

**SPEECH BY  
THE HONOURABLE ABDULLAH BIN HAJI AHMAD BADAWI  
DINNER HOSTED BY THE U.S.-ASEAN BUSINESS COUNCIL AT WILLARD  
INTERCONTINENTAL HOTEL, WASHINGTON D.C.  
19 JULY, 2004**

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1. LET ME BEGIN BY THANKING DATUK ERNIE BOWER, PRESIDENT OF THE U.S.-ASEAN BUSINESS COUNCIL, AND TRADE REPRESENTATIVE ROBERT ZOELICK FOR THEIR KIND REMARKS. I WOULD ALSO LIKE TO RECORD MY APPRECIATION TO THE COUNCIL FOR HOSTING THIS WONDERFUL DINNER AND GIVING ME THE OPPORTUNITY TO SHARE SOME OF MY THOUGHTS ON MALAYSIA-US BILATERAL RELATIONS AND OTHER ISSUES WE FACE AS A GLOBAL COMMUNITY.

2. THE COUNCIL HAS BEEN A GOOD FRIEND OF MALAYSIA OVER THE YEARS. ERNIE AND HIS TEAM HAVE ALWAYS GIVEN ME HELPFUL INSIGHT INTO THE THINKING OF THE US BUSINESS COMMUNITY. DURING HIS MANY VISITS TO MY OFFICE, MORE OFTEN THAN NOT WITH A BUSINESS DELEGATION IN TOW, ERNIE HAS BEEN ABLE TO PRESENT A CONCISE, YET COMPREHENSIVE, ANALYSIS OF INVESTOR PERCEPTION TOWARDS MALAYSIA. THESE SESSIONS HAVE BEEN INVALUABLE TO ME AS A WAY OF DIRECTLY GAUGING U.S. BUSINESS SENTIMENT. SO THANK YOU ERNIE AND TEAM, FOR YOUR FINE WORK AND CONTRIBUTION AND I HOPE WE CONTINUE THIS GOOD RELATIONSHIP INTO THE FUTURE.

LADIES AND GENTLEMEN,

3. THE LAST TIME I CAME TO WASHINGTON D.C. ALMOST TWO YEARS AGO, THE DEBATE ON IRAQ WAS IN FULL SWING. THE WAR HAS COME TO PASS. NOW WE ARE GRAPPLING WITH SECURING PEACE IN IRAQ. BUT I RETURN TO WASHINGTON D.C. TODAY, NOT TO REVISIT THE CONCERNS I RAISED TWO YEARS AGO. NOR AM I HERE JUST TO POINT OUT THAT THE WAR HAS INFLECTED A TERRIBLE BLOW TO INTERNATIONAL RELATIONS. WHAT IS IMPORTANT TODAY IS TO SEE HOW WE CAN MOVE FORWARD AND REBUILD CONFIDENCE IN ONE ANOTHER. I COME HERE AS PRIME MINISTER OF MALAYSIA. AND I COME AS THE CHAIRMAN OF THE ORGANIZATION OF ISLAMIC CONFERENCE (O.I.C.), THE BIGGEST GROUPING OF MUSLIM NATIONS, AS WELL AS THE CHAIR OF THE NON-ALIGNED MOVEMENT, REPRESENTING MORE THAN TWO-THIRDS OF THE COUNTRIES IN THE WORLD. I HAVE COME IN THESE CAPACITIES IN ORDER TO MOVE DEBATE FORWARD.

4. IN MY MEETING WITH PRESIDENT BUSH EARLIER TODAY, I REITERATED SOME OF MY CONCERNS ABOUT IRAQ, PALESTINE AND THE DIRECTION IN WHICH THE WAR AGAINST TERRORISM WAS TAKING. THE MUSLIM WORLD STILL NEEDS SOME DEMONSTRATION OF GOOD FAITH FROM THE UNITED STATES IN ADDRESSING THE ROOT CAUSES OF TERRORISM, IN PARTICULAR THE UNRESOLVED QUESTION OF PALESTINE. INVOLVING THE UNITED NATIONS IN THE TRANSFER OF SOVEREIGNTY TO THE IRAQIS WAS MERELY A FIRST STEP IN RETURNING TO MULTILATERALISM,

AND THE U.N. SHOULD BE FULLY ENGAGED WHEN IT STANDS IN DEFENCE OF THE SOVEREIGNTY AND TERRITORIAL INTEGRITY OF MEMBER STATES.

