that the presentation of the news is also the right of those in the non-Governmental information industry. Now we know that the narration of history by different people and different countries differ greatly. In history it is always the other country which is wrong. One's own country is always right. And so whole generations grow up to hate and despise certain countries because of what their history books narrate. The same can happen in daily reporting by the press. A distorted view of events can always be spread because the people in the press, like the national historians, have certain views.

But, of late, it has even been accepted that lies can be fabricated in the name of freedom of the press. With the increasingly powerful weapons at the disposal of the press, it is entirely possible for the press not only to create totally erroneous views and opinions, but actually to undermine the stability and even the economy of countries. And events have shown that the guardians and practitioners of press freedom are not averse to using this unlimited license. New and more telling ways are continuously being invented so that lies can be accepted as the truth.

During the last World War, Dr. Goebbels of Nazi Germany perfected the art of the half-truth as a means to consolidate the support of the German people, first for the Nazi Party and then for the territorial ambition of Germany. Today, we wonder how the highly cultured and humane Germans could perpetrate the horrors of Belsen and Auschwitz, gassing and killing Jews and then glorying in their brutality. The answer lies in the effectiveness of Dr. Goebbels propaganda machine. Even the most gentle Germans can be made into a beast if fed the kind of selected information that was cooked up by Dr. Goebbels propaganda machine.

We do not have a Dr. Goebbels anywhere now. But when the world community accepts that press freedom confers the right to fabricate and tell lies, then we are condoning at least a part of the practices of Dr. Goebbels. The result may not

be the brutes who terrorised Nazi Germany but certainly there would be people sufficiently prejudiced as not to be able to see anything right about others.

Another effect of a shrinking world and instant news is the evolution of a world press. Language is a very important factor in the world press. Obviously a newspaper circulated worldwide, say in the Mongolian language, if the Mongolian people have the kind of money to do this, is not going to have much impact on public opinion in the world. To be effective, the language must be one that is understood by the most number of people in the world. And the language is English, the national tongue of some of the most populous and richest countries in the world. It is not surprising therefore that the English speaking nations largely control the world press. The non-English speaking nations which are also poor cannot have access to the world press to give their views or versions of whatever news are reported about them.

As a consequence, the poor non-English speaking nations feel naked and defenceless. If freedom of the press is to be meaningful, then everyone should be able to present his side of the story. What we are seeing is a one-sided exercise of that story. What we are seeing is a one-sided exercise of that freedom. Those who have no access to the world press have no freedom.

We talk so much about human-rights, justice and fair-play, etc. The question that must be asked is whether there is justice and fair-play when only certain people can influence the minds of the world community, and whether human rights is not denied when whole nations are deprived of their right of expression and their freedom to air their views. Does press freedom refer only to the freedom of those who control the press in a country and not to the those who control the freedom of the people to air their views in the press? Does freedom of the press exist when only certain nations can air their versions of the truth and others may not?

Some years ago there was an attempt by poor countries to reform the international information order. Normally there is sympathy for the poor, but there was no sympathy shown to the poor nations' attempt to gain access to the international media and to fair reporting. One of the biggest United Nations Agencies was threatened with a cut-off in its finances if it entertains the pleas of the poor nations. And so with unseemly haste the new information order was jettisoned. The right to fabricate, to tell lies and to do selective and slanted reporting about poor nations remains.

The ASEAN countries are a group of developing nations anxious to make as rapid a progress as possible towards a developed stage. Although by comparison the ASEAN countries have done quite well, as developing countries they have all the weaknesses associated with such a status. To develop they will need as little hindrance as possible.

One of the most important preconditions for them is political stability. This precondition can only be achieved if the people are well-informed, responsible, and aware of the results of their own action.

Democracy confers on the people rights and freedom of action. But rights and freedom are not free-standing entities. They must be accompanied by a sense of responsibility.

For a democracy to succeed the people must therefore be appreciative not only of their rights but also their responsibilities. This can only come about through a process of formal and informal education regarding democracy, which we all know is an alien concept.

It is in the area of informal education that information ministries, agencies and departments of Governments have to play a big role. It is the duty of Government to give some guidance without converting a democracy into a guided democracy. The line between merely guiding and being a guided democracy is difficult to draw. Too little guidance may result in irresponsibility, too much may negate democracy.

Yet the people must know that it is in their interest to be responsible in the exercise of democratic freedom. They must know that there is no monopoly by anyone in the definition and exercise of democracy. They must know that democracy is meant to serve the people. The exercise of democratic rights to the point where the people continuously suffer instability, insecurity and low or negative economic growth would seem to negate the objectives of being democratic. Yet, in most instances, it is not democracy which is at fault but the failure to understand it or worse still, the manipulation of democracy by self-serving people.

People who understand the way democracy works and its limitations will be able to derive the maximum benefit from the system. The mindless acceptance of someone else's interpretation of democracy and an unquestioning submission to certain practices, as for example the right to fabricate and tell lies, will undermine not only the fledgling democracies but the democratic system as well. This, the countries of ASEAN can ill-afford.

Governments have a duty not only to protect democracy and freedom, but also to bring about social and economic well-being for the citizens. While Governments should not suppress the truth; while there should be press freedom and a free flow of information, Government would be failing in their duty if they allow abuse of press freedom to the extent that lies can be spread and the stability and economic well-being of the people undermined.

The ASEAN Ministers responsible for Information face a daunting task. They have to be responsible for both the free flow of information as well as ensure the stability of their countries. There will be many occasions when the two seem incompatible, when their responsibility for the development of their countries seem to run counter to their faith in the freedom of democracy. It is not easy for example to ban a newspaper or expel a journalist. You don't do such things without getting a bashing from the Fourth Estate and those who consider themselves holier than us.

Tolerance must therefore be stretched to the maximum. But no tolerance is necessary when there is evidence of deliberate lies which undermine the nation.

Your meeting will enable you to exchange experiences and discuss how best the media can be used for the good of your respective countries. It is hoped that the ASEAN Ministers responsible for information will be able to cooperate well. It is important to remember that instability of one ASEAN country will affect the stability of the others and the region.

I hope you will have a good meeting. I now have much pleasure to declare open the Second Conference of ASEAN Ministers responsible for Information.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER HOSTED BY HIS EXCELLENCY
PRESIDENT CARLOS SALINAS DE GOTTARI
OF THE REPUBLIC OF MEXICO, MEXICO CITY
17TH. SEPTEMBER, 1991**

Thank you for your very warm words of welcome to my wife and I and members of my delegation. We are delighted to have this opportunity to visit your country. Mexico has a rich historical and cultural tradition going back many thousands of years. The great Aztec and Maya civilisations, which were both centred in this land, were well known for their achievements, especially in architecture, science and astronomy.

Today, under Your Excellency's able leadership, Mexico continues in this fine tradition of being a pace-setter. Your efforts to liberalise Mexico's economy, stimulate private sector participation and further integrate Mexico with the world economy, stimulate private sector participation and further integrate Mexico with the world economy have been viewed positively not only in the Americas but also in East Asia. Your liberal economic policies also provide new opportunities for bilateral and inter-regional trade and economic cooperation.

We are living in a time of rapid change and we are confronted with both challenges and opportunities. A new world order characterised by the ability of a few powers to impose their own agenda on the global community, both politically and economically, appears to be in the making. Political agendas are being foisted upon countries regardless of the enormous social and economic dislocations that follow and which often lead to chaos and disintegration. Malaysia has always practised democracy but we believe that democracy thrives best in an environment of economic growth and free trade. It is almost cynical for developed countries to press for democratic reform while denying nascent democracies market access. This will only lead to weak and unstable democracies forever dependent upon the developed countries.

On the economic front, the developed countries continue to hold the international trading system hostage by their refusal to eliminate agricultural subsidies. Without a firm commitment to internationally agreed rules, developed countries appear to be resorting to unilateralism and regionalism in the conduct of trade. More ominously, developed countries are also increasingly resorting to new conditionalities ranging from so-called human and labour rights to environmental issues to hinder the economic progress of developing countries.

In the light of these challenges, developing countries need to cooperate more closely with one another. Our goal has never been confrontation with others but simply the evolution of a conducive environment that would enable us to prosper and grow. Malaysia looks forward to cooperating with Mexico in pursuit of this vital objective.

Apart from this, we must also enhance cooperation amongst developing countries. You may recall that at the first summit meeting of G-15 countries, we agreed to make this a priority issue. In pursuit of this objective I have travelled to many developing countries including those in the Americas, to explore avenues for greater South-South cooperation. While there are many opportunities for trade and cooperation, they are very frequently left unexploited because of our preoccupation with established market. Cooperation amongst developing countries does not have to be at the expense of our linkages with established markets. It should result in additional markets which can help us diversify and perhaps reduce our over-dependence on just a few markets.

It can also help identify new sources of technology for us. Several developing countries are now participating in Malaysia's development programmes including road building, construction, rural electrification and heavy industry. We are satisfied with their work and will continue to open our economy to developing countries. We also welcome Mexico's participation. Indeed, a Mexican company is already involved in our steel industry.

I am convinced that the economic liberalisation that is now sweeping much of the developing world will result in a new era of progress and prosperity and provide greater opportunities for mutual cooperation among developing countries. It would be tragic if the liberalisation of developing countries only benefit the developed countries.

Earlier I had mentioned the trend towards economic regionalism. In the Americas, Mexico's decision to negotiate membership of a North American Free Trade Area or NAFTA is highly significant. Malaysia and others in East Asia have some concern as to how this could affect international trade. We, however, look to Mexico to help ensure that such a regional grouping does not adversely affect the free and open international trading system that we all depend upon. Most developing countries need access to a broad spread of markets and therefore do not want to see the world fracture along economic fault lines.

In East Asia, there is increasing concern over the future of the international trading system. The East Asian economies today enjoy some of the highest growth rates in the world and we have prospered because of international trade. The non-progress of the Uruguay Round and increasing trade disputes is therefore something we worry about. With this in mind, Malaysia has proposed the formation of an East Asia Economic Group that would be committed to upholding the open international trading system. It would act as a consultative forum to discuss issues affecting international trade and play a balancing role in support of the international free trading system.

I know Your Excellency fully shares this commitment to international trade and economic cooperation. Since coming to office, you have in fact given emphasis to Mexico's relations with other regions and especially with the Asia-Pacific region. Mexico is active in the Pacific Economic Cooperative Council (PECC) and the Pacific Basin Economic Council (PBEC) and has moved to establish a diplomatic presence in most of the Asia-Pacific countries including Malaysia. I welcome this very much. Mexico is as much a Pacific nation as other North American countries and can play a useful role in the emerging structures of Pacific cooperation including APEC. You can therefore be sure of our support in this regard.

We have had very fruitful discussion today. As we both agreed, the opportunities for mutually beneficial cooperation are vast. Both the Bilateral Payment Arrangement that was signed last August and the Trade Agreement which we will sign will give stronger impetus to bilateral cooperation. More importantly will be the contacts that our respective private sectors will establish in the course of this visit. I am greatly heartened by your own commitment to private sector cooperation, as evidenced by your decision to meet personally with the Malaysian businessmen in my delegation. This cannot but augur well for the future of our relations.

Before I conclude, may I once again thank you for your kind hospitality and for receiving us with such warmth and friendship. We will certainly take back with us many pleasant memories of our visit to Mexico.

May I now invite you to join me in a toast to the good health of His Excellency President Salinas and to the friendship and cooperation between Mexico and Malaysia.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
TO MEXICAN BUSINESSMEN, MEXICO CITY
18TH. SEPTEMBER, 1991**

Let me say how happy I am to be in Mexico as a guest of your Government. This visit has given me the opportunity to meet with your political, business and industry leaders and exchange views on matters of common interest. I wish to thank the organiser for the initiative to hold this function and to allow me to address this distinguished audience of Mexican business and industry leaders who wish to expand and develop bilateral trade and economic relationship between our two countries.

As you know economic relations between our two countries have always been friendly and cordial. Over the years, bilateral economics ties have shown encouraging improvement. Mexico is the third largest trading partner of Malaysia in Latin America after Argentina and Brazil. Malaysia's total trade with Mexico has expanded from US\$9.40 million in 1985 to US\$69.70 million in 1990. In this trade expansion, I am delighted to note that trade has diversified from primary commodities to include manufactured products such as radio broadcast receivers, telecommunication equipment and iron and steel products, a testimony to the wisdom and practicality promoting South-South economic interaction.

Malaysia has an open economy in which international trade has always played an important role. Malaysia maintains commercial contacts with all the countries of the world and goods as well as currency have always been allowed to flow freely across its borders. In all these it has been consistent, eschewing radical switches.

In 1990, Malaysia with a population of about 18 million exported US\$29.4 billion worth of goods while total imports amounted to US\$29.3 billion. Malaysia's trade with Mexico amounting to US\$69.7 million represents about 0.12 percent of total trade. Therefore there is much room for improvement to the existing flow of trade between both countries.

Accordingly, I have brought with me a large trade delegation comprising the captains of trade and industry in Malaysia to meet with their counterparts in Mexico to establish contacts and discuss serious business.

The opportunities for the expansion of two-way trade and economic cooperation are immense as both our countries share the same policies to promote economic development and achieve rapid economic growth and in this process both countries have achieved commendable success.

The Malaysian economy grew at an average rate of 6.3 percent per annum in the last decade. Growth was even faster in the past 3 years averaging about 9.0 percent per annum.

In our economic development programme for this decade the Malaysian economy is projected to grow by 7% per annum. Exports is expected to increase from US\$29.4 billion today to US\$94.7 billion by the end of the decade. Imports of such items as machinery and transport equipment, minerals, agricultural raw materials and intermediate products to meet the needs of the industrial sector as well as food and consumer goods for the country's growing population will grow in tandem with increasing exports. Imports are projected to grow from US\$29.3 billion today to US\$89.3 billion by the year 2000.

There will therefore be a lot of opportunities for the imports of Mexican products into Malaysia more so because of a positive desire on the part of Malaysia to diversify its sources and reduce its dependence on its traditional trading partners.

At the same time, Mexico with its large population and expanding economy is a country with potential for import of a variety of Malaysian goods. The quality of our products is high and generally meet international standards as well as being competitively period. However, the Pacific Ocean is a big expanse of water and transportation cost will add to the prices of Malaysian goods. The landed costs of Malaysia's exports will obviously have to be competitive to be able to break into the Mexican market. This is where we need to look into making shipping less expensive through special carriers, and regulated frequencies. Links too will have to be established. Close sharing of revenue and operation will reduce initial losses. Malaysia Airlines is a medium size operator which has been consistently profitable and believes in cooperation rather than cut-throat competition.

