

**KEYNOTE ADDRESS BY  
THE HONOURABLE DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI  
AT MALAYSIA-U.K. BUSINESS FORUM, LONDON  
1 OCTOBER 2004**

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LORD KILLEARN  
CHAIRMAN OF THE FORUM

HONOURABLE MINISTERS

DISTINGUISHED GUESTS

LADIES AND GENTLEMEN

1. IT WAS JUST OVER TWO MONTHS AGO THAT I WAS HERE IN LONDON ADDRESSING REPRESENTATIVES OF THE BRITISH BUSINESS COMMUNITY DURING MY OFFICIAL VISIT TO THE U.K.. I AM PLEASED TO BE BACK AGAIN SO SOON AND I THANK YOU FOR THE OPPORTUNITY TO REPEAT THAT RECENT EXPERIENCE WITH ANOTHER DISTINGUISHED AUDIENCE TODAY.

2. LONDON MARKS THE BEGINNING OF MY GOVERNMENT'S TRADE AND INVESTMENT MISSION TO EUROPE. WE ARE COMFORTABLE HERE. THIS IS A FAMILIAR WORLD. THE POST BOXES ARE RED – THE TRAFFIC DRIVES ON THE LEFT – ENGLISH IS SPOKEN.

3. BUT MORE TO THE POINT, THERE ARE VAST SIMILARITIES BETWEEN DOING BUSINESS IN MALAYSIA AND DOING BUSINESS IN THE U.K.. THE INSTITUTIONAL FRAMEWORK IS ALIKE; PARTICULARLY THE RULE OF LAW VESTED IN A SOUND LEGAL SYSTEM, AS WELL AS THE POLITICAL AND REGULATORY PROCESSES YOU WILL NO DOUBT RECOGNISE – ALL OF WHICH PROVIDE SAFEGUARDS FOR YOUR BUSINESS. YOU WILL ALSO FIND YOURSELF IN GOOD COMPANY – SHELL, SIME DARBY, UNILEVER, GLAXO, H.S.B.C., STANDARD CHARTERED BANK, PRICE WATERHOUSE – CAN ALL BE FOUND IN MALAYSIA. AND STILL OTHERS KEEP COMING.

4. THE CHOICE MAKES GOOD HARD COMMERCIAL SENSE. THE CONDITIONS ARE RIGHT, AND HAVE BEEN SO FOR A WHILE, FOR BUSINESSES TO INVEST IN MALAYSIA.

5. I HAVE BEEN FORTUNATE TO INHERIT FROM MY PREDECESSOR AN ADMINISTRATION NOTED FOR ITS ACCOMPLISHMENTS IN THE ECONOMIC FIELD. THESE INCLUDE A SUSTAINED PERIOD OF STRONG ECONOMIC GROWTH, ACCOMPANIED BY A SIGNIFICANT REDUCTION IN POVERTY, AN INCREASE IN PER CAPITA INCOME AND THE TRANSFORMATION OF MALAYSIA FROM A COMMODITY-BASED ECONOMY TO AN INDUSTRIAL NATION. THE MANUFACTURING SECTOR NOW

ACCOUNTS FOR 31 PER CENT OF THE COUNTRY'S G.D.P.. MALAYSIA'S EXPORTS SURPASSED THE 100 BILLION U.S. DOLLAR MARK FOR THE FIRST TIME IN 2003.

6. I INTEND TO BUILD FURTHER ON THESE PAST ACHIEVEMENTS. WE ARE WORKING TO ENHANCE MALAYSIA'S COMPETITIVENESS EVEN MORE. WE WILL ENHANCE OUR COMPETITIVENESS BY DEVELOPING OUR HUMAN CAPITAL, INCREASING OUR PRODUCTIVITY, IMPROVING OUR R&D CAPABILITIES AND PURSUING NEW SOURCES OF GROWTH.

