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BUSINESS COMMUNITY

Excellencies

Ladies and Gentlemen

Ta Chia Hao

It is such a great honour and a pleasure for me and my wife to be here with all of you this evening in Beijing. While we may leave tonight's function with the image of graceful swans gliding across Yeya Lake (in northern Beijing), I am equally aware that many feet have been paddling furiously below these calm waters. I would therefore like to record my deepest appreciation for the untiring efforts of the Malaysia-China Business Council, the China Council for the Promotion of International Trade (CCPIT), the Malaysian Chamber of Commerce and Industry, ASLI and our Embassy here in Beijing, in jointly undertaking the task of organising tonight's dinner.

Every time I read about China these days, I am always astounded by the phenomenal transformation of a country and its society. Today I am able to see with my own eyes this impressive and unrivalled growth. China's success must be attributed to your leaders who have the foresight, fortitude and tenacity to embark on this journey. The Chinese people too must be credited for their willingness to strive forward and to achieve a dream that once was a mere illusion. When your paramount leader, Deng Xiaoping said "Poverty is not socialism: To be rich is glorious" it was revolutionary. But it was a revolution with a difference, one that was predicated on a peaceful transformation. We are indeed gratified to be part of China's growth and success.

Ladies and Gentlemen,

1. When we look back at history, there have been defining moments that produced profound changes to the political landscape of a nation or a region. Often, such historical turning points were made by individual leaders who had the boldness and courage to move forward, sometimes against the tide. With the signing of the Joint Communiqué by our two leaders to establish diplomatic relations on 31 May 1974, it heralded not only a new era in bilateral relations but was also a significant move towards a more cordial and peaceful regional environment. It was the beginning of an end of a region that was solely seen in the distorted prism of the cold war.

2. During the historic visit to Beijing, Prime Minister Tun Abdul Razak told Premier Chou En-Lai that he desired sincere friendship with China and hoped that this friendship would endure for all time. His hopes and expectations were certainly met and that he would be proud to see how deep and wide our bilateral ties have grown over these past thirty years with a very bright future.

3. In normalising Malaysia-China relations, we have laid the early foundations for an emerging spirit of trust and partnership that have come to define so much of our relations in ASEAN and in Asia today. We were perhaps the earliest believers that differences with China in some areas should not prevent us from developing strong and beneficial relations in other areas.

Distinguished guests,

4. Presently, one of the great debates in the world today amongst policy-makers, intellectuals and the private sector is how to view China. Is it a threat or an opportunity? To Malaysia, we have been clear and consistent in our position towards China. You are a close friend of Malaysia and we are strategic partners in many areas. Our interests today converge. We share many same sentiments and take many similar positions regionally and globally.

5. On many global and international issues, Malaysia has often maintained principled positions. We firmly believe in global justice and the equitable distribution of the world's wealth and resources. We are gratified to see that China has often been with us on many global issues. As China is a Permanent member of the UN Security Council, we rely on your strong and independent position to ensure that the world is justly managed. We are proud of China's global status and we continue to look to you to champion the plight of the down-trodden that is too-often ignored and pushed aside in the vagaries of an imperfect international system.

6. Malaysia has long subscribed to the principle of engagement as opposed to containment or even isolation. The normalisation of relations with China was perhaps the beginning of Malaysia's engagement policy which has driven our country's foreign policy. It is arising from this principled position that Malaysia has continued to take the lead in engaging with China, especially within ASEAN. Currently, not only is China an important member of the many ASEAN initiatives and platforms, but that its role has been crucial in ensuring success in these regional frameworks. In the security arena, China's continued engagement in the ASEAN Regional Forum is indeed a testimony of its commitment towards building confidence amongst its members. As there are still outstanding security issues out there, China's role is sine qua non to achieving peace in the region.

7. As a strong partner, we are confident that China will again play a leading role as Malaysia hosts the inaugural East Asian Summit later this year which will provide an ideal platform for East Asia to be engaged with one another.

Ladies and Gentlemen,

8. We recognise China's pivotal role in regional and global affairs. In Asia, we would like to see an era of peace and cooperation between China and Japan. These two great nations must not be played off one against the other. As an Asian country, we long to see a truly united region, truly united in our approach to global issues and to be able to stand together to face the ever challenging world.

9. Yes, we should always be mindful of our past. But we must never become a prisoner of our past and ignore the new realities of a world that has seen profound changes. Malaysia wants to see Asia strong as a region and a contributor to world peace. We are confident that with the prudent leadership in Asia today, we are sowing the seeds for a peaceful and cooperative region.

Ladies and Gentlemen,

10. Against the backdrop of these very positive and encouraging developments, my visit to China has two basic objectives: firstly, to strengthen the already excellent relations between the leadership of our two countries and secondly, to add value to new and existing areas of cooperation in line with the Joint Communiqué signed by Prime Minister Dato' Seri Abdullah Badawi and Premier Wen Jiabao last year.

11. On the first objective, let me express my gratitude to the Chinese government for the warm welcome I have received here in Beijing. Premier Wen Jiabao was gracious enough to receive me together with the official Malaysian delegation yesterday. I have had extensive and fruitful bilateral discussions with His Excellency Huang Ju, Vice Premier, on a wide ranging set of issues. We have identified a number of important opportunities and areas where both countries can extend our collaboration. Together with my counterpart as the Minister of Defence, I witnessed the signing of an important MOU between Malaysia and China on Bilateral Defence Cooperation, marking the first formal understanding between our two countries in this area.