Mexico is also an ideal location for siting re-distribution centres for Malaysian products to the regional market, including North and Central America. On the other hand, Malaysia is also ideal as a re-distribution centre for Mexican goods to East and South East Asia. Our traders must study this cost-cutting approach very seriously.

The manufacturing sector in Malaysia has been identified to be the engine of growth. It is expected to contribute 37.2% to the GDP by the year 2000 as compared with 27% today.

In the development of the manufacturing sector, Malaysia maintains an open door and a liberal policy towards foreign investment. Mexican investors are welcome to avail themselves of the opportunities and incentives in the manufacturing sector.

Malaysia is situated in the heart of the dynamic Association of South East Asia Nations (ASEAN) and East Asian region and it certainly is an ideal location for off-shore manufacturing operations for distribution to the local and regional market.

It is therefore important for Mexican businessmen to visit Malaysia and look at the opportunities that we have. Malaysia is a warm and hospitable country and we have always welcomed foreigners. It would be useful if Mexico could consider increasing her promotional efforts in the region through participation in trade fairs and the dispatch of trade missions, and the organisation of food, cultural and trade promotional events in Malaysia such as a Mexican Week. For whatever promotional work undertaken in Malaysia, you can be rest assured that all the cooperation required will be given by Government and the private sector to ensure its success.

Malaysian entrepreneurs have also developed competence and expertise in certain sectors such as in plantation and mining, certain sectors of the manufacturing industry particularly those involving sectors such as engineering consultancy, construction in Mexico, preferably in cooperation with local entrepreneurs.

Malaysia, as a trading nation, strongly supports a more liberal international trading environment. In this regard, our commitment is reflected in our efforts to liberalise further our import regime consistent with international requirements. Liberalisation inter-alia would take on the form of tariff reduction and deregulation.

Malaysia participates actively in the Uruguay Round of Trade Negotiations along with like-minded countries such as Mexico. I am happy to note that we share similar perceptions concerning international trade, namely that an open and more liberal trading environment would be beneficial to growth in trade and would certainly benefit countries like us. Therefore, we share common concern to expedite the Uruguay Round of Trade Negotiations to a successful completion.

I wish to congratulate Mexico for its positive contribution to trade liberalisation by restructuring its import regime to be consistent with GATT when she joined GATT three years ago. Such courageous and radical measures could only take place when a Government has a clear vision of the future and confidence in the management of the economy. It is an example which others should follow. This would facilitate import and would certainly benefit countries such as Malaysia which has the products and the desire to expand trade with Mexico. •

As trade and foreign investment contribute substantially to economic growth, Malaysia attaches much importance to strengthening linkages with her trading partners through bilateral, regional and multilateral effort. One major initiative is regional economic cooperation through ASEAN which was established in 1967. Over the years ASEAN has achieved strong economic growth rates and has established strong economic linkages with countries in the East Asian crescent.

In this regard we are confident that countries in this region are ready to strengthen regional economic cooperation further and should therefore support our proposal for the East Asia Economic Group (EAEG). The EAEG will be a loose consultative forum whose main task would be to defend free trade during international trade conferences. It would be GATT-consistent. The EAEG can also help the mem-

ber states to develop through investments and trade and so contribute to regional prosperity.

I believe Mexico shares the same sentiments. In Mexico's external relationship she maintains strong links with countries in the region such as the USA and Canada. Therefore, I understand the merits of the proposal to establish the North American Free Trade Agreement to promote economic cooperation in the North American continent. I hope that the participating countries of NAFTA will ensure that it is consistent with GATT and would be outward looking to ensure that international trade will also benefit from the Association. While there may be short-term gains from closed trading arrangements, in the long run deprivation of markets in the rest of the world will negate early gains.

In her effort to promote regional cooperation, I hope therefore that Mexico would approach it with a wider perspective in view. New and dynamic markets are developing in many parts of the world and they can absorb a lot of Mexican exports to enrich Mexico.

With the visit of the Malaysian delegation to Mexico I am certain that there will be better understanding of the opportunities available in both countries which can contribute towards further economic interaction and the enhancement of South-South cooperation through diversification of market and sources.

**STATEMENT BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE PLENARY OF THE FORTY-SIXTH SESSION
OF THE UNITED NATIONS GENERAL ASSEMBLY
NEW YORK
24TH. SEPTEMBER, 1991**

Allow me at the outset to extend my congratulations to you upon your election as the President of the Forty-Sixth Session of the United Nations General Assembly. It gives me great pleasure as a close friend of Saudi Arabia to see the world community honour your country through your election to this high office. With your wisdom, experience and skill, I am confident that you will discharge your responsibilities successfully, guiding this august assembly to a fruitful conclusion.

I would also like to take this opportunity to express my appreciation to your predecessor, H.E. Mr. Guido de Marco, who has carried out his task with dedication and innovative zeal contributing toward efforts in revitalising and re-examining the functions of the General Assembly.

It is with pleasure that I on behalf of Malaysia, extend a very warm welcome to H.R.H. Prince Norodom Sihanouk President of the Supreme National Council and Head of the Cambodian Delegation to the General Assembly. The United Nations which has long missed the statemanship and the ebullience of the Prince will I am sure, be happy to welcome the Prince back to the General Assembly. Malaysia is gratified to see at this General Assembly members of the Supreme National Council representing Cambodian, offering definite promise of a final solution to the Cambodian issue.

This is also an occasion to join in extending felicitations to the Democratic People's Republic of Korea and the Republic of Korea for their historic decision to become members of the United Nations as separate nations. That decision will serve to defuse some of the tension in North East Asia and hopefully lead to normalisation in their relations. As a friend of both, Malaysia welcomes such developments. May I also welcome as member of the United Nations the Republic of Estonia, the Republic of Latvia and the Republic of Lithuania, having deservedly regained their sovereignty. I would also like to add my felicitations to the Marshall Islands, Malaysia's Pacific neighbour of friendship and stands ready to cooperate with them.

The world has witnessed in the last two years more revolutionary changes than in the preceding hundred years. Without doubt these changes have opened new and historic opportunities to build a better world, anchored firmly in the rule of law, the sovereignty of nations and a collective commitment to social and economic justice for

all. The world is ripe for 'A New World Order' but it is hoped that this New World Order will not be one that is imposed upon the world by any particular beneficiary of the current revolution. All members of this august body called the United Nations should participate in the shaping of the New World Order if we are to avoid a return of a new colonial era.

When the United Nations was formed after the Second World War, the allied victors assumed the right to create a world order in which each of the five major powers could veto anything that did not serve them. But then the five fell out and the East-West conflict divided the world into two antagonistic camps. The Cold War that followed not only retarded modern civilisation but converted poor countries into pawns and proxies, devastating their territories and economies with confrontations and wars. That they were not fighting their own battles is clear from the outbreak of peace in every continent as soon as the East-West confrontation ended.

With these experiences still fresh in our minds how can we be assured that a New World Order formulated by any one country or group of countries will be good for everyone? We are already feeling heavy hands forcing us to do this and not that. In East Asia we are told that we may not call ourselves East Asians as Europeans call themselves Europeans and Americans call themselves Americans. We are told that we must call ourselves Pacific people and align ourselves with people who are only partly Pacific, but more American, Atlantic and European. We may not have an identity that is not permitted, nor may we work together on the basis of that identity. Is this a foretaste of the New World Order that we must submit to?

Democracy, and only democracy is legitimate and permissible now. No one really disputes this. In fact, speaking for Malaysia, we can think of no alternative but democracy in the context of our pluralistic society. We can also affirm that we have no intention of siding with despots or tyrants and those that deny their people their rights to democratic Government. But is there only one form of democracy or only one high-priest to interpret it?

We see differences in the practice of democracy even among those who are preaching democracy to us. Can only the preachers have the right to interpret democracy and to practice it as they deem fit and to force their interpretations on others? Cannot the converts too interpret the details, if not the basics? If democracy means to carry guns, to flaunt homosexuality, to disregard the institution of marriage, to disrupt and damage the well-being of the community in the name of individual rights, to destroy a particular faith, to have privileged institutions which are sacrosanct even if they indulge in lies and instigations which undermine society, the economy and international relations; to permit foreigners to break national laws; if these are the essential details, cannot the new converts opt to reject them? We, the converts, will accept the basics but what is the meaning of democracy if we have no right of choice at all, or if democracy means our people are consistently subjected to instability and disruptions and economic weakness which make us subject to manipulation by the powerful democracies of the world? Hegemony by democratic powers is no less oppressive than hegemony by totalitarian states.

Democracy means majority rule. The minority must have their rights but do these rights include denial of the rights of the majority? Admittedly the majority may not oppress the minority but if the minority exercise their rights without responsibility, become the agents of foreign democracies, and try to weaken their own country so as to make it a client state to certain democratic powers, must the majority in the name of democracy submit to the minority?

If democracy is to be the only acceptable system of Government within states, shouldn't there be also democracy between the states, of the world? In the UN we are equal, but five are more equal than the rest of the 166. Seven countries on their own lay down the laws which affect adversely the economies of others. A few nations on their own have taken it upon themselves to determine the New World Order. Powerful trade blocs demand voluntary restraints and impose laws and rules extra-territorially. Clearly the states of the world are not equal; not in the UN, not anywhere. If democracy is such an equitable concept why must we accept inequality between nations?

All these points towards an unhealthy and an undemocratic relations between nations. Yet equality and freedom is supposed to be the sole guiding principle of this modern civilisation.

When the UN was formed in 1945 the victors of world war II arrogated to themselves the right to dictate the roles and the distributions of power between nations. Many things have happened since then. The victors of 1945 are no longer the powerful major players in world affairs. Now powerful nations have emerged while some major powers have changed structurally. And new ideas about rights and wrongs and democracy have crystallised. Are we going to be shackled forever to the results of World War II?

If international democracy as represented by the UN is to be meaningful and effective, there must be an infusion of some of the current ideas and realities. The world needs policing, as the Gulf War demonstrated to us. But are we to have self-appointed policeman or are we to have a police force that is beholden to this august body, the UN?

Police action by the UN needs to be governed by principles, and rules. Laying siege and starving out a castle or a city until the people had to eat rats or starve may seem appropriate and acceptable in the olden days. But can our conscience remain clear if a whole nation is starved into submission? Can our conscience be clear if the principal victims are the old and the infirmed, the pregnant mothers and the new-borns, the young and the innocent?

With the advent of modern weapons, should wars be fought or police action taken destroying the recalcitrant nation totally in order to avoid casualties among our police force, and above all to avoid the demoralising coffins brought home? Is it truly possible that everything that is hit by massive bombs and rockets is military in character?

Is the Geneva convention still relevant in the conduct of war? We condemn chemical warfare but must we still have the nuclear weapons around? Are the people who possess them responsible and concerned about the horrendous effect of these weapons and will not use them other than as a deterrent? Who determines when a deterrent is needed?

The leaders of nuclear nations, the people who will push the nuclear buttons, are not safe as events in the Soviet Union amply demonstrated. We cannot even be sure that someone irrational might not become of all nuclear weapons cannot be justified in the present world.

The UN which is playing the role of inspectors in Iraq should extend that role to supervise the destruction of all nuclear weapons everywhere. More, it should supervise the invention and production of other disbolical weapons. Weapons for defence should be solely for defence and their capabilities must be such as to prevent them from being used as weapons of aggression expect in a limited way. Researches in new weapons by all nations should be reduced and no weapons should be sold by anyone without permits issued by the UN. Malaysia has joined efforts with other delegations at this General Assembly to work towards a U.N Arms Register to provide transparency and confidence as a first step towards giving the United Nations a comprehensive authority over disarmament.

We need weapons only to fight criminals. If a nation is subjected to armed uprising them the UN should take part in putting it down. Democratic Governments should only be brought down by democratic process. Anything that goes beyond democratic process should merit UN intervention if a request is made. We cannot preside over the disintegration of nations into ethnic communities, particularly if military action had no role in the initial consolidation of a nation.

Perhaps it may be asked why a tiny developing nation like Malaysia should be advising on how the world should be managed. We should not, can effect us and affect us adversely.

Today individuals in some developed countries consider it their right to tell us how to rule our country. If we don't heed them, then they consider it their right to destroy our economy, impoverish our people and even overthrow our Governments. These people latch on to various causes such as human rights and the environment in order to reimpose colonial rule on us. They are helped by the Western media which also consider it their duty to tell us how to run our country. All these combine to make independence almost meaningless. Our only hopes lies in the democratisation of the UN, especially as the option to defect to the other side is no longer available to us. We want to remain independent but we also want to conform to international norms as determined not by some NGOs or so called advanced democracies, but by all the nations of the world. If we default then it is the UN and not some Robin Hoods which should chastise us.

We are glad that the winds of change have brought about significant developments in South Africa which we hope would bring about the dismantling of apartheid and the start of negotiations towards a new democratic and non-racial South Africa. All these would not have been possible without international solidarity, with the United Nations system playing a key role in putting the necessary pressure on Pretoria. Despite these important developments, international solidarity, as manifested in the cult challenges ahead and ensure a succesful conclusion to the process of change in South Africa. Right now priority must be given to putting an end to violence in black townships, reviving the preparatory process for constitutional negotiations involving the Pretoria regime, the ANC, Inkatha and others as well as addressing the problem of social and economic inequities brought by decades of apartheid.

While the climate of peace and dialogue has benefitted many parts of the world, the Middle East remains the most volatile region and the Palestinian people continue to suffer under the cruel and illegal Israeli occupation. The current United States peace initiative has raised the hopes of many nations, including Malaysia, for an active peace process that would lead to a comprehensive solution of the Arab Israeli conflict, including the establishment of an independent state for the Palestinian. We welcome the initiative task and wish them all.

The plight of the Palestinian people touches the heart of every Malaysian. We would like the Palestinian people to be treated fairly and justly. If what they do to protect themselves is considered equally criminal. Governments which kidnap and kill people should be condemned even more than desperate freedom fighters who are forced to violence because they can seek justice in no other way. The accelerated build-up of illegal Jewish settlements in the occupied territories is an act of unwarranted provocation by the Israeli authorities and constitutes a very serious and unacceptable obstacle to the current peace efforts. In our view Jews in the soviet Union are better of there, where their entrepreneurial skills could be pit to good use to re-build the economy of that country.

Next year the nations of the world are expected to meet in Rio de Janeiro to discuss the environment. If we are to meet there, there is a need to know whether it is going to be a constructive meeting or a finger pointing third world bashing session.