7. TO REMAIN COMPETITIVE, MY IMMEDIATE PRIORITIES ARE TO ENHANCE THE EFFECTIVENESS OF THE GOVERNMENT'S FINANCIAL MANAGEMENT AND TO IMPROVE THE PUBLIC SERVICE DELIVERY SYSTEM SO AS TO LOWER THE COST OF DOING BUSINESS. IN THE CORPORATE SECTOR, MALAYSIAN COMPANIES ARE AGGRESSIVELY PURSUING PRODUCTIVITY IMPROVEMENTS, IN ORDER TO ENHANCE THEIR COMPETITIVENESS. THESE MEASURES ARE PART OF A NATIONAL EFFORT TO INCULCATE A CULTURE OF EXCELLENCE AND PERFORMANCE IN THE COUNTRY.

LADIES AND GENTLEMEN

8. I BELIEVE THAT MALAYSIA AND BRITAIN HAVE A HEADSTART IN UNDERSTANDING EACH OTHER; THE STRONG HISTORICAL RELATIONS WE SHARE HAVE CERTAINLY GROWN AND EVOLVED WITH TIME.

9. LAST YEAR, A TOTAL OF ABOUT 126,000 ARRIVALS FROM THE U.K. WAS RECORDED IN MALAYSIA, WHILE DURING THE FIRST SEVEN MONTHS OF THIS YEAR ALONE, IT HAS REACHED A TOTAL OF 112,000. THE U.K. MEANWHILE IS A FAVOURITE TOURIST DESTINATION FOR MALAYSIANS.

10. MANY MALAYSIANS HAVE STUDIED IN THE U.K. AT ONE POINT OR ANOTHER. CURRENTLY, THERE ARE ABOUT 10,500 MALAYSIAN STUDENTS STUDYING IN VARIOUS EDUCATIONAL INSTITUTIONS HERE. THERE ARE ANOTHER 20,000 MALAYSIAN STUDENTS STUDYING IN MALAYSIA UNDER TWINNING ARRANGEMENTS WITH BRITISH COLLEGES AND UNIVERSITIES AS WELL AS AT OFFSHORE CAMPUSES SET UP BY BRITISH UNIVERSITIES.

11. IN 2003, THE U.K. WAS MALAYSIA'S 13TH LARGEST TRADING PARTNER, 13TH LARGEST EXPORT DESTINATION AND 12TH LARGEST SOURCE OF IMPORTS. TWO-WAY TRADE EXPANDED TO 14.9 BILLION RINGGIT (OR 2.2 BILLION POUNDS) IN 2003. WE EXPECT THIS GROWTH TO CONTINUE, AS REFLECTED IN THE 20 PER CENT INCREASE IN BILATERAL TRADE FOR THE FIRST SEVEN MONTHS OF THIS YEAR, COMPARED TO THE CORRESPONDING PERIOD LAST YEAR. MALAYSIA IS THUS THE U.K.'S SECOND LARGEST TRADING PARTNER IN THE ASEAN REGION.

12. THE U.K. REMAINS ONE OF THE LARGEST SOURCES OF FOREIGN INVESTMENT IN MALAYSIA, MOSTLY IN THE MANUFACTURING SECTOR. FOR THE PERIOD 1999 TO JULY 2004, THE U.K. WAS THE FIFTH LARGEST SOURCE OF F.D.I. AMOUNTING TO 5.3 BILLION RINGGIT (780 MILLION POUNDS) IN 81 APPROVED PROJECTS.

13. THE PARTICIPATION OF BRITISH COMPANIES IN THE MALAYSIAN MANUFACTURING SECTOR IS MUTUALLY BENEFICIAL FOR ALL PARTIES. WHILE MALAYSIA PROVIDES BRITISH COMPANIES WITH A CONDUCIVE AND COST-COMPETITIVE LOCATION, WE BENEFIT FROM THE CAPITAL, TECHNOLOGY AND MARKET ACCESS THAT BRITISH COMPANIES BRING WITH THEM.