12. It is self evident that Malaysia-China relations at present have never been better. We enjoy strong diplomatic ties, with our economic linkages expanding rapidly. I believe the foundation for this relationship is solid, like the Great Wall perhaps, built to last. This relationship is also predicated on cultural links that go back centuries. We recognise that ethnic Chinese in Malaysia have played a significant role in forging ties between our two nations and we see the multiracial context of our society as a great asset to our country and to our relations with China.

13. China has achieved such a tremendous feat in transforming a once agrarian economy to what is now a great industrial nation. China goes out to all four corners of the world to seek knowledge, do business and build networks. It was your great statesman, the Paramount Leader Deng Xiaoping that initiated this drive to open up to the world. I believe he once said, "China cannot develop itself in isolation from the world". With these simple yet meaningful words, China began its journey towards becoming an economic power house. Malaysia is not only willing, but is already part and parcel of the China juggernaut. The statistics are most impressive.

14. Today, China is Malaysia's fourth largest trading partner, while Malaysia is China's eighth and the largest in ASEAN. We have witnessed trade between Malaysia and China increasing by more than 3-fold in the last five years to nearly 19 Billion U.S. Dollars in 2004. It is our expectation this figure will swell to exceed 50 Billion U.S. Dollars by 2010. It is a pleasure for me to acknowledge that many of you in this room today represent a significant portion of these statistics.

15. People to people relations between our two countries have grown tremendously over the years, spurred by the boom in tourism and education. In 2004, we received more than half a million tourists from China. Malaysia is forever improving our tourism infrastructure and as such I am sure this figure could only move upwards in the near future. In addition, there are currently about 10,000 students from China studying in various academic institutions in Malaysia. With a vast number of private colleges, both public and private universities, foreign branch campuses and twinning programmes, Malaysia has developed a regional reputation for high quality, cost competitive higher education, set within a favourable multicultural environment.

16. It is in the area of commercial and business ties that I believe has the greatest potential for growth. With the move towards an ASEAN-China Free Trade Area by 2010, we can and should significantly diversify and broaden opportunities for trade and investment. Currently between 60 to 70 percent of our bilateral trade comprises of electronics and electrical (E&E) products, palm oil and chemicals. Clearly, we can do much more to diversify this trade pattern and explore fields where we can complement each other. I am sure there are already newer areas that have been identified and progress is being made.

17. One area that I would like to highlight this evening is in the most strategic area for collaboration, that of the energy sector. The challenge for all of us today is to secure sufficient hydrocarbon resources that can sustain our current and future demand growth. China's rapid growth in particular, is fuelling much of this demand. In this regard, Malaysia and China, via our respective National Oil Companies (NOCs), are working together as active joint venture partners in countries like Indonesia and Sudan to develop upstream opportunities. Oil and gas, being the key energy fuel, are strategic commodities that have been instrumental in bringing about development and growth in many emerging economies. While the race for oil and gas is shaping the foreign policies of many countries, often seeing in antagonistic terms, I think we must alter this mental paradigm in order to reflect a much more cooperative line of thinking.

18. We must find a common and integrated approach. One way to address this issue is for Asian energy importing countries to enhance cooperation between them via joint investments, and to bring in suppliers from other oil-producing countries into the alliance. Malaysia believes that the only viable strategic option for Asia lies in building a shared political commitment to cooperate in energy diplomacy. Such cooperation requires participation by countries in the region in commercial arrangements and alliances. One thing we need to avoid is conflict and tension. Mutual understanding and a spirit of compromise are keys to overcoming deadlock and avoiding conflict. It is our hope that with a greater emphasis on energy diplomacy, we in Asia will find manageable mechanisms to ensure stability of our energy requirements and meet the needs of our rapidly growing economies.

Ladies and Gentlemen,

19. Let me conclude my remarks by saying that while Malaysia and China are asymmetrical powers, we share much in common. We both face a multitude of challenges, mainly stemming from our own success. With globalisation, we have to manage from two fronts, domestically and internationally. Sometimes we appear to be schizophrenic, trying to manage a paradoxical world. Something that appears to be positive globally may have a negative impact at home and we have to continue to balance our policies and believe me, a nation's life today has never been so complicated. However, it is my hope that we can learn from each other, even though the scale and magnitude is prodigiously different.

20. I do hope that we are able to create many more platforms for the two communities and the two countries to exchange views and ideas. At the end of the day, the more sharing there are the more benefit we will get.

21. I have long admired China's ability to learn from the world while maintaining your identity and values. This is a sign of a resilient, confident nation. A nation that

is not afraid to learn from others for its own benefit. Allow me to quote once again your paramount leader. Deng Xiaoping once said, "Self-reliance does not mean 'working alone' or 'doing all things' without seeking help from others.... Independence does not mean shutting the doors to the world, nor does self-reliance mean blind opposition to everything foreign".

22. There is much wisdom here. So let me embrace these words and invite all of you to take full advantage of the goodwill that has been built between our two nations over the years, and use this golden opportunity to discuss, network and plan for the future. I wish you great success in your journey ahead.

Thank you very much.