If that conference is going to be productive then let us face the facts and deal with them. Unless we accept the truth regarding the sources and the causes of environmental pollution, rising temperatures and ozone depletion we are not going to get anywhere in our efforts to reverse the process. If we go to Rio, let us go there to discuss and agree on a common course of action and development.

The idea that the tropical forests can be saved only by boycotting tropical timber smacks more of economic arm-twisting than a real desire to save the forests. If selective logging ang sustainable management is prevented and consequently the forests become no longer a source of wealth, the worthless forests may be cleared in order to produce food crops, or to provide firewood in poor developing nations.

On the other hand, the vast for reafforestation has hardly been touched. The deserts of California can be converted into a tropical forest complete with rain-forest flora and fauna simply by pumping the ground water and planting trees. Instead, the underground water is being used for golf coursed and artificial lakes to surround luxury hotels. If we can build sophisticated warplanes at one billions dollars a piece, surely we should have the ingenuity and the money to create tropical forests out of deserts? Libya should be congratulated for tapping underground water to irrigate its desert. It is shameful that nations richer and more advanced than Libya have done nothing significant to green the world.

The use of CFC and fossil fuel is greatest in the richest countries. Is there really a need for CFC for spraying when a simple rubber bulb can do the same? Do the countries with huge populations of monster automobiles really need to use them when there can be small cars or efficient public transport system using electricity generated by hydro-power plants?

We in the poor countries would like to have some cheap hydro-electric power. True we have to sacrifice a few thousand acres of our forests. But we can spare these, for we have millions of acres more. But all manner of campaigns are mounted against our proposals for hydro-electric projects. Now of course the World Bank will be used to deprive poor countries of cheap hydro-electric power. And all these after the rich have developed most of their hydro-electric potentials. Can we be blamed if we think this is a ploy to keep us poor?

If the UNCED is to be meaningful let us hear now of the plans of the rich for reducing their own contributions to the environmental degradations. If the sole approach is to link aid to poor countries with what they must do environmentally for the well-being of the rich, then UNCED would be a lost opportunity.

Economic growth in a poor country cannot depend on the domestic market. To grow poor countries must have either aid of free access to foreign markets. It would be near suicidal for poor countries to keep their market to themselves. On the other hand there is every reason for the rich to keep their markets for themselves.

GATT is conceived to promote free and equitable world trade. But how can poor individual countries argue their cases in the GATT Round when the huge trade blocs monopolise the meetings? Who would listen to the plaintive arguments of a tiny insignificant third world country?

To be heard the poor must band together not to form impoverished trade blocs but to lend weight to their arguments. And so the East Asia Economic Group or EAEG was proposed, not as a trade bloc, but as a forum for the nations of East Asia to confer with other to reach agreement on a common stand for a common problem caused by the restrictive trade practices of the rich.

We are perplexed to find that this objective merely to have a voice in international affairs is being opposed openly and covertly by the very country which preaches free trade. It is even more surprising that there should be such opposition when NAFTA itself is being formed on the principle of the right of free association of independent countries. Can it be that what is right and proper for the rich and the powerful is not right or proper for the poor? One is tempted to suspect racist bias behind this stand.

Malaysia has supported the UN at every turn. We believe that the UN is the only legitimate instruments for creating an equitable world, for protecting the weak and the poor from the pressures of the strong. We welcome the end of the Cold War but we must admit to feeling more naked and vulnerable now. There is nowhere else to look expect to the UN. More than ever before, we need a greater role for the UN in the affairs of the world.

While we believe a restructured Security Council has a vital role to play, we would like to see a balanced constitutional relationship, including accountability between the General Assembly, the Security Council and the Secretariat in order to truly make the United Nations the guardian of peace as suggested in the Secretary-General's report of 6 September 1991. Related to this, the Malaysian delegation has joined efforts with others to deliberate on ways and means to revitalise the organs of the United Nations, including the General Assembly and ECOSOC. The experience of the Gulf conflict also makes it imperative for the United Nations to explore and put into effect all the potentials of preventive diplomacy, including a more pro-active role on the part of the Secretary-General and the expanded U.N. peacekeeping operations. Malaysia believes that the time has come for the international community to explore also the potentials of the International Court of Justice, the judicial organ of the United Nations, as a means of fostering the resolution of conflict by peaceful means and in accordance with the rule of law.

The international community is now at the proverbial crossroads. We truly have a chance to build a better world through consensus and to use the United Nations as the principal forum and vehicle for achieving our objectives. We cannot afford to miss this historic opportunity to benefit from the peace dividend resulting from the cessation of the Cold War. It must, however, be underlined that a global consensus approach requires tolerance for different ideas and practices inherent in our complex and pluralistic world. There is simply no place for an international order based on hegemony and domination. Let us then work together as partners in our common endeavour to build a better world.

**STATEMENT BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE ASIA SOCIETY MEETING IN NEW YORK CITY
25TH. SEPTEMBER, 1991**

I am very glad of this opportunity to address the distinguished members of the Asia Society in New York especially as it enables me to explain a little about the complexity of Malaysia with its multi-ethnic society to an audience of Americans with a wide knowledge of Asia and the world.

For more than a decade now Malaysia has opted to concentrate on economic development and to reduce politicking to the minimum. This is not easy of course, considering the multi-racial, multi-cultural, multi-lingual and multi-religious character of the Malaysians. But if you compare the history of independent Malaysia with that of other multi-racial countries, including those in present-day Europe, our record in reducing politicking and developing our economy seems to testify to our success in doing both at the same time.

Except for the race riots in 1969, race relations in Malaysia have been fairly good. As to the economy, we have done fairly well with growth averaging 6.8% in the last two decades. The four Asian tigers grew faster but then they have no racial or religious problems; their society being more homogeneous and more compact.

In Malaysia, we have always been very conscious of the need for political stability in order to achieve economic growth. And so, right from the beginning the different races set out to formulate a system for working together.

An alliance of ethnic-based political parties resolved the question of the character of independent Malaya before they presented their demand for independence in 1955 to the British. That Alliance of Malay, Chinese and Indian parties then went on to rule Malaya and Malaysia after independence was achieved in 1957.

For a time the euphoria of independence and the sharing of political power was sufficient to maintain political stability. But economic disparities were left unattended. The Alliance Government felt that the status quo with regard to the places for the Malays, Chinese and Indians in the economic spectrum should remain. This meant that the Malays should remain peasants with a few serving in the Government; the Chinese should do all the trading and other economic activities and the Indians should tap rubber while a few work as professionals.

Naturally economic disparities not only continued but were amplified. Within a decade the rumblings of discontent among the Malays became audible and ominous. Racial tension increased as the races confront each other in the political arena. In 1969 race riots broke out.

It should be noted that the Government was not entirely unconcerned about the welfare of the Malays in the rural areas. A comprehensive programme of rural development succeeded in bringing modern amenities to these areas. But the fact remained that the Malays felt the greatest portion of the wealth of the nation was beyond their reach and that the Chinese were the main beneficiaries of post-independence economic growth.

Following the race riots of 1969 the Government therefore decided to address the disparities and integrate the races into the economic sphere. Thus was formulated the New Economic Policy (NEP) with the twin objectives of eradication of poverty irrespective of race and the restructuring of society in order to remove the identification of race with economic function.

Malaysia suffered severe criticisms from many quarters over the New Economic Policy. The political leadership was labelled as racist and discriminatory. That the previous impartiality in the treatment of the different races had resulted in enhanced disparities and the race riots in 1969 were ignored. It would seem that equal treatment, even if it resulted in increased inequality, was more important than real equality between citizens. Yet society had long acknowledged the justice of taxing the rich in order to support the poor. The only difference is that in Malaysia, the poor happens also to be the indigenous people as a community. That the Government also subscribe to poverty eradication, irrespective of race, was dismissed as mere window-dressing and not worthy of consideration.

The multi-racial partners in the Government stood fast together despite attacks at home and abroad and continued to implement the NEP. It was the most daring experiment in socio-economic engineering ever undertaken by a developing country. There was no precedence to fall back on. Mistakes were made, but with some innovations, startling results were achieved.

While all these sosio-economic programmes were being carried out, the Government had also to ensure that economic growth would not be retarded. Indeed the NEP could not have been implemented if there was no growth, for it was premised on the expansion of the economic cake and not on redistribution of existing wealth. With the world sliding into recession the task for the Government was doubly difficult.

When I took over as Prime Minister in 1981, the New Economic Policy, was at its mid-point but had achieved only 1/3 of its target. With the world in recession, it was feared that in the next 10 years the achievement would be even less. Clearly new approaches were needed not only to achieve the NEP target, but also to accelerate growth.

The dynamic economies of the Far East were chosen as models and the Government enunciated the "Look East Policy" and the "Malaysia Incorporated" concept. The Look East Policy did not mean buying from Eastern countries and giving all contracts to them as the detractors of the Government, both local and foreign alleged. Looking East meant learning the work ethics, management styles and organisations of those countries in the East which were achieving dynamic growth. These countries had developed fast because they switched from an agrarian economy to an industrialised economic. If Malaysia was to grow fast it must industrialise. Again it had no choice. The agricultural sector cannot support a rapidly growing population which grew from 10.7 million in 1970 to 18.3 million in 1990. Only manufacturing industries can. Since the domestic market is small, import-substitute manufacturing would contribute little to growth. To cope, the economic growth must be export-led.

New forays into industry were launched. The most criticised was the venture into heavy industries, such as steel-making and fabrication and automobile manufacturing. Many predicted failure with glee. Indeed in the initial years the projects seemed to fail. But then, which company in the steel and car manufacturing industry made money from day one? It so happened that almost as soon as the mills began operation Malaysia experienced its worst recession following the worldwide recession in 1984-85. Today with these enterprises and a host of others started by the Heavy Industries Corporation showing handsome profits, the critics are less vocal though they remain sceptical.

The deep recession in 1985 also called for new strategies in order to recover. New incentives were devised in order to attract foreign investments as well as local ventures. A new Ministry of Tourism was allocated a large budget to promote tourism. A Visit Malaysia Year launched in 1990 succeeded in increasing foreign visitors by 60 per cent to over 7 million.

In the meantime the Malaysia Incorporated concept helped develop rapport between the Government and the private sector. This is absolutely essential if the private sector is to be the engine of growth as decided by the Government. Civil servants were retrained in order to cope with new attitudes and strategies that were formulated by the elected Government.

In the course of implementing the NEP, the Government had moved aggressively into business. Although some were successful, a great many were failures. Fortunately the Privatisation Policy enunciated in 1981 had begun to show results. Accordingly, the Government companies whether profitable or otherwise were sold off along with various Government agencies and services.

Privatisation was successful and profitable both for the Government and the private sector. An example is the Telecommunication Department. When it was a Government department it needed continuous Government financial grants. Revenue from the service was minimal. As a private company Telekom Malaysia relieved the Government from the annual grants, paid the Government for the assets taken over,

made considerable profits which the Government gets as dividends for its majority share, and provided better service. Many other services have been privatised and a list of over 200 others has been earmarked for privatisation.

At this point it is relevant to state that Malaysia had clearly deviated from the development model promoted by the countries of the North through the World Bank and the IMF when the colonies of the west gained independence. In economic terms, the model stipulated that the newly independent country should extract and export raw materials and commodities to the North and with the earnings to pay for imported consumer goods, machinery and technology, also from the North. In agriculture, the model called for the opening up of forests to plant crops using chemicals and fertilizers from the North. The model led to over production and lower prices for commodities and deterioration in the terms for the developing countries.

We are today looking at the ruins of this model in many parts of the world, especially in Africa. The severe adjustment programmes demanded by the World Bank when these countries failed because of its policy, caused further hardships on societies and even Governments. Cuts in social expenditures such as health care, water supply and education have led to more poverty and health problems. A recent statement by UNICEF has linked the outbreak of cholera in some Latin American countries to policies imposed by the World Bank and the IMF.

In Malaysia's case, it was providential that we did not adopt, in toto, the model above. Ours was a non-doctrinaire pragmatic approach which was not averse to learning and accepting methods from all sources, irrespective. We did not nationalise foreign owned assets but we made sure that we acquired controlling shares through normal market mechanisms. We practiced consistently an open-market trading system but the Government was always ready to intervene when necessary. While we allow full interplay of market forces in the private sector, the public sector remains a responsible partner monitoring the situation.

On the 1st. of July this year, Malaysia launched its Second Outline Perspective Plan and the National Development Policy (NDP) covering a span of 10 years from 1991 to the year 2000. At the same time, we announced a framework vision to make Malaysia a developed country by the year 2020. Our concept of being developed does not simply focus on per capita income but on the quality of life and morality as well. The hedonistic materialism of present models is not for us. We hope the rest of the world will give us this freedom of choice and not harass us into conformity in the name of freedom.

In formulating the NDP, the Malaysian Government also took into account a number of key factors. First, since the NEP was a qualified success we will continue with its objectives. But we will concentrate on improving the method of implementation to ensure that quality is not sacrificed in favour of quantitative achievement.

Secondly, the NDP must involve the participation of all communities. In implementing the NDP there will be a full mobilisation of all resources and utilisation of all the assets and skills of Malaysia's multi-racial society.

An important policy shift is to reduce Government's direct and massive role in opening up new lands. The Federal Land Development Authority or FELDA will be given a diminished role as the landless now tend to migrate to urban centres and work in factories. Should new palm oil estates need to be opened or expanded, the private sector will initiate and run them. They are after all more efficient than the Government.

The third factor concerns the external environment. The already shrinking international capital market is coming under even greater strain as the central economies of Eastern Europe and the new Soviet Republics move towards market economy. Because of the uncertainty in the international capital market, the NDP will generate capital from domestic sources through efficient mobilisation of domestic savings.

The export market is likely to get tougher, with a threat of increased protectionism and regulated world trade. This trend will have to be countered by seeking more meaningful support for keeping trade free. Towards this end, Malaysia has proposed the formation of the East Asia Economic Group or EAEG as a forum to garner support for free trade at international trade negotiations.

In order to achieve the targets of the NDP and the attainment of developed nation status by 2020, an average growth of 7 per cent per annum is required. Such a rate of growth will result in doubling the output of goods and services in real terms every 10 years and would achieve a per capita income of RM17,000 by the year 2020.