LADIES AND GENTLEMEN

14. MALAYSIA IS COMMITTED TO ECONOMIC GROWTH AND DEVELOPMENT. THE NATIONAL VISION IS FOR US TO BECOME A FULLY DEVELOPED NATION BY THE YEAR 2020. OVER THE PERIOD FROM 1987 TO 1996, MALAYSIA'S ECONOMY GREW BY MORE THAN 8 PER CENT PER ANNUM, ONE OF THE HIGHEST GROWTH RATES IN THE WORLD. THE MALAYSIAN ECONOMY WAS AFFECTED BY THE EAST ASIAN FINANCIAL CRISIS OF 1997-98, BUT IT HAS SINCE FULLY RECOVERED. THE ECONOMY IS NOW FUNDAMENTALLY STRONG, WITH LOW INFLATION, LOW UNEMPLOYMENT, A STRONG CURRENT ACCOUNT SURPLUS, LARGE INTERNATIONAL RESERVES AND A RESILIENT BANKING SYSTEM. THE MALAYSIAN ECONOMY GREW BY 7.8 PER CENT DURING THE FIRST HALF OF THIS YEAR, FOLLOWING A GDP GROWTH OF 5.2 PER CENT LAST YEAR. THE FORECAST GROWTH FOR THE WHOLE OF 2004 IS EXPECTED TO BE 7 PER CENT, EXCEEDING THE EARLIER TARGET OF 6-6.5 PER CENT.

15. THOSE ARE THE STATISTICS. HOWEVER MALAYSIA IS NOT MERELY A HIGHLY CONDUCIVE BUSINESS LOCATION, BUT IS ALSO AS A SAFE PLACE FOR YOUR INVESTMENTS. THE POLITICAL, ECONOMIC AND POLICY STABILITY IN MALAYSIA MINIMISES COUNTRY RISK. MALAYSIA IS ALSO WELL PLACED TO DEAL WITH ANY SECURITY RISK. THESE ARE FACTORS THAT ARE NOW AT THE FOREFRONT OF F.D.I. DECISIONS IN A MODERN CONTEXT.

16. I AM PLEASED TO SAY THAT MALAYSIA ENJOYS UNRIVALLED POLITICAL STABILITY. THE RULING NATIONAL FRONT IS THE LONGEST SERVING, FREELY ELECTED GOVERNMENT IN THE WORLD. IT HAS BEEN VOTED INTO POWER IN FREE AND FAIR WESTMINSTER-STYLE PARLIAMENTARY ELECTIONS, IN UNBROKEN SUCCESSION EVER SINCE INDEPENDENCE (47 YEARS AGO) – A TRULY POPULIST GOVERNMENT. WITH NEVER LESS THAN TWO-THIRDS MAJORITY, IT IS SECURE AND IS ABLE TO CONCENTRATE ON ECONOMIC DEVELOPMENT. THE GENERAL ELECTIONS OF MARCH THIS YEAR, MOREOVER, RETURNED THE BEST EVER RESULT (WITH OVER 90 PER CENT OF THE SEATS GOING TO THE RULING COALITION), WHICH AUGURS WELL FOR THE CONTINUED POLITICAL STABILITY IN MY COUNTRY.

17. POLITICAL CONTINUITY CONFERS POLICY CONTINUITY. ECONOMISTS CONCERN THEMSELVES WITH SUSTAINABLE DEVELOPMENT. WE HAVE ACHIEVED SUSTAINABLE POLITICS. ABOVE ALL, THIS AFFORDS THE LUXURY OF LONG TERM STRATEGIC PLANNING, WHICH GUARANTEES THE KIND OF PREDICTABILITY THAT BUSINESSES VALUE, AND REDUCES COMMERCIAL RISK.

18. ECONOMIC STABILITY IS ALSO HIGH. WE TRY TO KEEP TAX REGIMES AND THE INCENTIVES PORTFOLIO UP-TO-DATE AND COMPETITIVE.

19. THERE IS A STRONG RESERVOIR OF TALENT IN THE COUNTRY – EDUCATED, ENGLISH SPEAKING AND CAPABLE OF HIGH PRODUCTIVITY. THERE ARE 33 INSTITUTES OF HIGHER LEARNING, MORE THAN HALF OFFERING SCIENTIFIC AND TECHNICAL DISCIPLINES, MANY INDUSTRY LINKED, INCLUDING A MULTIMEDIA UNIVERSITY.