5. HOWEVER, I DID ALSO CONVEY TO PRESIDENT BUSH MY BELIEF THAT NOW, MORE THAN EVER, WE NEED TO FIND THE MODERATE CENTER. WE MUST NOT BE DRIVEN BY EXTREMIST IMPULSES OR EXTREMIST ELEMENTS ON BOTH SIDES OF THE SPECTRUM. THE WORLD CAN ILL AFFORD TO CONTINUE DOWN ITS PRESENT TRAJECTORY. WE NEED TO BRIDGE THE GREAT DIVIDE THAT HAS BEEN CREATED BETWEEN THE MUSLIM WORLD AND THE WEST. OUR EFFORTS TO BRIDGE THIS DIVIDE MUST GO BEYOND ELITE DIPLOMACY. WESTERN GOVERNMENTS, AND IN PARTICULAR THE GOVERNMENT OF THE UNITED STATES, MUST CONTINUE TO CONVINCING THE PEOPLES OF THE MUSLIM WORLD THAT THIS IS NOT A WAR AGAINST ISLAM AND THAT THE LEGITIMATE GRIEVANCES OF THE MUSLIM WORLD ARE TAKEN SERIOUSLY AND ACTED UPON.

6. ON MY PART, I INFORMED PRESIDENT BUSH THAT MALAYSIA IS PREPARED TO PARTICIPATE IN THE RECONSTRUCTION OF IRAQ. WE ARE PREPARED TO RALLY SUPPORT AMONG MUSLIM COUNTRIES FOR O.I.C. PARTICIPATION IN REBUILDING IRAQ AND STRENGTHENING ITS INSTITUTIONS OF GOVERNANCE AND ITS ECONOMIC SYSTEM. WE SHOULD NO LONGER STAND ON THE SIDELINES AND MERELY WATCH IRAQ STRUGGLE TO FIND ITS FEET AFTER YEARS OF DICTATORSHIP AND A RECENT INVASION. IRAQIS ARE CONFRONTED WITH A BLEAK FUTURE. THE SECURITY SITUATION CONTINUES TO DETERIORATE AND LIVING CONDITIONS HAVE YET TO IMPROVE. IF WE DO NOT OFFER OUR HAND OF ASSISTANCE TO IRAQ, WE RISK ANOTHER FAILURE IN NATION BUILDING THAT WILL CONTINUE TO RENDER THE REGION POLITICALLY UNSTABLE AND ECONOMICALLY STAGNANT.

LADIES AND GENTLEMEN,

7. I AM WILLING TO COMMIT MY COUNTRY TO ASSIST IN THE RECONSTRUCTION OF IRAQ NOT ONLY TO HELP THE PEOPLE OF IRAQ IN THEIR HOUR OF NEED, BUT ALSO BECAUSE I VIEW THIS AS ANOTHER MANIFESTATION OF MODERATE ISLAM'S PUSH AGAINST RADICALISM. IF THE RECONSTRUCTION OF IRAQ FAILS, NOT ONLY WOULD MILITANT GROUPS CEMENT THEIR PRESENCE IN THE COUNTRY, THE ENTIRE MUSLIM WORLD WOULD BLAME THE INVASION FOR SETTING OFF A CHAIN OF EVENTS LEADING TO SUSTAINED MISERY FOR ORDINARY IRAQIS. THIS WOULD SURELY HARDEN PREJUDICES AND AGGRAVATE HATRED, WHICH IN TURN WOULD ONLY FUEL AN ENTIRELY AVOIDABLE CLASH BETWEEN THE WEST AND THE MUSLIM WORLD.