This is arguably an ambitious projection but it is not unachievable. In the 1970's, the Malaysian economy grew by an annual average of 7.8 per cent and in the 1980's because of the recession, by an annual average of 5.9 per cent. During the 20-year period of the NEP beginning 1970, the year the New Economic Policy was launched, the growth was therefore 6.8 per cent per annum. What is needed is an additional growth of 0.2 per cent. Considering that in 1989 the rate was 9.4 per cent and 10 per cent in 1990, the chances for a 7 per cent average growth are good.

The pursuit of the objectives of the NDP will entail an accelerated industrialisation programme. The manufacturing sector will spearhead development in the next decade. This sector is projected to grow by 10.5 per cent per annum resulting in the share of the sector in GDP increasing from 27 per cent in 1990 to about 37 per cent in the year 2000. Last year, the manufacturing sector enjoyed a growth of 18.2 per cent. The growth in this sector will have a significant impact on the composition of exports, with manufactured goods accounting for about 80 per cent of total exports by the year 2000.

Labour shortages being experienced presently will require that the nation move into higher technology and more capital intensive industries. At the same time, there

will be a need to diversify and broaden the nation's industrial base through new growth industries including metal fabrication and engineering, petrochemicals and transport equipment as well as non-metallic mineral, rubber and wood-based industries.

An important thrust in the NDP is the high priority given to the development of human resources. We are not thinking merely in terms of educational and skills training, but attitudinal training as well. A peasant mentality and value system is incompatible with progress towards an industrialised society. The people will need to change their values and work ethics if we are to achieve our ambition to become a developed nation. An active programme for training the people in the required ethics has been launched. This sounds very much like thought-control or brainwashing. We know that left to themselves the people would probably adjust. But we do not have time to spare. Too many nations are ahead of us.

Economic development plans can never be implemented successfully in an environment of political instability. Considering Malaysia's multi-racial population, proneness to political instability is perhaps much greater than in homogenous societies. Brilliant foreign observers who have intelligently questioned Malaysian taxi drivers on their way from the airport to the city during their one-day visit have never failed to detect religious and racial tensions simmering under the surface. We have a great respect for taxi drivers and barbers, but our approach towards creating political stability does not depend exclusively on these people's observation. We think we have the correct formula and we will stick to it with a fair deal of tenacity. I have already explained how deliberate power-sharing among our ethnic groups has resulted in political stability. We also believe that the equitable sharing of national wealth by all is also essential for that stability.

The above would be the way forward for the Malaysian economy. With hard work, tenacity and a singleness of purpose, we feel we can succeed. Even the challenges of the external environment can be overcome, at least partially. What we require is less of the all-knowing do-gooders and their drive to liberate us from ourselves. It must be accepted that there are many roads to heaven. The idea of a monolithic all-purpose model cannot be accepted by us. We hope people do not latch on to causes and crusades in order to justify political and economic recolonisation. Governments should also not hide behind the Non-Governmental Organisations. And nations should not feel unhappy if we retaliate in the same manner when they deliberately run us down. After all the so-called civilised nations have more skeletons in their cupboard and indeed are continuously adding to them, than we have in Malaysia. If you try to reproduce us in your image the world might be a boring place to live in.

The way forward for Malaysia may not meet with everyone's approval but it is our choice. If there is such a thing as human rights, let those rights also extend to the choice of the people of Malaysia.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
TO THE COUNCIL OF FOREIGN RELATIONS, NEW YORK CITY
26TH. SEPTEMBER, 1991**

I thank you for your kind invitation to me to address your distinguished body. The Council of Foreign Relations has established a reputation of being a leading and influential forum for fostering understanding and cooperation between the United States and other members of the international community of nations. Your role is even more crucial today than ever before. The radical and complex changes that are taking place and the dominant role that the United States is called upon to play require that the United States fully understand the imperatives of the policies and interests of other states, large or small.

I am, therefore, pleased to have this opportunity to share with you some thoughts on "ASEAN in the 1990s and Beyond: The Case for Expanded ASEAN-based Regional Cooperation."

The world has undergone truly radical changes in recent years. The collapse of the Communist system and the ending of the great East-West divide led many to believe that we are all set to reap the peace dividend. But the Gulf War and the attempt of the hard-liners in Russia to stage a coup should remind us that dividends are not there for the picking but must be worked at.

There is a great need to understand the aspirations and sentiments of national, ethnic, social and political groups and the problems they must face when political changes take place. Above all there is a need to appreciate that different situations call for different remedies. The idea that there is one solution to all problems, and that what serves one situation should serve all situations must be discarded promptly if there is going to be any dividend at all from the peace we have apparently achieved.

Democracy and the free market have become the sole ideology and system for the world. Anything other than this is taboo. There is no real disagreement about accepting democracy or the free market. But while everyone agrees on the principle, the details are another matter. Democracy lends itself to many interpretations and reinterpretations. The advocates and practitioners of democracy in the West are wont to add new criteria for democracy which the newer practitioners are not quite ready for. But the new converts are not to be allowed to differ or defer.

Thus originally democracy simply meant majority rule. Everyone accepts that. But then minorities must have rights. This too is fairly reasonable. But now minority rights and even individual rights are to be regarded as more important than the rights of the majority. More than this, individuals from the senior democratic countries apparently must be accorded the right to break the law of other allegedly less democratic countries.

When Mr. Gorbachev started talking about perestroika and glasnost and indicated his desire to reduce tension between East and West there was a great deal of scepticism. But his subsequent action in releasing the Eastern European countries from Soviet military hegemony not only brought undisguised jubilation in the West but also among those countries which were the targets of Communist subversion.

Today we all know that the process that Gorbachev started was not some Communist trick but an earnest and total rejection of the Communist ideology. We all have reason to celebrate, the West, the non-Communist world and the peoples who had long been oppressed by Communist rule.

In South East Asia, the countries which comprise ASEAN are glad to welcome the end of the Cold War. Without exception the six countries had all felt the full brunt of Communist subversion and insurgency. It was only with great difficulty and debilitating cost that they all managed to overcome their insurgents even while they develop democratic systems with free market economies. With the end of the Cold War they fully expect to grow and prosper in a period of political stability.

The countries of ASEAN all rejected the kind of extreme and restrictive nationalism which elsewhere had hampered the development of newly-independent nations. Instead they opted to trade freely with the rest of the world and indeed to welcome foreign involvement in their economies. Where others restrict foreign investments, the ASEAN countries provided incentives to attract them.

They have a right to think that a world free of East-West confrontation would boost their trade and contribute towards faster economic development.

But what they see happening is not entirely what they had expected. They see doors being slowly closed. They see funds being diverted away from them. They feel pressure being applied against them not by Communist enemies but by democratic friends. They see, in fact, deliberate attempts being made by their perceived friends to stifle their growth and keep them forever at the state of developing nations.

The ASEAN countries are democratic. As colonies of the Western powers they were only familiar with the autocratic system of their colonial masters. Yet when they achieved independence they were expected to practise a democratic system of Government with all the sophistications of the erstwhile democracies as were failures to keep up with the latest in democratic concepts.

With populations which do not understand the workings and the limits of democratic freedom, with ethnic and regional divisions, with religious sensitivities, it is a wonder that any of the developing democracies survived at all. But a few did survive.

Those that survive should really be congratulated and given an occasional pat on the back by the established democracies. Despite their clumsiness with the democratic system some have not only survived but have actually developed economically. But instead they were harassed all the way.

They were harassed before the end of the Cold War. They are harassed even more now. It may sound like an exaggeration but for a developing country even the smallest obstacle is sufficient to retard development.

Today human rights, labour rights, extractions of timber, eating rice, minority rights, individual rights, death penalties, intellectual property, export processing zones and incentives and a host of other subjects are used to curb the growth of developing countries.

At one time countries which industrialised rapidly were classified as Newly Industrialising Countries. These countries were very happy to be so categorised until they found that being so classified involved withdrawal of trading privileges and impositions of measures such as currency revaluation, upward revision of workers' pay and scrutinising labour practices and human rights records, all of which were calculated to retard the process towards developed nation status.

Only Japan got through, having caught the developed nations of the West napping. Clearly no other Eastern nations are going to be allowed to achieve developed status.

The four Asian NICs, in a way, caught the West unawares also. Now apparently any eastern nation must be stopped even earlier. And so the ASEAN nations like Thailand, Indonesia and Malaysia are already suspect although their per capita, one of the major criteria for classification as NIC, are less than half of the present NICs. Threats of reduction of loans, withdrawals of GSP rights, countervailing duties, reduction of quotas are already being heard. It would not be long before those threats are translated into deeds. The ASEAN countries, with the exception of Singapore, stand a real chance of becoming permanently developing countries.

The countries of South East Asia need trade much more than they need aid. They have all developed by utilising to the full the free international trading system. Their competitive advantage is their skilled and highly trainable labour force. With low cost of living and a low level of expectations, wages need not match those of developed countries of equivalent work.

Freedom to unionise and to strike may be the inalienable right of workers. But when jobs are scarce and strikes may reduce investments and make jobs even scarcer,

it is questionable whether the exercise of the traditional rights of workers which reduces job opportunities will bring them a better life.

Yet workers in the developing countries of East and South East Asia are being instigated to demand for more pay and to disrupt production. Are their enthusiastic supporters in the developed countries trying to help them or to reduce the competitiveness of their products against the products of Western workers?

But as if this attempt to reduce the competitiveness of our exports is not enough, a whole series of other measures have been taken to stifle growth in the dynamic nations of South East and East Asia.

The freeing of the Eastern European countries from Russian hegemony is a welcome result of the collapse of Communism. But it is clear that the Europeans and the Americans are much more sympathetic to the plight of their European kins and are ready to channel funds for their economic rehabilitations.

Of course we are assured that the countries of the South will continue to get funds. However we all know that there is only so much money available and if some are diverted elsewhere then there will be less for those who before were the sole recipients. And because we know this we have a right to suspect that the assurances are hollow.

Then there is the European Community. Slowly but inexorably all the countries of Europe are being drawn into this exclusive club. There is every indication that the former COMECON countries will join the club as well.

By itself the enlarged European Community will be sufficiently big to be totally independent economy-wise from the rest of the world. They would have all the raw materials and all the manufacturing technology to sustain their economic growth and well-being. With no threat of an East-West War they will need no allies outside their community. A Fortress Europe is not a far-fetched idea. It is a distinct possibility. Asians may be kept out of the European market.

Perhaps this is too pessimistic a picture. But in business we always have a worse case scenario. And if ASEAN nations think of this scenario, they cannot be condemned for being alarmist. After all when we predict a worse case scenario we know some part of it is likely to come true. And even some part can do a lot of damage. Certainly a Fortress Europe will damage the growth rate of ASEAN nations.

Then we have the NAFTA and the germ of an idea for an Enterprise of the Americas. We are told that NAFTA will not be a trade bloc and that the members would continue to trade with the rest of the world.

The United States is the biggest single market in the world. Malaysia's trade with the United States makes up 18 percent of its total trade. While some Malaysian

manufacturers enjoy GSP status, others compete unaided in the United States' markets. On the other hand some products, such as palm oil, are actually discriminated against. The other ASEAN countries have nearly the same trade relations with the United States.

What NAFTA does is to let Mexico enjoy unrestricted and tax-free access into the United States. Mexico is a developing country with a huge low-cost labour force. Mexican tax-free goods should enjoy competitive advantage against similar goods coming from distant South East Asian countries. Attracted by this advantage, American manufacturers have already invested in Mexico. Soon the Japanese and the Taiwanese will be investing in all kinds of manufacturing facilities in Mexico.

We wish Mexico well. But investments by American, Japanese, Taiwanese and possibly the Europeans in Mexico will divert much needed funds from South East Asia. Worse still what Mexico produces for the United States' market would be cheaper and more competitive than what the South East Asian countries can produce. Imports into the United States and Canada from Mexico would cut into the export earnings of South East Asian countries, even if they still get GSP status.

Now consider the Enterprise of the Americas. If the privileges of the NAFTA are extended to all the Central and South American countries, not only will the Americas be self-contained and independent of all resources and products from the rest of the world but the bloc can use its economic strength to bludgeon the non-EC countries into economic submission.

Again this may sound too exaggerated. The United States and Canada would not want to do this. But in many instances the United States, in subtle and not so subtle ways, have already been doing a lot of economic arm-twisting.

The United States have threatened to limit imports or apply countervailing duties or penalise countries for anything that the United States unilaterally decide as infringements of the many regulations that govern trade with the United States. Trade is restricted severely until countries sign the protection of intellectual property agreements. Countries are put on the "Watch List" which is not different from criminals being put under surveillance. GSP privileges are examined every year as are the quotas on imports, a practice that creates uncertainty and discourages investments in productive facilities.

Unrelated to trade, yet indicative of the attitude of the United States towards international laws and norms is the arrest of the leader of a country through military action and then charging him under the United States laws in the United States courts. This is the first extra-territorial enforcement of a national law. If a country is willing to ignore world opinion, what guarantee is there that it will not, when it becomes the sole world power, do what it likes in order to protect what it considers as its own interests.

If the countries of ASEAN feel that the international market place is about to be divided between the great economic entities and closed to them, can they really be blamed?

ASEAN cooperation in the economic field is minimal. But the performance of ASEAN countries in developing themselves is not unconnected with their regional cooperation.

The Association has helped to stabilise the region politically and militarily. It is this atmosphere of regional peace and stability which enables the ASEAN nations to develop. While intra-ASEAN trade is minimal and contributes little to the members' economies, learning from each other the skills of economic and development management has helped them grow rapidly. The ASEAN formula for growth is identical. That is why all ASEAN countries have open markets, welcome foreign investments and look forwards an export-led growth.

This last strategy is important and is the cause of their fear and anxiety over the trend towards the setting up of de facto trade blocs in Europe and America. Clearly they have to do something about it.

ASEAN can expand. Right from the beginning ASEAN was meant for all South East Asian countries. Obviously the Indo-china countries and Myanmar are geographically eligible. So far they have not been invited for obvious political reasons as well as the fact that they are not open free-market economies.

The ease with which Brunei was admitted is indicative of the openness of ASEAN. It is most likely that ASEAN will welcome Vietnam. Cambodia and Laos is the near future. All three countries are beginning to appreciate the benefits of a free-market system or at least the importance of national development over territorial acquisition.

The Vietnamese leaders have been visiting the ASEAN countries and it is unlikely that they failed to notice the prosperity of these countries. That they have noticed is evidenced by their request for information on banking and administration in these countries. They have asked for foreign investments although from selected countries at the moment.