20. IN 2002, AN ESTIMATED 61,000 DEGREE HOLDERS AND 65,000 DIPLOMA HOLDERS GRADUATED, NOT COUNTING THE MALAYSIANS EDUCATED AND TRAINED ABROAD. THE FUTURE OF THIS KNOWLEDGE SOCIETY RESIDES IN A YOUNG WORK FORCE THAT HAS GONE THROUGH AT LEAST ELEVEN YEARS OF FORMAL SCHOOLING – ADAPTIVE AND EASY TO TRAIN IN THE NEW TECHNOLOGIES.

21. PRODUCTIVITY OF THE WORK FORCE IS A KEY INGREDIENT OF FUTURE SUCCESS AND COMPETITIVENESS. FOR THE PERIOD 1998-2003 MALAYSIA'S ECONOMY POSTED A PRODUCTIVITY GROWTH OF 2.3 PER CENT SURPASSING A NUMBER OF MAJOR COUNTRIES IN THE O.E.C.D.. INDUSTRIAL RELATIONS ARE RELATIVELY BENIGN, INDUSTRIAL DISPUTES RARE BY WESTERN STANDARDS AND ARE ABLY SETTLED BY THE INDUSTRIAL COURT PROCESS.

22. AT THE SAME TIME MY GOVERNMENT RECOGNISES THAT PRODUCTIVITY HAS TO BE FURTHER IMPROVED IF MALAYSIA IS TO COMPETE EFFECTIVELY AT THE INTERNATIONAL LEVEL. THE DEVELOPMENT OF HUMAN CAPITAL WILL BE A CATALYST OF GROWTH. THE WORK FORCE HAS ALREADY GROWN IN SOPHISTICATION IN TANDEM WITH THE ECONOMY, AS WE GRADUATED FROM LABOUR INTENSIVE TO MORE HI-TECH INDUSTRIES UP TO STATE-OF-THE-ART MANUFACTURING AND THE LATEST-GENERATION INTEGRATED CIRCUITS. THIS MORE TECHNOLOGICALLY SAVVY GENERATION GIVES US A COMPETITIVE EDGE OVER OTHER COUNTRIES IN THE REGION OFFERING LOW COST MANUFACTURING WITH A CHEAP, ABUNDANT BUT UNSKILLED WORK FORCE. RECENTLY WHEN I FORMED THE NEW CABINET, I SET UP A MINISTRY OF HIGHER EDUCATION TO FOCUS ON THE DEVELOPMENT OF EVEN MORE HIGH LEVEL SKILLS TO MEET THE NEEDS OF INDUSTRIES AND SERVICE ACTIVITIES.

23. BEYOND HUMAN RESOURCE, MALAYSIA HAS SOME OF THE BEST INFRASTRUCTURE IN THE REGION. OUR ROADS ARE TOP-NOTCH. WE ARE DEVELOPING OUR PORTS TO REDRAW THE CARGO ROUTES, AND WE BOAST THE SECOND LARGEST AIRPORT IN THE WORLD. THE COUNTRY IS ENERGY SAFE FOR

INDUSTRY, AND ALL THE ESSENTIAL SERVICES – WATER, ELECTRICITY AND COMMUNICATIONS – ARE SUPPLIED AFFORDABLY AND RELIABLY.

24. AND THERE A FEW YEARS AGO I WOULD HAVE STOPPED. BUT GIVEN THE GLOBAL THREAT OF TERRORISM, YOU MAY ALSO WANT TO CHECK ON THE SECURITY RISK.

25. MALAYSIA HAS THE DISTINCTION OF BEING THE ONLY COUNTRY IN THE WORLD, INITIALLY WITH THE HELP OF THE BRITISH MILITARY, TO HAVE PREVAILED OVER MILITANT COMMUNISM. WE FOUGHT A 12 YEAR EMERGENCY AND HAVE SOME VERY SEASONED, HIGHLY TRAINED SECURITY FORCES AND SOME OF THE BEST INTELLIGENCE FORCES IN THE REGION. WE HAVE BEEN SELECTED TO HOST THE REGIONAL CENTRE FOR COUNTER-TERRORISM. FURTHER, MALAYSIA HAS ALWAYS RESISTED EXTREMISM IN EITHER A SOCIAL OR A RELIGIOUS FORM. EVERY PRECAUTION IS TAKEN; INDEED, NO STONE IS LEFT UNTURNED IN ENSURING THE SAFETY AND SECURITY OF LIFE IN MALAYSIA.

