

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

EVENT: THE 5TH JOINT ANNUAL CONFERENCE OF MAJECA/JAMECA

VENUE: THE KUALA LUMPUR HILTON

DATE: 08 FEB 1982

TIME:

Mr. Chairman;
His Excellencies;
Honourable Ministers and Deputy Ministers;
Distinguished Delegates;
Ladies and Gentlemen.

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.

to be amongst so many old friends today and hope to be able to meet some of you after the opening session.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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

Ladies and Gentlemen,

9. 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.

10. 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.

11. 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 \$11,800 million ringgit 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.

12. 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 indicate 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.

13. 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.

14. 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

15. 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 are now undergoing a six-month intensive Japanese language course at the MARA Institute of Technology.

16. I am sure that if Japan were to open the doors of their 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.

17. 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.

18. 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".

19. 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

20. 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.

21. 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.

Ladies and Gentlemen.

22. 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. Thank you.