Still it must be remembered that ASEAN is not an economic community. ASEAN came about because the South East Asian countries in the early days of their independence, faced many border problems. Claims and counterclaims and the eventual Confrontation by Indonesia against Malaysia had to be resolved. Military solutions were not successful. As a result an association of neighbours was formed to provide a forum for settling problems between members. ASEAN is therefore more a political grouping than an economic grouping.

Politically there is a need for ASEAN to establish good relations with the Indo-China states in order to ensure regional stability. For this reason alone ASEAN would welcome membership of the Association by the Indo-China states. The Prime Minister of Thailand has already openly welcomed membership by the Indo-China states.

So expansion of ASEAN are in the cards. But what would be the benefit of enlarging the membership of ASEAN? It will be noted that the potential new members

are weak economically. The combined economic strength and political influence of the enlarged ASEAN is unlikely to be improved. If in fact the trade blocs of Europe and America become inward-looking, the ASEAN group is unlikely to be able to prise open the rich markets on which their economy depends. Indeed they may not even enhance their influence in the trade negotiations in the GATT.

Consequently ASEAN needs to enlarge its circle of friends if not its membership. In the Far East there are a number of dynamic countries which can help amplify the voice of ASEAN. These are China, Taiwan, Hong Kong, Korea and Japan.

These countries are also very dependent on world trade and the free market. It would be in their interest to add their voices to those of ASEAN. The proposed East Asia Economic Group (EAEG) would bring the ASEAN countries, the potential members and the dynamic economies of East Asia together. This will not be a trade bloc for the simple reason that their economies largely compete with each other and trade between them is a very small proportion of their total trade. The usefulness of the EAEG lies in the strength of their combined voice in the GATT Rounds in particular and in international trade negotiations, in general. A forum of East Asian Countries is all they need for this.

All these countries are expected to vote for free trade with as few conditionalities as possible. Their combined economic strength will lend weight to their views. Of course a self-sufficient Europe and the Enterprise of the Americas can still ignore the EAEG. But the EAEG combined market will be too attractive for Europe and America not to negotiate with.

Assuming the worse scenario again, i.e. Europe and America do not care, the East Asian market can support the members of the Group to a considerable extent. Investment in each other's country, using the considerable technologies and marketing skills that they have, can stimulate East Asian growth sufficiently. Certainly by learning from each other as the ASEAN countries have done, the chances of their achieving high growth rates are good. And if they should grow in a world divided into trade blocs, the imperatives of growth will eventually force the trade blocs to open up and free trade will be restored.

The United States oppose the EAEG and are known to apply pressure on various countries including members of ASEAN. Vice President Quayle was reported to have said that there should be no grouping in the Asia-Pacific region which does not include the United States. Obviously the United States can be members of NAFTA and any Pacific grouping but East Asians may not even talk to each other.

The United States is especially concerned that Japan does not join the EAEG. The United States feel that this will allow Japan to dominate East Asia economically and politically. The Greater East Asia Co-Prosperity Sphere touted by Japan in the last war was resuscitated to frighten East Asians of the possibility of Japanese hegemony.

I think East Asians are mature enough to think for themselves. The stand of the United States suggests a desire on the part of this great nation to exercise hegemony over East Asia. We think of the United States as a friendly country but domination by a friend is no more welcome than domination by an enemy.

If East Asians are not afraid of Japan, why should the United States worry about it? The United States is the most powerful nation in the world. Modern Japan on the other hand has gained more through trading with the world than through war. It is unlikely for Japan to exchange the economic approach for the dubious chances of military adventures.

More likely the United States' stand is due to a desire to prevent Asian countries from achieving developed status through working together. If one does not know better one would say there is a racist element in this attitude. But of course the United States has a proven record of being racially liberal.

Malaysia and ASEAN will press on for the formation of the EAEG. We assure you that we have no intention of becoming a trade bloc or to commit economic suicide. As nations and as peoples we have a right to associate with whoever we like and to develop. If the West cares for human rights then do not deny us the right to progress to the level of the Caucasian Europeans. If we are denied this while the East Europeans are helped to achieve developed status then we must conclude that colour and race still influence the thinking of the West.

**ADDRESS BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE MEETING OF ASEAN ECONOMIC MINISTERS
KUALA LUMPUR
7TH. OCTOBER, 1991**

Let me first of all bid you a warm welcome to Kuala Lumpur and to this 23rd. meeting of the ASEAN Economic Ministers. I hope that your two days of discussions and your subsequent meeting with the United States Trade Representative will be successful in bringing about greater ASEAN economic cooperation and integration. As you know, next year the Fourth ASEAN summit will be held and ASEAN leaders will again be reviewing the progress achieved and so plan new directions for the future. Unfortunately the record of achievements, particularly in the field of economic cooperation, has been dismal. This AEM meeting must, therefore, come out with bold and concrete recommendations to the ASEAN leaders that will push ASEAN economic cooperation forward and fast. This is crucial if ASEAN is to survive as a viable organisation in view of the dramatic changes that are occurring worldwide.

The political and economic scenario of the world under which ASEAN existed in the 70's and 80's has been radically transformed. The socialist-command economies of Eastern Europe have collapsed and are being replaced by a free market system. The Soviet Union is undergoing a political and economic upheaval of unprecedented proportions which will move it away from the rigid centrally planned economies of the past to a more market oriented system. China has been opening up her economy to world trade and investments for the past decade and has fairly successfully juxtaposed a free market system with a centrally planned economy. There is no doubt that China today is economically healthier than the China of the Cultural Revolution and Maoism.

Elsewhere the trend is the same. Countries are steadily discarding ideologies which had failed to generate economic growth and improve their people's standard of living, in favour of more liberal open-market policies and the active participation of the private sector. This is evident in Latin America, parts of Africa and Asia.

The ASEAN countries have always been free marketeers. The rapid economic growth of ASEAN members since their independence is testimony to the effectiveness of a free economic and trading environment. However it is important to remember that the mere espousal of free trade and democracy will not generate economic growth or equitable wealth distribution. We are seeing now the early failures of the free market and democracy in the former communist countries. Indeed their situation now is worse than when their economies were centrally planned. To succeed, the people

must understand the limits of democratic freedom and the skills of entrepreneurship and management necessary for the free market system to deliver results. Additionally, free trade will not succeed if the trading partners practice protectionism.

It is ironical that while we have adopted the liberal economic policies based on free and open markets recommended by the West, they are now forming trade blocs which would effectively restrict entry of our products into their markets. The failure of the GATT talks and the Uruguay Rounds is due to the erstwhile free traders abandoning free trade and opting for managed trade. Trade blocs are being formed, by whatever name they may be called tariff and non-tariff barriers are being openly erected. Left unchecked there is a very real danger that international trade will not only be restricted, but will be restricted by those countries most capable of restricting trade.

It is therefore in the interest of the world economy that the Uruguay Rounds is brought to a successful conclusion. ASEAN and other countries which believe in free trade must use whatever influence they have on the developed countries, in order that they will continue their commitment towards the success of the Rounds.

The reality of the situation is that the ASEAN countries are dependent on exports to the developed countries for their growth. If the developed countries close their markets, then ASEAN economic growth will be retarded. It is imperative that ASEAN countries cooperate closely in order that free trade continues. But ASEAN by itself is not strong enough to protect free trade. Its combined market is only one-tenth of the market of the NAFTA countries or the single European market.

If ASEAN is to have a bigger say in trade negotiation internationally, then it must work together with the East Asian countries. The East Asia Economic Group or EAEG will be sufficiently strong to gain the respect of both the EC and the NAFTA. Even presently the countries of South East and East Asia together form a formidable market. But the potentials for growth of the EAEG is far greater than that of the EC and NAFTA. This fact will also increase the clout of the EAEG.

It is important that the EAEG should not be a trade bloc. All the countries of the group should be free to trade with anyone under GATT RULES. But when it comes to negotiation to maintain a free trading system for the world then the group should meet to discuss issues and take a common stand. It would be very difficult for the trading blocs of Europe and America to ignore the common stand of the EAEG. Since the EAEG stands for free trade, its strong influence in the GATT rounds is likely to yield positive results.

The ASEAN experience is that although our association is not basically economic, the members of the group are able to learn from each other the best way towards developing our countries. It is not an accident that of all the developing countries of the world, the ASEAN countries are the most consistently successful in development.

There will be members of the EAEG which will be economically weak. If the experience of ASEAN is anything to go by, these weak countries will learn from the

mistakes and methods of the successful countries of the group and will soon develop and prosper. And when they prosper they will become better markets for ASEAN goods and so contribute towards ASEAN prosperity. Thus the EAEG will evolve into a very strong grouping able to influence trade negotiations in favour of free trade for the whole world.

Unless we have this group, ASEAN and everyone will be at the mercy of the trade blocs of Europe and America. There will be so many conditionalities and linkages with non-trade issues that the growth of ASEAN countries will be retarded. We will all remain developing countries forever.

I have been extolling the virtues of the East Asia Economic Group as an instrument to keep world trade free. We expect this meeting of ASEAN Economic Ministers to endorse fully the positive recommendations of the officials tasked with examining the concept. However we will understand if consensual endorsement is not possible. Malaysia values its association and friendship with its South East Asian neighbours above everything else. It does not wish to be a cause of embarrassment to anyone.

While we strive for the formation of the EAEG we should continue to work on the liberalisation of the ASEAN market. Malaysia welcomes the proposal of the Prime Ministers of Thailand for an ASEAN Free Trade Agreement. The potentials for intra ASEAN trade is big but we have to open up our markets if we are to realise this potential.

The economic liberalisation policies undertaken by ASEAN countries mean that the private sector must assume a greater role in promoting trade and economic cooperation. It is disappointing to note that the number of ASEAN joint ventures is still small despite the existence of the AIJV and the Brand-to-brand Complementarity and the preference given to their products under the PTA. The ASEAN private sector must prepare itself to meet the challenges by fostering greater linkages and networking among themselves.

ASEAN industries must increase their efficiency and competitiveness in order to survive and prosper. They could not depend any longer on a closed and protected home market while ASEAN countries are striving to forge a bigger ASEAN market by reducing tariff barriers. They must be ready to face the challenges and the opportunities that will arise out of a greater ASEAN economic cooperation.

The world is already moving towards a globalised pattern of production in which locations and nationalities have given way to efficiency and competitive advantage. ASEAN, and particularly its private sector, cannot afford to remain parochial. It must exhibit drive and dynamism and be the prime mover for ASEAN's progress.

In business, economies of scale is most important. And economies of scale depend on markets. While the market in each ASEAN country may be able to support some industries, there are other industries which can only be viable and competitive if

the market is ASEAN-wide. For these industries the ASEAN countries must be prepared to share their markets. Duplication of such industries in every ASEAN country will only reduce viability and competitiveness. In the small medium industries which play a supporting role to the major industries, their inefficiency will affect the cost for the major industries.

It would be far better at the initial stage, at least, to allocate certain industries to each one of the ASEAN nations - whether major industries or the SMIs. When the market in each country grows sufficiently that each country can have the particular industry and still be viable, then the country concerned should have that industry for itself.

All that I am saying is not new of course. It was the basic idea behind the AIJVs. But logic and reasons and even economic sense do not always prevail. And so today the ASEAN countries are still very far from becoming an economic group. We are more successful in cooperating politically. However we should persist. One day ASEAN may yet be an economic group.

Environmental issues have lately come to the fore to join other economic and trade issues which already burden ASEAN economies. I have spoken at length on these issues in other fora and have pointed out the dangers of using them as leverage in trade negotiations. This problem can only be solved by cooperation between developed and developing countries and not through confrontational campaigns by some groups.

We in ASEAN can no longer remain passive and indifferent to these campaigns hoping that they will, in time, fizzle away. They have assumed serious proportions and are being used to obstruct the economic growth of the developing countries. The particular NGOs have enormous resources and have the support of the so called 'free western media'. ASEAN must coordinate its efforts to counter these campaigns before they become more damaging to our economy. We can do this through a massive information campaign at the international level, and by adopting a common stand on environmental issues. This will, no doubt, involve financial back-ups, but the price for not doing it now will be much higher later.

It must be pointed out that we in ASEAN are not unconcerned about environmental pollution. We are very concerned but our capacities to deal with them are limited. The developed countries should have a more positive approach rather than threaten to use trade and aid as instruments to force us into doing those things which will retard the growth of our economy and the well-being of our people.

A case in point is the current forest fires which have cast a thick over our countries. Forest fires are more damaging than the controlled extraction of timber. Forest fires destroy everything, every species of trees and plants, animals and insects and whatever else that thrive in the tropical forests. Forests fires lay bare tens of thousands of acres of land which will be leached and washed into the rivers when the rains

come. The people who either live in the forests or depend on it for their daily bowl of rice are rendered destitute; some losing their homes and even their lives. And when forests burn, tons of carbon dioxide and probably other noxious gases are released into the atmosphere. In other words, the pollution of the environment by fires in the tropical forests is far, far greater than that caused by the extraction of timber.

But whereas the whole Western world is in an uproar over our extraction of tropical timber and threatens to boycott our produce and destroy our economies, there is not a squeak about the forest fires which periodically plague us. Perhaps it is because the haze does not spread to their countries. Perhaps it is because they cannot sound noble as they do when they champion the Penans.

Yet there is much that is positive that the rich countries of the North can do about our forest fires. They can mount emergency operations to put out the fires. They can fly in their massive fleets of water-bombers to dump water on the fires. They can provide heavy equipment and pay for the cutting and removal of trees to create fire-breaks. They can do massive cloud-seeding to create rain. Indeed with their ingenuity and wealth, they can put out fires as they extinguish the oil-well fires in Kuwait with such handsome profits. But as we all know none of these things is happening. There is not a word from the environmentalists of the North or their proxies here.

On this and other issues and attempts to link non-trade matters to trade, ASEAN must speak with one voice and put forth our case with vigour. Individually we will be victims of the global campaigns now being mounted to make us permanent developing countries. United we stand a reasonable chance. Allied with other neighbours our chances becomes even better.

Consonant with efforts to forge greater trade and economic cooperation, ASEAN should also look into areas of strengthening cooperation among its research institutions both in the scientific and social fields. I realise that this has already been done to some extent in certain areas but more can be done. ASEAN countries spent large sums of money each year on foreign consultants to conduct all sorts of studies while the same expertise are available within ASEAN at a fraction of the cost.

Research in commodities has been one of ASEAN's strengths given its importance to ASEAN's economies. While it is accepted that this is something that countries would be reluctant to share because of its economic implications, we cannot totally discount the possibilities of cooperation. A good example is the case of palm oil and coconut oil. Both these products are victims of a discredit them by certain groups overseas. Through more sharing of information and coordination of efforts among the institutions and agencies in the countries concerned, campaigns such as these could perhaps be countered more effectively and at lower cost.