LADIES AND GENTLEMEN

26. I HAVE EXPANDED ON THE BASIC ADVANTAGES OF MALAYSIA. LET ME NOW TURN TO THE WIDER OPPORTUNITIES.

27. WHILE BRITISH COMPANIES MAY FIND CHINA, WITH ITS HUGE MARKET, ATTRACTIVE, THEY CANNOT AFFORD TO IGNORE ASEAN (ASSOCIATION OF SOUTH-EAST ASIAN NATIONS) WHICH HAS A COMBINED POPULATION OF MORE THAN 530 MILLION AND A COMBINED GDP TOTALLING 750 BILLION U.S. DOLLARS. WITHIN ASEAN IS THE ENABLING ENVIRONMENT FOR INVESTORS TO ESTABLISH THEIR PRODUCTION BASE IN THE REGION AND TO TAP THE REGIONAL MARKET. MALAYSIA, LOCATED AT THE HEART OF SOUTH-EAST ASIA, WOULD BE AN IDEAL LOCATION FOR BRITISH COMPANIES.

28. THE LANGUAGE OF BUSINESS IS ENGLISH BUT MALAYSIA'S MULTI-RACIAL POPULATION BRINGS A BONUS BY WAY OF ITS COMMAND OF ALL THE MAJOR LANGUAGES IN THE REGION. IT IS A POTENTIAL BRIDGE TO THE VARIOUS ASEAN COUNTRIES. FOR BRITISH COMPANIES, FAMILIARITY WITH ENGLISH AND WITH THE INSTITUTIONS – LIKE THE LEGAL SYSTEM – MEANS A SHORTER LEAD TIME WHEN IMPLEMENTING PROJECTS IN MALAYSIA AND A COMPETITIVE EDGE WHEN COMPETING IN ASEAN AND THE GREATER ASIAN MARKET INCLUDING CHINA.

29. ALREADY IMPLEMENTED IS THE ASEAN FREE TRADE AREA (AFTA). THE LIBERALISED TARIFF ENVIRONMENT OFFERS OPPORTUNITIES FOR BRITISH COMPANIES TO ACCESS THE WHOLE ASEAN MARKET AT TARIFF RATES OF ONLY BETWEEN 0-5 PER CENT. MALAYSIA IS THE SECOND LARGEST CONTRIBUTOR TO INTRA-ASEAN TRADE, WHICH ACCOUNTS FOR ALMOST A QUARTER OF MALAYSIA'S EXTERNAL TRADE.

30. ASEAN IS COMMITTED TOWARDS REALISING THE ASEAN ECONOMIC COMMUNITY IN 2020, WHEREBY THERE WILL BE FREE FLOW OF GOODS, SERVICES, INVESTMENT AND LABOUR AS WELL AS FREER FLOW OF CAPITAL. THE ASEAN ECONOMIC COMMUNITY PROVIDES A RENEWAL OF THE REGION'S COMMITMENT TOWARDS ACCELERATING ECONOMIC GROWTH AND ENHANCING REGIONAL COMPETITIVENESS.

31. AT THIS JUNCTURE LET ME SAY IT IS NOT ASEAN'S OBJECTIVE TO EMULATE THE MODEL OF THE EUROPEAN UNION BY HAVING A COMMON PARLIAMENT AND A SIMILAR DECISION-MAKING PROCESS. WE NOTE THE NUMBER OF YEARS IT TOOK FOR THE E.U. TO ACHIEVE THAT LEVEL OF INTEGRATION AND THE CONTINUOUS ENLARGEMENT PROCESS CURRENTLY BEING UNDERTAKEN.

32. IT IS ASEAN'S INTENTION TO INTEGRATE ECONOMICALLY, FINDING A SUITABLE MODEL OF OUR OWN AND TAKING INTO ACCOUNT THE INDIVIDUAL MEMBER COUNTRIES' LEVEL OF DEVELOPMENT. QUITE OBVIOUSLY, IN THE PROCESS WE HOPE TO SHARE AND BENEFIT FROM THE INTEGRATION EXPERIENCE OF EUROPE.

