

ADDRESS BY THE PRIME MINISTER AT THE
OPENING OF THE FINANCIAL TIMES
CONFERENCE ON SOUTHEAST ASIA'S RE-
SOURCES AND THE WORLD ECONOMY AT
HOTEL HILTON, KUALA LUMPUR ON 17TH
SEPTEMBER, 1974

Mr Chairman, Excellencies, Distinguished Delegates, Ladies and Gentlemen.

I am very happy to be invited to open this Financial Times Conference on Southeast Asia's Resources and the World Economy. It is gratifying to us in Malaysia that the Financial Times in association with MAS and the British Airways, have been able to organise this Conference here in Kuala Lumpur.

The importance of this Conference and the wide interest it has stimulated is reflected in the large gathering here today of business heads and executives, industrialists, financiers, news writers and journalists as well as officials from Government bodies. I would like to extend to you all our guests a warm welcome and to wish you a pleasant and fruitful stay in Kuala Lumpur. I do hope you will also have the opportunity of visiting other parts of Malaysia while you are here so as to enable you to get to know more of our country and our people.

I would also like to congratulate the Financial Times for successfully enlisting the participation of so many distinguished gentlemen to address this Conference on subjects of crucial importance to all of us.

Indeed, in my view, this Conference is most timely. The rising expectations of people everywhere for higher living standards have brought into sharp focus the importance of the world's natural resources. The effects we are now experiencing of relative shortages in a variety of raw materials, agricultural commodities and mineral products only serve to emphasise not only the vital importance of these resources but also their planned and orderly development for the progress and happiness of mankind.

In these circumstances, the contributions to world economic development of the less developed countries with abundant

natural resources can be substantial. Among such countries. Southeast Asia is in a specially good position to play a constructive role. In fact, we are in a unique position to do so, given the size and range of our natural resources and our strategic location.

It should be made clear, however, that the terms on which we will make our contributions will have to undergo substantial modifications. Our endowments have for centuries attracted the interest of the rest of the world and have resulted in most of us being merely producers of primary commodities and largely export-oriented economies. For the most part, however, our people have not shared adequately or equitably in the benefits derived from these relationships. Therefore, the desire of our people to participate more fully in the opportunities of economic development made it necessary for the arrangements of the past to be modified ; firstly, to reflect the unique contributions each of us can make to orderly development; and secondly, to reflect more equitably the responsibilities and rewards of our inter-dependent world economic system.

Ladies and Gentlemen.

We are moving from an age of relative resource abundance to an era of relative resource scarcity. Scarcity, whether absolute or relative, breeds conflict. In the interest of equity and stability in the context of an expanding world economy, we must minimise all sources of conflict and maximise our potential for durable accommodation and co-operation.

Malaysia is prepared to play her part. We recognise that our own advancement is dependent on the markets, technology and products that the consuming countries of our natural resources have to offer. At the same time, we expect that other countries will also recognise our legitimate national interest in controlling our own resources and in obtaining a fair share of the economic and social benefits from the development of these resources.

I must stress that we in Malaysia believe in economic Nationalism in guiding the exploitation of our natural resources in such a way that our people and our country will obtain the greatest benefit. We believe that private enterprise, whether domestic or foreign, has an important role to play in our development. Our objective is to bring about an effective and equitable mixture of domestic and foreign enterprise on the one hand, and private and

public enterprise on the other, so that our national interest can be advanced to the context of an expanding, stable and equitable world economic order.

These very principles find expression in our national policy for the development of our infant but rapidly growing petroleum industry. With the oil and natural gas which have already been found, the extent of our energy resources within Malaysia's Continental Shelf is only just beginning to be fully known. We are fully committed to the exploration and development of these resources so as to be able to satisfy our domestic needs as well as expand our exports. And we are fully committed to ensure that productivity is progressively increased so that our output is sold at competitive prices. At the same time, we want to ensure that Malaysians themselves benefit equitably from the development of these vital resources.