As ASEAN forges ahead with various programmes at economic and trade cooperation, we must not neglect the important role of the ASEAN Secretariat in these endeavours and indeed in the functioning of ASEAN as an organisation. It has been

said that an organisation can only be as good and effective as the Secretariat that support it. There has to be a revamp of the Secretariat and also of the various ASEAN Committees to ensure that decisions are made expeditiously and implemented. As the thrust of ASEAN's activities will be in the economic field, this aspect will need to be emphasised and strengthened in any future reorganisation of the ASEAN structure.

It is now almost four years since the last ASEAN Summit was held in which various proposals were made to promote further ASEAN economic cooperation. Unfortunately the pace of progress is still painfully slow. For various reasons ASEAN is still unable to overcome the hurdles that lay in the path of cooperation. We seem to lack the political courage needed to move ahead and implement cooperative projects that will benefit us in the long term. If ASEAN is to enter the 21st. century as an economic and political force that will be respected by others, then we would have to take the painful decision now before events overtake us.

On that note I have much pleasure in officially declaring open this 23rd. meeting of the ASEAN Economic Ministers and wish it every success.

SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING OF THE
COMMONWEALTH FINANCE MINISTERS MEETING
KUALA LUMPUR
9TH. OCTOBER, 1991

Firstly I would like to welcome the Finance Minister of the Commonwealth to Malaysia. We in Malaysia are still backing in the glow of the privilege and honour to host the Meeting of the Commonwealth Heads of Governments two years ago. We believe that the meeting had been very beneficial to us and hopefully to the Commonwealth.

Your meeting, following soon after the Commonwealth Heads of Governments meeting in Malaysia will, we hope, contribute further to the meaning and value of the Commonwealth as the Heads of Governments Meeting of the Commonwealth will be meeting again in Harare, a meeting that will be historic not only because of the things that are happening in South Africa, a former Dominion and member of the Commonwealth, a meeting that will be attended for the first time by Namibia, only recently freed from white supremacist South Africa, but also because the Commonwealth will be deciding on the new role it will play in the future. That meeting will discuss the findings and recommendations of the High Level Appraisal Group, commissioned by the Commonwealth Heads of Governments Meeting (CHOGM) of 1989 in Malaysia.

It is the common practice now for the Ministers of Finance of the Commonwealth to meet before going on to meet the Ministers of Finance of the countries, along with the Central Bankers and others at the Annual Meeting of the World Bank and the International Monetary Fund. This year you will meet in Bangkok, only 1 1/2 hours flight from Kuala Lumpur.

I hope that your meeting here is not because of logistical convenience alone. I hope that you will hold substantive discussions which will help you to appreciate the financial and other problems of countries of the Commonwealth, to understand each other, to formulate certain common stands which will be beneficial to the members as a whole.

Meetings of world bodies should be attended by all the countries of the world. But there is such a great disparity between the powers wielded by the members of world fora that a small little country is often completely lost, its voice completely ignored and its interests relegated to the background.

However if the Commonwealth countries work in concert, decide on common stands after the meetings of their Finance Ministers, meetings during which the weak

members had made their voices heard, then it may be possible for the Commonwealth as a group or for the stronger members of the Commonwealth to lend weight to the arguments and pleas of the weak.

The need for the weak to be heard is much more urgent now for we hear talks of linking aid and trade to democracy, to human rights, to workers rights and to the environment.

Let me make it clear that Malaysia is all for democracy, for the protection of human rights and the rights of workers, for press freedom and for keeping the environment unpolluted. Malaysia practises democracy, upholds human and workers rights and strives with all its limited capacity to protect the environment. But acceptance of all these noble principles cannot always guarantee the well-being and prosperity of peoples and nations.

We are seeing today a most glorious counter-revolution. We see the death of communism and the birth of Democracy and the adoption of the free market system all over the world. But it would be naive of us to fail to see that the initial fruits of the espousal of democracy and the free market are not the expected wealth and prosperity or even of stability and freedom from fear. In many of the countries of the Soviet Union and Eastern Europe we are seeing increasing poverty and economic chaos, political instability and civil wars, death and destruction.

We must not be disheartened by these things, of course, but we should acknowledge them and be more cautious and circumspect before we link aid and trade, we twist arms in order to force democracy and all the other noble ideas and concepts down everyone's throats.

Democracy is great. It is the least imperfect of the systems of Government devised by man. But please note that it is not absolutely perfect. To work democracy cannot be just adapted as a system. To work, the people as a whole must understand how it works, how to make it work, how to be wary of its imperfections and how to handle them. It is not just Governments which must practise democracy. The people as a whole, the political parties, the oppositions, the NGOs and the pressure groups — applies to human rights, to workers rights, to press freedom and to environmental protection.

Let us not concentrate only on how successful the operation is and care not whether the patient dies or not. Mr. Gorbachev almost died because he thought that the mere espousal of democracy and the free market would solve all the problems of the Soviet Union. Clearly for the Soviet Union, there is yet not tangible dividends from glasnost and perestroika. The end of the Cold War has so far benefitted only the other party to that war.

We should use whatever leverage we have to spread the gospel of democracy, human rights, etc. But we must be very careful, lest in our missionary zeal we destroy the very people we wish to help. On the other hand, we cannot stand by and watch as dictatorship violate the rights of their people to free choice, to freedom oppression, and to sustaining human dignity.

The Minister of Finance in any country has an enormous responsibility. Whether the people or the country prospers or not depends very much on the skills of the Minister of Finance, on the power and influence he wields it. It is not just having money that counts. It is how that money is spent and invested that will determine whether the country will develop and grow or regress and wither away. Of course, if the Minister of Finance has no money at all, there is precious little that he can do.

Aid and trade are two things that concern all the Ministers of Finance. But even the rich countries which need no aid has to manage their finances well if they are going to remain prosperous. So let us not be too ready to condemn failure and to apply sanctions, but instead let us help each other first.

Some of us are successful and some of us fail in the management of our finances. Malaysia believes in learning from others. We devised the Look East Policy not because we want to be a colony of Japan, but because we feel we can learn from how Japan managed to emerge from a most devastating war, including the destruction by atom bombs, to become the greatest economic power.

Perhaps the Ministers of Finance of the Commonwealth and other economic ministers can help their colleagues upgrade their skills and learn of the approaches towards a more sound management of financial performance.

Next to attitude, we in Malaysia thinks skills are very important. Wealth can be dissipated in no time. But skills can sustain wealth and make it grow more.

We have a problem in Malaysia. We have a multi-racial population separated not just by the fact of race but by economic roles and performance. Even in a homogeneous society, extreme differences in wealth among its members tend to arouse envy, antagonism and conflict. The basis of the communist and socialist ideologies is the unequal distribution of wealth and the wide gaps between the rich and the poor. If in addition the rich and the poor are also separated by ethnic origins, then the potential for conflict is ever greater. Malaysia has that potential. The peoples of Malaysia are separated not just by race but also by their wealth. We have all the ingredients for social conflicts and violence.

The simplistic approach is to give everyone equal opportunities and let them achieve their own levels. This is very democratic. But we know and you know that equal opportunities do not give equal results. Indeed they are likely to enhance the differences. Asking a lame man to sprint with an athlete from the same starting point will not result in their reaching the winning post together. The likelihood is that they will be much further apart. Similarly even the most egalitarian democrats subscribe to taxing the rich to provide for the poor. A handicap is not undemocratic. It is very egalitarian. Again, to draw the same analogy, a successful operation is not good enough. The patient must survive and get well.

And so in a world so enamoured with democracy and equality, let us remember that handicaps i.e. positive discrimination or affirmative action are still necessary in order to be equal.

The Commonwealth Ministers of Finance will be going from here to Bangkok for the World Bank and International Monetary Fund conference. As a group they should understand the problems faced by their weakest members and help fend off the more extreme demands that will be made upon them.

The World Bank is about to insist on new conditionalities for aid and loans. The Commonwealth should not just go along with the World Bank. The Ministers of Finance of the Commonwealth should appreciate the difficulties of the weak, the recipients of aid and the debtors.

We should not protect the profligate and the irresponsible. But punishment by deprivation is not the only means of correcting aberration. Indeed it may not correct anything at all. Understanding and the upgrading of skills in financial management are also methods of corrections.

The debtors and the recipients of aid must also acknowledge their need to accept reasonable actions. No one will help if that help is going to be frittered away or to be used to oppress or to sustain authoritarian rule.

The restructuring of debts cannot be resolved by merely asking the debtors to practise thrift and cut back on development. The lenders and the agencies must actively provide guidance and direct help.

It is acknowledged that there may be political reasons for recalcitrance on the part of debtors. This should not be simply condemned. They should be studied and solutions found.

The same applies to aid. Do not just hold back aid because of alleged breaches of human rights or whatever. The donor and the recipient and possibly a third party should study how best to continue to give aid but control the breaches of human rights.

The Minister of Finance of the Commonwealth must be committed to free trade. Where there are no breaches of freedom, democracy, human rights, workers rights, free speech, environmental pollution, etc., there should not be protectionism and regulated trade. GSP status should not be reviewed merely to slow down the growth of developing countries which conform all conditions.

There should not be a continuous effort to erect new conditionalities for trade. We have now the intellectual properties and the watch list. Already some vulnerable countries are feeling that they are being put under surveillance like criminals. But there is now a new twist to the environmental conditions. Goods must be recyclable.

This will affect the manufactured products exported by the poorer countries which use borrowed technology and have limited capacities to innovate and adjust to new conditions. At the same time since the poor countries are also the producers of the raw material for manufactured goods, recycling will reduce the demand for the raw materials involved, thus making the poor countries even poorer.

The linkages between trade and aid with the democratic practices of a country should not be selective. Friends or foes should not count. It would be a mockery and a farce if friends can get away with dictatorships and oppressions while those who are not friendly and given to plain-speaking are subjected to the proposed pressures.

I would like to think that whatever we expect a country to do within its boundaries, we should also be able to do outside our boundaries i.e. between peoples and nations. If we say that there should be freedom to speech within a country then we should also allow a country to speak its mind without punitive action being taken against it if it does.

It would be difficult for international conferences to be held if we fear punitive actions for what we say. We would then be less than frank and we would not be able to contribute positively towards the solution of problems.

I should hope that this Commonwealth Ministers of Finance meeting in Kuala Lumpur will be characterised by frank and constructive discussions. I would hope that the same frankness should also characterise the World Bank and the International Monetary Fund meeting in Bangkok. Then and only then can we hear the truth and find solutions.

With this hope I now have much pleasure in declaring open the Commonwealth Ministers of Finance meeting.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OFFICIAL DINNER GIVEN BY HIS EXCELLENCY
MR. ALI HASSAN MWINYI PRESIDENT
OF THE UNITED REPUBLIC OF TANZANIA, AT DAR-ES-SALAAM
23RD. OCTOBER, 1991**

I am indeed very happy to be here in Dar-es-Salaam today. May I express my sincere appreciation to you, Mr. President, for the warm welcome and generous hospitality accorded to my wife and I and to the members of my delegation. I recall with fond memories my first visit to Tanzania during the Non-Aligned Movement Summit in Harare in 1986. The overnight stay, in Dar-es-Salaam, however was too brief to enable me to get a good glimpse of your country and its people. Time also did not permit us to hold discussions on matters of mutual interest.

My present visit to Tanzania provides me with that opportunity to have a closer look at the rapid development taking place in Tanzania today and to savour some of the natural beauties and splendour of this fascinating country. The discussions that we have had this afternoon encompassing every facet of bilateral relations, and the similar perceptions that we shared on regional and international issues of mutual interest certainly help to enhance our relationship and marks a new era of mutually beneficial cooperation between our two countries.

Although formal diplomatic relations between Malaysia and Tanzania have been established only recently, bilateral contacts have been increasing steadily. As members of the South, the Non-Aligned Movement and the Commonwealth, our two countries have worked closely together to ensure the success of our shared vision, belief and ideals. Bilateral trade, though negligible, provides a basis for expanded cooperation. Given our new resolve for an enhanced relationship, our mutual commitment to South-South Cooperation, and the abundance of natural resources at our disposal, I am confident that our two countries would be able to work more closely in the promotion of greater bilateral economic interaction.

May I also commend the determined efforts undertaken by the Government of Tanzania under Your Excellency's able leadership to liberalise its economy and promote social services for the benefit of your people. These encouraging developments offer potential for concrete bilateral cooperation between our two countries. While Malaysia could perhaps participate in Tanzania's developments in certain areas in which we have the necessary expertise and technology, such as in the rubber and oleo-chemical industry, Tanzania which has some of the world's most impressive natural tourist attractions provide attractive opportunities in tourism.

The last decade of this century has witnessed rapid changes in the international political scene not least of which is the emergence of the so-called New World Order. While some of these developments offer greater hopes and opportunities, particularly to the developing countries of the South, some have negative impact on us. As members of the South, we continue to face problems in one way or another. Disparity in development, crippling debt burden, environmental degradation, and falling prices of primary commodities, are among our perennial problems. However as we grapple with these problems, we must not lose sight of the opportunities available before us. We recognise the importance of pragmatic economic programmes and constructive engagement with the North in areas of economics, trade and investments. We hope the North will respond to these overtures with similar constructive attitude. The Final Report of the South Commission launched in Caracas recently provided a valuable blueprint on economic development of the South.

The successful launching of the Report owes much to Tanzania. We are indeed grateful to Mwalimu Julius Nyerere, the illustrious son of Tanzania whose name is synonymous with South-South Cooperation for his invaluable contribution and wise counsel in the work of the South Commission that led to the successful conclusion of its work.

As the central message of the report envisages the South must move and find its own way in the world, it is now left to us to take advantage of the potentials for cooperation.

I also believe that the fundamental changes currently underway in the African continent are the results in part at least of the spirit of the Report. Rhetoric has now given way to pragmatic resolve. Countries of the region are implementing realistic, albeit tough adjustment programmes to transform their economies and in the true South-South spirit of interdependence look to one another for cooperation and support.

In South Africa, the abominable system of apartheid is crumbling and the movement for multi-party democracy is gaining momentum. The positive developments in South Africa have moved the Commonwealth Heads of Government Meeting which concluded its session in Harare yesterday to endorse the resolution adopted by the Commonwealth Foreign Ministers Meeting on South Africa in New Delhi recently on the immediate lifting of people-people contacts. You and I, Mr. President are indeed privileged to have been present at the meeting in Harare during the last couple of days and be witness to this historic decision by the Commonwealth.