33. IN ORDER TO CREATE AN EXPANDED MARKET BASE, ASEAN IS CURRENTLY STRENGTHENING AND DEEPENING ITS COOPERATION, IN THE FORM OF FREE TRADE AGREEMENTS OR BROADER AND MORE COMPREHENSIVE ECONOMIC PARTNERSHIPS WITH OTHER COUNTRIES. IT IS IN THE PROCESS OF MOVING TOWARDS THE CONCLUSION OF A FREE TRADE AGREEMENT WITH CHINA AND WITH INDIA; AND A COMPREHENSIVE ECONOMIC PARTNERSHIP WITH JAPAN. ASEAN WILL COMMENCE FREE TRADE AGREEMENT NEGOTIATIONS WITH THE REPUBLIC OF KOREA, AUSTRALIA AND NEW ZEALAND AT THE BEGINNING OF 2005.

34. AT THE SAME TIME, ASEAN HAS ALSO ADVANCED ITS ECONOMIC COOPERATION WITH THE E.U. THROUGH THE IMPLEMENTATION OF THE TRANS-REGIONAL E.U.-ASEAN TRADE INITIATIVE (TREATI) BEGUN IN JANUARY 2004. THE DECISION OF THE ASEAN-E.U. ECONOMIC MINISTERS EARLIER THIS MONTH TO LINK THE IMPLEMENTATION OF TREATI WITH THE PRIORITY INTEGRATION PROCESS UNDER ASEAN IS A PRAGMATIC MOVE WHICH SHOULD HELP SPUR FURTHER COOPERATION IN THE AREAS OF TRADE AND INVESTMENT FACILITATION, AS WELL AS PROVIDE GREATER UNDERSTANDING OF ISSUES OF MUTUAL INTEREST.

35. IN DUE COURSE, WE HOPE THAT THE E.U. COULD ALSO LOOK INTO FURTHER EXPANDING ITS ECONOMIC LINKAGES WITH ASEAN BEYOND TREATI, IN TANDEM WITH THE ENHANCED LINKAGES ASEAN HAS WITH OTHER DIALOGUE PARTNERS.

LADIES AND GENTLEMEN

36. IN ORDER TO COMPETE MORE EFFECTIVELY AGAINST OTHER COUNTRIES, MALAYSIA NEEDS TO CLIMB UP THE VALUE CHAIN. MALAYSIA IS THEREFORE PROMOTING INVESTMENTS IN HIGH VALUE-ADDED AND HIGH TECHNOLOGY PRODUCTS AND ACTIVITIES. BEING ONE OF THE LEADING INDUSTRIALISED NATIONS OF THE WORLD, THE U.K. HAS STRENGTHS AND EXPERIENCE IN THE CAPITAL-INTENSIVE AND HIGH TECHNOLOGY INDUSTRIES SUCH AS BIOMETRICS, CHEMICALS, PHARMACEUTICALS, MEDICAL DEVICES, AUTOMOTIVE, I.C.T., TELECOMMUNICATIONS, SOFTWARE AND ELECTRONICS. MALAYSIA, ON THE OTHER HAND, HAS THE NATURAL RESOURCES, A STRONG ECONOMIC BASE, MANPOWER AND ACCESS TO OTHER MARKETS VIA THE ASEAN, N.A.M. (NON-ALIGNED MOVEMENT) AND O.I.C. (ORGANISATION OF ISLAMIC CONFERENCE) LINKS. WE SHOULD THEREFORE SYNERGISE THE RESPECTIVE STRENGTHS OF MALAYSIA AND THE U.K. IN THESE SECTORS, THUS CREATING MORE OPPORTUNITIES FOR BUSINESS PEOPLE OF BOTH COUNTRIES.

37. IT WILL ALSO BE OF INTEREST FOR YOU TO NOTE THAT MALAYSIA HAS IDENTIFIED AGRICULTURE AND AGRO-BASED INDUSTRIES AS NEW SOURCES OF GROWTH FOR THE COUNTRY. BIO-TECHNOLOGY WILL BE USED TO MODERNISE THESE INDUSTRIES, AS WELL AS HELP CREATE OTHER NEW PRODUCTS AND SERVICES. COMPANIES ESTABLISHING PROJECTS IN THIS FIELD WILL BE ABLE TO ACCESS SOME OF THE RICHEST BIO-DIVERSITY ON THE PLANET, ABUNDANT IN MALAYSIA.

