

**SPEECH BY  
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AT THE CLOSING OF THE EUROPE-ASIA BUSINESS SUMMIT 2000  
AT HILTON HOTEL, KUALA LUMPUR  
31 MAY 2000**

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Firstly, allow me to thank his Malaysia, Kumpulan Utusan Melayu Berhad and the global panel foundation for kindly inviting me to give the closing address at the Europe-Asia Business Summit 2000. I hope that after two days of brainstorming, deliberation and networking, this summit has enhanced and strengthened business relationships between the two regions.

It is often said that Asia and Europe share a long history. This common past, however, was characterised by colonialism. Many countries in Asia, in particular in Southeast Asia, were conquered and ruled by faraway european powers. The colonies were vital for the economic fortunes of these empires of yesteryear.

In the last years of the British Empire, for instance, Malaya - as Malaysia was then known - was the biggest revenue earner of all the crown colonies. Asia's natural resources were developed by the imperial powers and much of the profit was channeled back to Europe. But the colonial era was to leave behind some legacies that Asian countries have found useful. In Malaysia, we inherited a solid state structure in the form of a judiciary based on common law, a civil service and the basis for our education system.

4. Today we stand together - Europe and Asia - to further develop a relationship built on mutual respect. We are creating a strategic alliance among equals. We are fostering a smart-partnership in which both sides gain in equal measure.

5. Although Asia-Europe cooperation in trade and investment has remained strong since the colonial days, a more comprehensive relationship was articulated in 1996 during the Asia-Europe summit meeting held in Bangkok which began the Asem process.

Subsequent asem meetings have strengthened the renewed efforts at bridging the two continents, especially between two of the world's most successful regional groupings - the European union and Asean. Asean trade with the European union continues to increase and now represents 13.7% of its total global trade as compared with 17.6% with the united states and 14.4% with Japan. I believe the asem process will be an important foundation for the development and strengthening of future asia-europe cooperation.

6. When Asia was hit by a financial crisis more than two years ago, many of the regional economies were forced to undertake painful recovery measures. Some sought the assistance of the international monetary fund and some, like Malaysia, did not. Different countries adopted different recovery strategies and we believe that for Malaysia, our policy mix of capital controls, pegged exchange rate and loose monetary and fiscal policy was the best course of action.

Today Malaysia's economy has bounced back - vigorously and comprehensively. Our GDP grew by 5.6% in 1999 and some estimates for this year predict a rate considerably in excess of 6%. For the first quarter of this year, GDP grew by 11.7%, following on from 10.8% in the fourth quarter of last year. The recovery is increasingly broad based with all key sectors - agriculture, mining, manufacturing, construction and services - generating positive output.

8. It goes without saying that external factors have facilitated the regional recovery effort. The fact that the economic contagion did not spread to developed economies allowed many Asian countries to use increased export revenues to kick start their recovery. We recognise that Europe played a vital part in Asia's revival, primarily by keeping their economies open. Asian businesses were able to find international markets willing to absorb increasing imports because of their devalued currencies.

9. The European union's overall trade balance surplus during the crisis decreased, in large part due to its trade with Asia. It is this economic and business relationship that characterises the new relationship between the two regions. Europe's facilitating role in Asia's recovery underscores the linkages and level of interdependence between the economies of the two region. Today, as Asia moves out of the recovery phase into consolidation and growth, more European companies are setting up their operations in the region. It is particularly encouraging that many high technology firms from Europe are setting up or expanding their operations in Malaysia, and in the region. And as the economic outlook for both Europe and Asia continues to be encouraging, the level of trade between the two regions is set to rise in line with increased private consumption and investment.

10. We are all aware that we live in an increasingly globalised world. The process of globalisation and the information technology revolution is meant to enrich as many people as possible. It has been said that the lowering of trade barriers and rapid economic liberalisation will benefit developing and least developed countries. The internet is supposed to allow for the free flow of information, thus creating knowledge societies the world over. These are the promises of the new global economy.

11. We have, however, also seen the ugly side of globalisation. We have seen how unregulated international capital flows of hot money can debilitate an entire region. And we are now seeing the problems of the virtual world - cyber terrorism and even overvalued dot coms that can affect global capital markets. As the Prime Minister, Datuk Seri Dr Mahathir Mohamed, said yesterday, we need to examine these things - globalisation and the proliferation of information technology. We must examine them and ensure that ultimately we, as citizens of the world, remain in charge of the changes taking place. The danger is that we become servants to the process of globalisation and to the power of the internet. The danger is that sovereign governments that derive their legitimacy from their citizens are superseded by people and corporations that are not accountable to anyone.

12. I believe that Europe and Asia have an important role to play in this reassessment. Many European countries actively support Malaysia's call for fundamental changes to the international financial architecture. Many European leaders have spoken up on the adverse effects brought about by hedge funds, currency traders and international banks that fund these highly leveraged institutions.

13. Europe and Asia must forge a common platform on which to articulate their concerns. Both regions are aware that a globalised world that brings benefits to rich and poor nations alike must be a world characterised by equity, equality and justice among countries. Global decision making must be broad based and participatory. Preconceived ideologies and so-called best practices that have failed must give way to localised solutions that take into account factors peculiar to a region or a country. Globalisation does not mean hegemony by one country. Globalisation means cooperation and collaboration between many for the benefit of all.

14. Asia-Europe relations must address these concerns and focus on the challenges faced by both regions. By understanding and sharing elements of each other's world view, both Asia and Europe stand to gain from a mutually beneficial relationship.

15. The new relationship that Asia - especially South East Asia - forges with Europe must be a partnership without unreasonable conditions. For trade, investment and business to flourish between the two regions, political provisos and economic pressure cannot dictate Asia-Europe relations.

16. We must find ways in which our relationship can be strengthened. A great challenge for the South East Asian region is increasing the competitiveness, productivity and resilience of our economies. Many countries in South East Asia will soon lose our wage-based competitiveness to other countries in Asia that can produce and manufacture at significantly lower costs.

17. It is therefore vital that countries such as Malaysia and its neighbours increase the value-added component in its key industries. This can only be successful if governments and companies are willing to invest in research as well as human resource development. The scope for cooperation between Asia and Europe in this area is considerable. Europe can help the region by providing technical cooperation, facilitating technology transfer and developing joint initiatives in training and education.

18. The creation of a competitive and knowledge-based workforce will be to the advantage of both Asia and Europe. As countries, like Malaysia, refashion their economies into knowledge economies, its valued trading partners will benefit from competent, efficient and productive manpower providing quality services and products.

19. The synergies that are realised by governments and corporations of the two regions must characterise the new relationship that Europe and Asia are building. We have much to learn from one another. Both the European union and Asean are expanding integration and have or will admit new members. Many of these new or potential members in both regions are at a different level of economic development than the existing members. Both the EU and Asean stand to gain from one another's experience in their respective efforts at expanding regional cooperation.

20. Regional cooperation in both Europe and Asia were institutionalised in the form of official groupings in the interest of peace and security. Both groupings have succeeded in bringing about long lasting peace. And now both groupings are successfully addressing economic integration and development through the EU and the Asean Free Trade agreement.

21. But the success of both Asean and EU can only be enhanced if both groupings remain outward looking and not insular. As participants of this important meeting, you have played a vital role in building bridges between our two continents. While our respective regional integration may have succeeded we need to cast our eyes further a field for strategic partners to bring about greater growth and to create more rewarding opportunities.

22. With this it gives me great pleasure to declare the Europe Asia Business Summit 2000 close.

Thank you.