To this end, the Malaysian Government, through PETRONAS—the National Petroleum Corporation, will seek majority ownership and control of all petroleum projects and participate actively with the private sector, whether local or foreign, in these projects on a joint-venture basis. It is no longer compatible with our National policy to allow foreign domination of this important industry. It is our National policy that we should exploit our own resources ourselves. We therefore appreciate the readiness with which a number of multi-national oil companies have already entered into production-sharing agreements with us. I am confident that on such a basis, we will be able to explore and to develop this vitally important resource for the world in a mutually beneficial way.

The Malaysian Government, through PETRONAS, will also work to ensure that the downstream activities associated with energy production in the country will similarly be located in Malaysia itself, as far as it is economically feasible. The size and quality of our resources make such a course of action feasible in a number of cases. We therefore intend to develop these opportunities to the best of our ability. We believe that this will not only be in the interest of our own socio-economic advancement but also insofar as it contributes to an international division of labour which is in line with our comparative advantages in production, it will also be in the interest of greater efficiency in the world economy as a whole. Here again, it is refreshing to see the interest shown

by several multi-national companies in this approach. We welcome this development and agree to commit ourselves to constructive participation on a joint-venture basis.

The opportunities for fruitful Collaboration are not only limited to the development of our energy resources. They also exist with Malaysia's other abundant natural resources—in rubber and woodbased products, in palm oil, tin as well as in livestock and fish products. Many of these opportunities are already being constructively developed with the participation of foreign enterprise. The potential is significant for even greater development. We have the resources, the people and a thriving domestic business sector. You from the developed industrialised countries have the technology and the capital goods. We could not therefore ask for a better basis for constructive collaboration.

Mr Chairman, Ladies and Gentlemen.

In Malaysia, as you know, we are in the process of implementing our New Economic Policy which aims at ensuring that our economy will continue to expand—but with fair distribution of the benefits of this growth to all our people. In other words, we seek economic growth not for the sake of growth alone but as a means for greater employment, for a fair stake for all in prosperity and the good life. Our resources will be fully developed for this purpose. And in doing so, we shall also want to ensure that sufficient attention is paid to the requirements of efficient resource management so that the fruits of the earth, the fresh air and the water that we enjoy today can also be the inheritance of future generations.

I would suggest that investors bear these social objectives in mind in the planning and execution of their programmes and projects and especially in their negotiations with Government. It is becoming increasingly important that they should take a long-term view of things so that a mutually acceptable relationship between investors and the host country will ensure the accommodation of legitimate interests—theirs and ours.

With these considerations in mind, it may therefore be useful to consider the need for this Conference to initiate the preparation of a concrete set of guidelines for businessman in undertaking new ventures or expanding existing business activities not only in Malaysia but, if I may suggest, in this region as well. There

must be a new order governing the relations between investors and the host countries. The crux of this new relationship, regardless of whether the investor is foreign or domestic, is that this investment must be mutually beneficial to both the entrepreneur and the host country. This is the only basis for a valuable, long-term and harmonious partnership in the development of this region.

Mr Chairman, Ladies and Gentlemen.

The Southeast Asian region, as an integral part of the whole Pacific Basin, offers perhaps the best promise—certainly some of the best prospects—for economic growth in the decades ahead.

The basis for wider political stability is being progressively strengthened. The trend towards viable regionalism is gathering momentum as is evident in the activities of the Association of Southeast Asian Nations—ASEAN—and other regional economic organisations. I am confident that these efforts will go a long way towards supplementing our own national efforts in bringing about greater economic and social progress as well as political stability in the region.

The basis for harmony in Southeast Asia's relationships with the industrial world is also favourable. Our relations have been generally satisfactory and in most cases have been of a relaxed nature. The extremes of economic exploitation have not been felt too strongly in this area.

We thus have an enduring basis not only for accelerated economic and social development in the region but also for constructive participation with the industrial world as equal partners in development. Your participation at this Conference is testimony that you, too, share this underlying confidence and faith in the development of this region.

It is therefore with great pride and pleasure that I declare this Conference open. I wish you all success in your deliberations.



Tun Abdul Razak bin Datuk Hussein sedang menyampaikan hadiah Pertandingan Membaca Al-Quran Tentera pada 28hb September, 1974.

(Gambar Jabatan Penerangan Malaysia)