38. THE SERVICES SECTOR HAS ALSO BEEN IDENTIFIED AS ONE OF THE THREE ENGINES OF GROWTH FOR THE MALAYSIAN ECONOMY. AMONG OTHERS, THERE ARE OPPORTUNITIES FOR THE ESTABLISHMENT OF OPERATIONS TO PROVIDE MANUFACTURING RELATED SERVICES. MALAYSIA IS AN ATTRACTIVE LOCATION FOR THE SETTING UP OF REGIONAL ESTABLISHMENTS SUCH AS OPERATIONAL HEADQUARTERS, REGIONAL DISTRIBUTION CENTRES, INTERNATIONAL PROCUREMENT CENTRES, AS WELL AS REGIONAL AND REPRESENTATIVE OFFICES.

39. RANKED BY A.T. KEARNEY AMONG THE WORLD'S TOP THREE DESTINATIONS FOR OFFSHORE SERVICES, MALAYSIA IS FAST BECOMING AN IMPORTANT HUB FOR CALL CENTRES, DATA CENTRES AND BACK OFFICE OPERATIONS. BRITISH COMPANIES SHOULD LOOK AT MALAYSIA AS THEIR GLOBAL SHARED SERVICES AND OUTSOURCING HUB, AND CONSIDER THE ADVANTAGES OF THE MULTIMEDIA SUPER CORRIDOR (M.S.C.) AS A REGIONAL LOCATION FOR CENTRALISED I.C.T. OPERATIONS, INCLUDING R&D, CONTACT CENTRES, TECHNICAL SUPPORT CENTRES AND DATA CENTRES.

40. MALAYSIA CONTINUES TO PROMOTE THE LABUAN INTERNATIONAL OFFSHORE FINANCIAL CENTRE (I.O.F.C.) AS AN INTEGRATED FINANCIAL SERVICES HUB OFFERING A WIDE RANGE OF FINANCIAL SERVICES TO CUSTOMERS WORLDWIDE. THE FINANCIAL INFRASTRUCTURE OF LABUAN IS WELL DEVELOPED WITH THE PRESENCE OF MANY COMPANIES PROVIDING THE FULL RANGE OF OFFSHORE

FINANCIAL SERVICES. FROM THE U.K., 79 COMPANIES INCLUDING FIVE OFFSHORE BANKS, 14 INSURANCE COMPANIES AND 3 LEASING COMPANIES HAVE ALREADY SET UP OPERATIONS ON THE ISLAND.

41. INVESTORS AND BANKERS FROM THE U.K. ARE ENCOURAGED TO ESTABLISH OPERATIONS IN LABUAN AND TAKE ADVANTAGE OF ITS LOW OPERATING COSTS, EASY ACCESSIBILITY, MODERN INFRASTRUCTURE, COMPETITIVE TAX REGIME, DOUBLE TAXATION AGREEMENTS AND INVESTMENT GUARANTEE AGREEMENTS WITH OTHER COUNTRIES. TO FURTHER IMPROVE THE INFRASTRUCTURE OF LABUAN AND ATTRACTIVENESS OF THE I.O.F.C., MY GOVERNMENT HAS RECENTLY APPROVED THE "OPEN SKIES" POLICY TO ACCOMMODATE INTERNATIONAL FLIGHTS AND WILL UNDERTAKE THE EXPANSION OF THE LABUAN AIRPORT AND MAKE FURTHER IMPROVEMENTS TO ITS TRANSPORTATION SYSTEM.