We welcome this development and look forward to the day in the not too distant future when South Africa will be able to join its other fellow sovereign African states to chart its destiny as an independent state and to engage in construction cooperation not only with its African neighbours but also with other countries in other regions of the world.

This encouraging development would not have come about that soon if not for the resolute backing by Tanzania and others to the oppressed majority of South Africa.

As a front-line state, Tanzania has played an active role in support of liberation movements in Southern Africa and of the cause of freedom, justice and economic well-being of the peoples of this continent. For this Tanzania deserves all praise.

It is crucial for countries of the South to work towards the strengthening of South-South Cooperation. It is as manifestation of our belief in such cooperation that Malaysia is willing to share its experiences and whatever expertise it has with Tanzania.

Notwithstanding our limited resources Malaysia has extended assistance several developing countries in Africa. We have trained several Tanzanian officials under our Technical Cooperation Programme. We have also made contribution to front-line states under the Africa Fund. We would continue to assist our African friends in whatever way we can in the future. At the very least we can learn from each other. As long as there is the political will, our endeavour to achieve a better life for our peoples in the true spirit of South-South Cooperation could be realised.

The signing of the Agreement on Economic, Technical, Scientific and Cultural Cooperation by our Ministers is therefore timely. It establishes the framework for enhanced Malaysia-Tanzania relations.

Before I conclude, I would like to take this opportunity once more to thank Your Excellency and Madame Sitti Mwinyi for the kind and gracious hospitality accorded to my wife and I as well as to the Malaysian delegation. Our programme for the next two days will provide us with the opportunity to visit the charming island of Zanzibar and the world-renowned Ngorongoro Park. I look forward to visiting these important regions of Tanzania and to get to know Tanzania and its friendly people.

May I now propose a toast to His Excellency the President and Madame Sitti Mwinyi, and to the everlasting friendship and cooperation between Malaysia and Tanzania.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE 7TH. ASEAN CONGRESS OF ANAESTHESIOLOGISTS
KUALA LUMPUR
6TH. NOVEMBER, 1991**

It is a pleasure for me to be here among anaesthesiologists and I would like to thank the organisers of 7th. ASEAN Congress of Anaesthesiologists for inviting my wife and I tonight. I wish to take this opportunity to welcome all the distinguished members of the delegation and I hope your stay in Malaysia will be fruitful and enjoyable.

I understand that the last Congress of Anaesthesiologists was held in the Philippines in 1989. Malaysia is honoured to host it this time around. Gatherings such as these will definitely go a long way towards fastening good relations amongst your colleagues and therefore enhance professionalism among anaesthesiologists from the ASEAN member countries. This will undoubtedly result in making the voice of ASEAN countries heard around the world, not only in the political and economic areas but also in the field of medicine.

Malaysia has made substantial improvements in the provision of medical and health care facilities over the past 34 years since achieving independence in 1957. Positive changes in important health status indicators reflect the real situation. The Infant Mortality Rate has declined from 75.5 per 1000 live births in 1957 to 13.2 in 1989. For the same period, while the Maternal Mortality Rate declined from 2.8 per 1000 live births to 0.2, Life Expectancy increased from 55.8 to 69 years for male and 58.2 to 73.5 years for female.

Since health services form an important aspect of our social development plans, it is important to ensure that our people have access to the latest modern health care facilities so that they can enjoy a better standard of living. This means among other things, that our planning has to be flexible so as to be able to accommodate changing situation and problems. In order to provide effective patient care programme we must be innovative and look for new ways to improve medical and health services in our respective countries.

In response to greater expectations for accessibility to medical care from the people and need to increase the coverage of medical services, the Ministry of Health in Malaysia has been actively pursuing its programme of decentralisation of specialist services. To start with, surgical, medical and obstetric & gynaecological services are now being provided in district hospitals. It is the intention of the Ministry of Health to

provide sub-speciality services in a planned manner in general hospitals while continuing to develop the Kuala Lumpur General Hospital and the National Referral Hospital.

This expansion and decentralisation services has resulted in increasing demand for specialists in the various medical specialities including anaesthesiologists in the Ministry of Health. The establishment of new private hospitals has further aggravated the demand for anaesthesiologists.

In order to ensure that the expansion programme of the Ministry of Health is not thwarted by the lack of anaesthesiologists, Malaysia had started local post-graduate training programmes in Anaesthesiology. At the same time, our doctors have also been sent for post-graduate training overseas.

Advancements in anaesthesiology have made possible new developments in patient treatment modalities. The development of modern surgery to its present level of sophistication has been due to a very great extent on these developments in Anaesthesiology. It has also contributed to the development of intensive care traumatology and the treatment of intractable chronic pain as well as of debilitating acute pain.

There have been rapid advances in the field of medicine. Increasing sophistication in technology has resulted in new developments and advances in biomedical engineering and the development of sophisticated equipment such as the new generation CT Scan, ultrasounds, laser, lithotripters and magnetic resonance images. Malaysia has kept itself in the mainstream of technology by acquiring these new equipments and techniques for its hospitals. Realising that the introduction of these new technologies would result in increased cost of medical care, the Government has been acquiring these new equipments in a judicious manner, always taking into account their cost effectiveness and benefits to patients.

As we move towards the year 2020 when Malaysia hope to be a developed country, there is a need for us to continually address changing disease patterns. With rapid industrialisation people's way of life will change. This will require us to reexamine the role of our medical and health services.

Since curative medicine is becoming increasingly expensive, the Government has been promoting the concept of primary prevention of diseases by focussing on healthy life styles and habits. By encouraging people to practise healthy life styles, the Government hopes that our people will be free from diseases, such as AIDS, cancer and chronic illnesses.

An individual is primarily responsible for his own well-being and by engaging in healthy life style practices, can acquire positive habits towards achieving a healthy disease-free life. The Government on the other hand will assist the individual in his endeavours by providing them with necessary health and medical support facilities.

I hope this Congress will be successful in achieving its objectives of promoting and updating information and enhancing closer relations among ASEAN countries for the sake of a better future for all member countries.

Lastly, I wish you every success in your deliberations during the Congress.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE SECOND SUMMIT OF THE GROUP OF 15
AT CARACAS, VENEZUELA
27TH. NOVEMBER, 1991**

It is a great honour for me to be chosen to reply, on behalf of the Asian members of the Summit Level Group, to the inspiring address of His Excellency President Carlos Andres Perez, the host of this second meeting of the G-15 countries.

May I say how delighted I am to be in your beautiful country and its fascinating capital again. My first visit here, in 1990, was in connection with the historic launching of the South Commission Report. I am, therefore, happy to return for the Second Summit of the G-15, a grouping which drew inspiration from the South Commission.

Since the Group of Fifteen was inaugurated in Kuala Lumpur, in June 1990, the global situation has continued its dramatic evolution. The implications of the recasting of the international political and economic setting, and the challenges that have arisen, are clearer today than they were when we discussed them more than a year ago. Lamentably, these changes do not all augur well for the countries of the developing South.

In Kuala Lumpur, some of us hoped that with the ending of Cold War, there would be a more democratic and equitable relation among nations, big or small. That hope has now been crushed. Indeed the new Unipolar world is fraught with dangers of a return to the old dominance of the powerful over the weak.

The global unity of action which ended an unacceptable aggression against a small country, has not been translated into new positive global approaches to resolve pressing issues which beset the international community. Instead a New World Order is propounded seemingly to legitimise interference in the affairs of independent nations. In an interdependent world there may be grounds for internationally determined action but there can be no justification for unilateral decision to meddle in another country's affairs.

A part of the New World Order is the forceful spread of the religion of Democracy and the Free Market, as interpreted exclusively by self-proclaimed prophets, whose dictates must be accepted as holy script. It is not that we reject these precepts totally. But as with all religions, there are many perceptions, definitions and interpretations. To insist that there can be only one interpretation of the new religion is to propagate rule by self-appointed clergy. Is there going to be no secularity in the practice of this religion?

Threats are made and conditionalities proposed on trade and aid if the Northern political and economic model is not strictly adhered to. It does not require a detailed

analysis of developments in the Soviet Union and Eastern Europe to realise that there is no magic in democracy or the free market. They do not make poverty, debt and backwardness disappear and they certainly do not guarantee stability, a *sine qua non* for a community's welfare and development.

The fact is that the international economic system is under severe strain, more than it has ever been. The inequities of the international economic system have never been so stark. There is recession in the North, aid flows have been reduced and debt, poverty, hunger and disease in the south have spread and deepened. Furthermore, the preachers of free trade and multilateralism have now become the biggest heretics. We see this in the formation of trade blocs in the North, in the imposition of national laws beyond the borders of the powerful and in the discriminatory applications of trade restrictions. We see this in the various conditionalities imposed on trade with the developed North. We see this in the pressure applied and the stands taken at multidistorted reporting of the views and affairs of the South by the much vaunted free press of the North which control worldwide dissemination of news.

Together with "democracy" and the "free market" comes the new gospel of "the environment". We are told that the South must curb its aspirations and its approach towards development so that mankind, i.e. the rich North's enjoyment of the good life is not threatened. Against all accepted codes of ethics, the poor being told, and indeed coerced into paying for the well-being of the rich.

We see the manipulation of UN agencies to impose Northern values on the South. I refer here to the UNDP's new approach in measuring socio-economic progress. They have come up with a new yardstick known as the "Human Freedom Index", where a nation's Freedom Rating depends on whether homosexuality between consenting adults is permitted or not.

And yet it should be obvious that the real need is to redress the inequities and economic distress caused by decades of exploitation of the poor by the rich. If a coalition to win a war can be forged, why not a coalition to address the critical issues of the South and to wage war on illiteracy, disease, poverty and deprivation? The wealth and much touted technology of the North should be used, not for the benefit of all peoples, especially for those in want.

We need a world where the international community takes decisive action to improve the lot of the world's poor which for many in sub-Sahara Africa, Asia and Latin America have worsened. Unrelenting poverty is still very much with us. With the now permanent debt burden the chances of the poor rehabilitating themselves without outside understanding, if not help, are bleak.

The new agenda, therefore, should be for a "Supportive World Order" where decisions which affect the vital interests of developing countries are not made by a privileged few in total disregard for the views of the countries concerned. What is needed is a new era of global cooperation in which the interests and views of all countries are

given due regard. And, if democracy is the sole acceptable political creed, let there be democracy also in the process of global decision-making.

A Supportive World Order would look at ways to reverse the current unhealthy trends, so that developing countries can have a meaningful share of the wealth of this planet. Any necessary adjustment must not be made only by the South. The North too must adjust for in the end the North will benefit from the prosperity of the South.

Before the North wags a finger at the alleged profligacy of the South it should first reduce its own massive budget deficits and live within its means. The North must know that their irresponsible spending is affecting world currency and financial markets. They must improve savings and eliminate wasteful consumption. They must give up subsidies and price support for agricultural products and remove protectionist barriers that impede access to market for the produce of developing countries. Above all, they must learn to be competitive and not blame others for economic and other woes brought by their own inadequacies and unaffordable standard of living.

The North must accept the legitimate of other nations. When they fortify themselves economically behind trade blocs, they must accept that others also have a right, at least, to raise their voices in defence of their interest. Yet the East Asians are not allowed even to consult each other or indeed to call themselves East Asians. The United States rejects and opposes vehemently the East Asia Economic Caucus or EAEC and demands that Japan and South Korea dissociate themselves from the formation of this consultative group. South Korea is told that it owes a debt of blood to the United States and it owes nothing to Malaysia and should therefore toe the U.S. line.

Even the global environment, one of the many issues requiring the cooperation of all countries, is being subjected to sectarian pressures and interests. We are told that issues involving global commons, such as the high seas outside national jurisdiction, and the disposal of radioactive wastes cannot be included in the on-going global discussions to prepare for UNCED 1992 in Rio. On the other hand, the management of forests, often the sole source of wealth to the poor, is spotlighted as if proper forest management alone will cure all the environmental ills.

Historically and currently, the North is the principal culprit for global environmental degradation. Nothing illustrate this better than the fact that presently the rich which make up less than 20 per cent of the global population are responsible for 80 per cent of the greenhouse gas emissions. And, the largest industrial power is responsible for 30 per cent of carbon dioxide emissions. While nearly 1.5 billion people live in abject poverty in developing countries, the North continues with its wasteful polluting lifestyles. Still the Governments and the NGOs of the developed countries working through their cohorts in the developing countries have succeeded in deflecting attention from massive pollution by the developed nations.

If forests can save the world from the greenhouse effect, then there should be a massive effort at greening the world. Every nation should have an acceptable level of

forest covers. It is a fact that most countries in Western Europe and North America have less than 30 per cent of their land area under forest cover. Some of them have even less than 10 per cent. On the other hand, developing countries with tropical forests have more than 50 per cent of their land under forest cover, Malaysia, for instance, has 56 per cent of its land under forest cover, with an additional 13 per cent covered by tree plantations.

Clearly the greening of the world can best be carried out by the rich and technologically advanced North. There is no excuse for such negative actions as boycotting tropical timber, forcing forest dwellers to remain primitive and keeping developing countries permanently poor in order to prevent deforestation. A massive effort can be made to reafforest the Sub-Saharan regions, the deserts and the inefficient wheatlands of the U.S. as well as selected bushlands where underground water is abundant. It is grossly unjust to impose on the poor the responsibility of maintaining bio-diversity especially when it exposes them to various diseases and deny them modern amenities.

With all these changes and threats facing us, there is, today, an even more compelling need for us in the South, to work together to protect our threatened independence and to improve our countries' development prospects. Until and unless we do this, the North will continue to marginalise us. In the G-15 we have made a modest beginning in South-South cooperation, but we need to build on this and to accelerate and widen our collaboration.

It will not be easy, but then nothing worthwhile is easy. We must have the political will and we must accept the need to sacrifice now for a more permanent gain in the future.

The G-15 is still a very Forum but we can take a measure of satisfaction in what we have achieved so far. Quietly, and without fanfare, economic cooperation, not only among the 15, but among other South countries, has begun to bear fruit.

Malaysia Venezuela relation are a case in point. Before the G-15 process began, we hardly knew each other. We did not even have International direct Dialing (IDD), Facsimile services or Expedited Mails Service between us. These are in place today. A bilateral payments arrangement has been signed. Businessmen and ministerial delegations have visited each other's countries. Our trade, though still modest, has, nevertheless, increased four-fold in the course of one year. A diplomatic presence in each other's capital has been established, and a whole range of projects are in the pipelines; projects which will be economically and politically beneficial to both our countries.