42. OTHER AREAS WHERE I SEE PROSPECTS FOR CLOSER COLLABORATION BETWEEN OUR BUSINESS COMMUNITIES, PARTICULARLY FOR VENTURES IN THIRD COUNTRIES, ARE IN CONSTRUCTION AND PROFESSIONAL SERVICES SUCH AS ARCHITECTURE, ENGINEERING, ACCOUNTANCY AND LEGAL SERVICES. MANY OF OUR PROFESSIONALS HAVE STUDIED IN THE U.K. AND OUR PROFESSIONAL STANDARDS AND PRACTICES CONFORM TO YOURS, SO THERE IS GOOD POTENTIAL FOR COLLABORATION IN THESE AREAS.

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43. I WOULD LIKE TO URGE BRITISH BUSINESSMEN WHO HAVE NOT BEEN TO MY COUNTRY TO VISIT MALAYSIA AND HAVE A FIRST-HAND LOOK AT THE FACILITIES AND BUSINESS OPPORTUNITIES IN THE COUNTRY. FOR THOSE OF YOU WHO ALREADY HAVE OPERATIONS IN MALAYSIA, I ENCOURAGE YOU TO FURTHER EXPAND AND DIVERSIFY YOUR OPERATIONS.

44. OUR RESIDENT FOREIGN INVESTORS WILL KNOW THE REALITY OF OPERATING IN MY COUNTRY AND WILL HAVE HAPPY EXPERIENCES TO RECOUNT. I THEREFORE ASK ANY FOREIGN INVESTORS IN MALAYSIA IN THIS ROOM TODAY, ESPECIALLY THOSE FROM THE BRITISH COMMUNITY, TO BEAR TESTIMONY TO THE MALAYSIAN OPPORTUNITY.

45. MALAYSIA WAS ONE OF THE FIRST CABS OFF THE REGIONAL RANK GOING GLOBAL AND NOW BOASTS A GROWING NUMBER OF SUCCESSFUL GLOBAL COMPANIES. YOU MAY RECALL Y.T.L. WHO BOUGHT YOUR WESSEX WATER – AND OUR LADIES WILL BE PLEASED TO KNOW THAT MALAYSIANS NOW OWN LAURA ASHLEY. IN RETURN WE HAVE INTRODUCED MALAYSIAN BATEK TO BOND STREET AND OF COURSE JIMMY CHOO'S SHOES STAMP A MALAYSIAN FOOTPRINT THE WORLD OVER. THIS SPEAKS OF OUR ABILITY TO BE COMPETITIVE ABROAD AND TO MEET INTERNATIONAL STANDARDS AT HOME BENCHMARKED AGAINST GLOBAL BEST PRACTICES.

46. AS FOR MALAYSIAN MANAGERIAL CAPABILITIES, I DRAW YOUR ATTENTION TO PETRONAS, THE ONLY FORTUNE 500 COMPANY IN THE ASIA PACIFIC OUTSIDE OF JAPAN, ARGUABLY THE MOST SUCCESSFUL COMPANY IN THE REGION AND OPERATING IN 34 COUNTRIES AROUND THE WORLD. MALAYSIAN ENTREPRENEURS ARE FURTHER EQUIPPED WITH A SPECIAL SOCIAL TECHNOLOGY WHEN THEY GO OVERSEAS. BEING A MULTI-RACIAL SOCIETY, WE LEARN FROM AN EARLY AGE TO ACCOMMODATE OTHERS AND ARE PROBABLY AHEAD IN MULTI-CULTURAL MANAGEMENT APT FOR THE GLOBAL WORLD OF THE FUTURE.

47. IN CONCLUDING, I WOULD LIKE TO THANK ALL OF YOU FOR ATTENDING THIS FORUM. I HOPE THAT THIS MORNING'S DISCUSSIONS AND THE SUBSEQUENT BUSINESS MEETINGS WILL ENABLE BRITISH BUSINESSMEN PRESENT TODAY TO HAVE A BETTER UNDERSTANDING OF THE POTENTIAL THAT EXISTS IN MALAYSIA. THE LARGE NUMBERS OF MALAYSIAN BUSINESSMEN WHO ARE PRESENT HERE LOOK FORWARD TO INITIATING BUSINESS CONTACTS WITH YOU TO REALISE VENTURES THAT WILL BENEFIT BOTH PARTIES. I LOOK FORWARD TO EVEN GREATER BUSINESS COLLABORATION BETWEEN OUR TWO COUNTRIES.

THANK YOU.