It is not our intention to break away from the North. We should in fact increase our interaction with them but we must at the same time increase southern interdependence so as to reduce over-dependence on the North.

The Kuala Lumpur Summit approved a novel trade-enhancing mechanism to promote economic cooperation among developing countries. The idea of bilateral payments

arrangements between pairs of developing countries was conceived in the basement of the Iranian Central Bank by Iranian and Malaysian officials in early 1988. The root of the problem was that exporters in Iran and Malaysia, being unfamiliar with each other, were not willing to assume the normal credit risks that went with unconfirmed letters of credit. Both the Central Banks, therefore, entered into an arrangement whereby each side guaranteed payment for its exporters. In this way total bilateral trade would need foreign currency only for settling the balance of trade between two countries. Foreign exchange earnings would therefore be less a constraint to trade.

The G-15 countries have further refined the original Iranian model. Malaysia has signed bilateral payments arrangements of the G-15 model with Venezuela, Nigeria, Mexico, Mozambique and Chile. And, in the not too distant future, we expect to sign similar arrangements with Senegal, Algeria, Zambia and Vietnam.

Many countries in the South have developed skills and expertise as well as agricultural and industrial capacities which can benefit all developing countries. But we are still far from taking advantage of the potential and opportunities in South-South trade, investment and technology transfer among ourselves.

On the other hand, companies in the North, through an established network of business relationships and databases, have been finding doing business with the South very profitable. Clearly we are missing opportunities for mutual help in the South. Why is this so? The answer perhaps lies in our inherited perception that the North is the hub of the world. As a result all our communication lines and trade are with the North and it is they who redistribute our products to the rest of the world including ourselves. This means that we buy our own goods through them.

The net result is that our import cost more and our exports yield less. The North on the other hand not only profit from their middleman role but from processing, freight and insurance. We lose at every turn.

It is for this reason that the Kuala Lumpur Summit approved the setting up of a "South Investment, Trade and Technology Data Exchange Centre" (SITTDEC). SITTDEC will provide the necessary information to improve trade among the nations of the South, to reduce cost and to retain the profit with us.

As we had decided at the Kuala Lumpur Summit, the projects that we adopt are open to participation by any country in the South which wishes to do so. They are not confined to the members of the G-15 only. But, Malaysia firmly believes that the unreadiness of some countries, including members of the G-15, to participate in the projects presently should not hold back their implementation if others can wish to go ahead.

We must work together to maximise our strength and to speak with one voice. We must take advantage of our mutual potential which has been so long neglected. If we want an equitable world in which we are not marginalised, we must work for it

pragmatically and realistically ourselves. We cannot expect others to do this for us. In this way we can confront today's and tomorrow's challenges with some hopes of success. It is for us, the members of the G-15, to pioneer effective South-South Cooperation and to show what can be done. Malaysia looks forward to achieving further progress in this direction to result from this Second Meeting of the Group of 15 Countries in the South.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE LAUNCHING OF THE 1998
COMMONWEALTH GAMES BID FUND
KUALA LUMPUR
10TH. DECEMBER, 1991**

It gives me much pleasure to welcome all the Commonwealth Games Federation Officials and sports leaders from the Commonwealth countries to Malaysia. I hope that during your short stay here, you will enjoy our hospitality for which Malaysians are quite well-known and maybe take opportunity to see something of our country apart from inspecting the sports facilities.

Malaysia is a nation of sports lovers like all the other Commonwealth nations. Despite the fact that we have not excelled in sports other than certain games, our love for sports still gives us the enthusiasm to arrange a number of sporting events at the international level and in this respect we can justly say that we have acquired a degree of expertise. We have in the past been very successful in staging a number of world events in various sports and in the next few years we will also be hosting a number of major events such as the Thomas Cup for world badminton championship, the World Corporate Games, the World Cup Golf and the World Cup Junior Football.

We are pleased with our successful staging of so many sporting events. There is full Government support in terms of providing the necessary physical facilities and funds to ensure the success of the sporting events. More importantly we always have the full support of our people when we stage these events.

In 1989, when we staged the Sea Games we had the full support of Malaysians throughout the country and US\$3 million was raised from a torch run which started from Penang in the North and went through various parts of the country. Our people fully support sports because we believe that sport is a strong unifying factor, especially important in a multiracial, multilingual, multicultural and multireligious country like ours. If you have a chance to visit our countryside you will see that we have football fields and other sporting facilities in almost all our towns and villages. This is indeed the basis of our sports policy because we feel through sport we can create a united and healthy nation.

We have brought you here because we want you to share our experience if we are given an opportunity to stage the 1998 Commonwealth Games. We have brought you here not only because we want to show you Government support for the bid made by the Olympic Council of Malaysia but we also like to show you that the people of Malaysia fully support our bid.

Today we will be launching a fund raising campaign to raise money from members of the public to support the bid for the Commonwealth Games. As a symbolic gesture, we have organised a Commonwealth Games Run which will start immediately after this ceremony. You can see the support we are having with the crowd around us today. In the space of less than a month from the time a decision was taken to organise the run, we have gathered together this large number of people who have all paid a symbolic two ringgit or US 70 cents each to participate in the run. This is only the beginning. For the next three months we will be gathering signatures from hundreds of thousand of Malaysians from all over the country together with their contributions to show their support for the Malaysian bid. We are confident that with the people's support and the support of the Government, the Olympic Council of Malaysia will be able to stage a very successful and enjoyable Commonwealth Games.

You might like to ask why Malaysia is so keen to host the 1998 Commonwealth Games. We believe that there are many areas which can be used to strengthen the ties among Commonwealth countries. We also believe that there are many areas in which countries can help one another. Sport is one such area where we can definitely increase and strengthen ties among the Commonwealth countries. Sport is very much a people to people thing and through sport the people in the world can get to know one another and create and strengthen the sort of friendly ties that the Commonwealth wants to promote.

I am confident you as sports leaders in the Commonwealth will appreciate the efforts we are making in bidding for the 1998 Commonwealth Games. I can assure you that Malaysia will do everything it can to make the 1998 Commonwealth Games the best ever.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE OPENING CEREMONY OF THE NEW CHANCERY AND
RESIDENCE COMPLEX OF THE MALAYSIAN EMBASSY IN TOKYO
24TH. DECEMBER, 1991**

It is my pleasure to warmly welcome all of you to the official opening of the new Chancery and Residence complex of the friendship and support and we are happy that you are able to join us at this auspicious ceremony.

I am honoured to officiate the opening of this new complex, the latest and most costly of all the overseas missions owned by the Malaysian Government. Its construction was made possible through the sale of our former Ambassador's residence and land in Hon-Komagome in December 1988. This complex as well as the 24 staff apartments in Kami Meguro were built at a cost of slightly over 6 billion Yen (RM114 million).

Although it seems very different to be in this new building, we are really still in the same place in Shibuya. Our first Embassy structure was here on this site from 1970.

Then in 1988 we began in earnest to plan a better and bigger Embassy to meet with the greater amount of work. The old Embassy was then demolished to make way for the complex which you see here. This growth reflects the importance of Japan in our bilateral relations and this modern Embassy is a symbol of our cooperation and friendship.

The construction of the Complex is a source of pride for us. Its design, incorporating a harmonious blend of traditional Malay, Islamic and Japanese Architecture, will, I hope, contribute to the architectural diversity of Tokyo, thus further enhancing its cosmopolitan character.

Malaysia and Japan have always enjoyed warm and friendly relations. Japan is not only Malaysia's largest trading partner and foreign investor, but also inspired us in our effort towards economic development. Japan almost without exception is a beacon of inspiration to the developing countries in our region. Hence we would encourage Japan to play a leadership role in the economic development of the Asia Pacific region.

I have that the good relationship between Japan and Malaysia will continue to grow and the new Chancery which we see today will be used as a vital facility for that

relationship. The Embassy will house the many Malaysian Government agencies, now scattered throughout Tokyo, and thus further upgrade its service to the Japanese public as well as Malaysians in Japan.

It is now my pleasure to declare this Complex open.

**SPEECH BY THE HONOURABLE PRIME MINISTER
DATO' SERI DR. MAHATHIR BIN MOHAMAD
AT THE NAMING AND DELIVERY CEREMONY OF
BUNGA PELANGI AT ULSAN, KOREA
28TH. DECEMBER, 1991**

I would like to thank the Chairman and members of the Board of MISC for inviting my wife and I to officiate at the Naming and Delivery Ceremony for Bunga Pelangi, the latest and largest addition to the Corporation's fleet of containerships. I had the pleasure of officiating at a similar ceremony to welcome the maiden call fo Bunga Siantan to Port Klang in March this year.

The Board of MISC should be congratulated on their decision to embark on a policy of fleet expansion and enchancement in response to the call by the Government to increase the tonnage of Malaysia-owned and operated ships in order to support Malaysia's rapidly growing industrial development and the diversification of Malaysia's trading partners and products.

Many new industrial ventures are currently being set up in Malaysia having been attracted by our rich primary resources, the favourable economic climate, political stability and the ready availability of trained manpower as well as good infrastructure facilities. We expect that more value-added manufactured goods will be generated by these industries for export overseas to meet the growing demand.

We realise that it is essential that industrial development should be matched by corresponding growth in the transport sector, particularly in shipping services which are essential for the efficient transportation and delivery of our exports at economical rates so that our exports can remain competitive.

In Malaysia it is becoming more apparent that our shipping services have not been growing at as rapid a pace as that shown by industrial development and widening trade relations. Since we lack the necessary facilities, we continue to depend on foreign shipping lines to carry the bulk of our manufactured products and other commodities for exports.

Although this is understandable, especially for a developing country like Malaysia, in which international shipping is highly competitive and highly capital intensive, it is nevertheless vital that some measures be introduced to check the situation. Otherwise, it will negate much of the gain from industrialisation and exportation.

The extensive utilisation of foreign shipping to carry our own domestic products for exports is undesirable as this would exacerbate our growing freight and insurance bill, the so-called invisibles.

In this context, I would like to see more Malaysians venturing into the field of international shipping. They should not be content operating always in the relatively sheltered domestic sector where they are protected from competition from foreign shipping lines by our cabotage policy. They should treat participation in domestic shipping as a valuable learning experience from which they should aspire to graduate into the more challenging and competitive arena on international shipping.

For this purpose the small and low capitalised domestic shipping companies should consider merging or form consortium with other shipping companies, local or foreign for greater efficiency and in order to operate viably.

There is no reason why Malaysians should not succeed in shipping. We have a maritime tradition and our training facilities are capable of producing competent and properly trained seamen who meet the standards set by the International Maritime Organisation. These facilities can be expanded to cater to the increasing demand for trained seamen not only in Malaysia but also in the region.

We also have shipyards to build and repair ships. It is true that currently our shipyards do not have the capacity or expertise to build very large or sophisticated ships. Many of our shipyards limit themselves to the construction of small riverine or coastal ships of relatively simple design.

However, I believe that we can upgrade our ship-building skills and capacity. In this respect, the recent acquisition of Malaysia Shipyard and Engineering (MSE), the largest shipyard in the country, by a consortium led by MISC is a very significant development.

MISC's involvement in shipbuilding and repair is a logical development in its desire to diversify its operations.

I am confident that under the new management the fully privatised MSE, which is said to possess one of the finest repair facilities in the region, can grow and develop into a major ship-builder. It is clear that shipyards are presently facing a shortage of capacity and are finding it difficult to cope with increasing orders for the construction of new ships. MSE can play an important role in helping to meet the growing demand for ship-building capacity in the region.

In this respect we can learn much from established shipyards such as Hyundai which is recognised as one of the largest in the world.

I realise that the task of up-grading and improving the shipbuilding and repair facilities at MSE, in order to be able to play a more active role in meeting the growing

demand worldwide for bigger and more sophisticated ocean-going vessels, is not an easy one. This is especially so as Malaysian shipyards presently play a very small role in shipbuilding. During the second quarter of this year Malaysian shipyards took up only 0.06% of the total world order book for new ships. However, with determination, I am confident that this can be done. This could well develop into another field of activity for young Malaysians to develop skills which are in great demand world-wide.

Today's ceremony may be seen as another concrete step in promoting closer commercial ties between Malaysia and Korea. I am aware that a variety of sound business ventures have blossomed to the benefit of our two countries over the years. It is encouraging to note that Malaysia has been listed as the most popular investment centre in the region by the South Korean Association of Marketing Industry.

Just as the Korean Government has implemented a series of vision-oriented development plans to enable it to become the progressive and prosperous State that it is today, we in Malaysia also have a vision. We are determined to become a fully industrialised nation, as Korea is today, by the year 2020. In this direction, the strategies mentioned in our Second Outline Perspective Plan call for broad development plans to be implemented over the next decade. These plans can succeed because they are founded upon past achievements and present capacities with the principal thrust on promoting a more balanced, broad-based, resilient and internationally competitive economy.

Our Sixth Malaysia Plan, which outlines strategies for development and growth over the next five years, is designed to promote the greatest amount of private investment possible. The public sector will support the infrastructure needs of the expanding economy as well as meet the all-important distribution objectives of the Second Outline Perspective Plan.

The Sixth Malaysia Plan, has a target Gross Domestic Product (GDP) growth adjusted for inflation of 7.5 per cent from 1991 to 1994. Real private investment is expected to grow by 8.6 per cent compared to public investment of 3 per cent. By 1992 private investment is expected to make up 2.31 percent. The Sixth Malaysia Plan assures foreign investors, and that includes our friends from Korea, that the Government will continue the existing liberal policy on equity requirements for foreigners in the manufacturing and tourism sectors.

The successful completion of this impressive 59,697 tons containership, Bunga Pelangi, is a time testimony to the skills and expertise of Hyundai Heavy Industries. I therefore extend my compliments to the shipyard on their skill and capabilities.

I would like to congratulate MISC on the addition of this modern containership to the Corporation's fleet. With the delivery of Bunga Pelangi the number of ships in MISC's fleet has, I understand, increased to 51. I hope that the Corporation will continue its policy of judiciously expanding its fleet to help meet the growing demand of our rapidly developing export and import business.

I am confident that MISC will continue to play its role as the national shipping line in striving to be more innovative and therefore help meet the aims and aspirations of Malaysia.

I thank the Board of MISC for according my wife the honour of naming Bunga Pelangi.