8. JUST AS I BELIEVE THE WEST HAS TO LEARN FROM ITS MISTAKES OVER THE LAST FEW YEARS, I ALSO STRONGLY FEEL THAT THE CONTEST WITHIN THE MUSLIM WORLD BETWEEN THE PROGRESSIVE AND THE RADICAL MUST CONTINUE. THE MAJORITY OF MUSLIM NATIONS ARE UNDERDEVELOPED, LACKING ANY SEMBLANCE OF ECONOMIC COMPETITIVENESS AND ROBUST SOCIOECONOMIC INSTITUTIONS. BAD GOVERNANCE IS THE FIRST VULNERABILITY THAT RADICAL GROUPS EXPLOIT. LIVING BRUTISH LIVES CAN TURN A PERSON TOWARDS AN ATAVISTIC AND

MILITANT VISION OF ISLAM THAT STOKES HATRED TOWARDS THE RULING ELITE AND THE WEST. THE MUSLIM WORLD MUST THEREFORE REALIZE THAT GOOD GOVERNANCE IS AN ESSENTIAL COMPONENT OF THE ARMORY AGAINST RADICAL ISLAM.

9. IN MY COUNTRY, WE ARE FORTUNATE THAT WE HAVE BEEN ABLE TO CONTAIN RADICAL AND MILITANT MOVEMENTS. IN THE RECENTLY HELD GENERAL ELECTIONS, MY PARTY, THE BARISAN NASIONAL OR NATIONAL FRONT, RECORDED OUR BIGGEST VICTORY SINCE INDEPENDENCE, TAKING MORE THAN 90 PER CENT OF THE SEATS IN OUR NATIONAL PARLIAMENT. WE DEFEATED THE PRINCIPAL OPPOSITION PARTY, THE ISLAMIC PARTY OF MALAYSIA, BECAUSE WE OFFERED MALAYSIANS WITH A VISION OF A FUTURE THAT WAS TOLERANT, INCLUSIVE, MODERATE AND MODERN. ALTHOUGH THE ISLAMIC OPPOSITION IN MALAYSIA HAVE ALWAYS PARTICIPATED WITHIN THE DEMOCRATIC PROCESS, THEIR WORLDVIEW RESEMBLES SOME OF THE RIGID AND EXCLUSIVIST DOGMA PROPAGATED BY RADICAL GROUPS. BUT MALAYSIANS DID NOT ACCEPT THEIR VISION OF A DIVIDED NATION – DIVIDED ALONG RELIGIOUS LINES.

10. OUR ELECTION VICTORY SHOWCASED MALAYSIA AS A MULTIRACIAL AND MULTIRELIGIOUS NATION THAT PROTECTS FREEDOM OF WORSHIP AND CELEBRATES OUR DIVERSE CULTURAL HERITAGE. WE HAVE ALSO DEMONSTRATED THAT A MUSLIM COUNTRY CAN BE MODERN, DEMOCRATIC, TOLERANT AND ECONOMICALLY COMPETITIVE. ISLAM DOES NOT TEACH US TO TURN OUR BACKS AGAINST THE REST OF THE WORLD. NEITHER DOES IT ENJOIN US TO PREACH HATRED AND COMMIT VIOLENCE. CONVERSELY, IT MAKES IT AN OBLIGATION FOR ALL MUSLIMS TO FULFILL THEIR POTENTIAL, NOT ONLY FOR THE HEREAFTER, BUT ALSO IN THIS WORLD. THIS MEANS TECHNOLOGICAL ADVANCEMENT, SCIENTIFIC INNOVATION, ACADEMIC EXCELLENCE, ECONOMIC DEVELOPMENT, ENTREPRENEURSHIP AND TRADE.

11. THIS IS WHAT MALAYSIA IS ABOUT. WE BELIEVE THAT WITH GOOD GOVERNANCE, A HEALTHY DEMOCRACY, THE EMPOWERMENT OF OUR CITIZENS THROUGH EDUCATION AND ECONOMIC GROWTH WITH EQUITY, WE CAN WITHSTAND THE TIDE OF RADICALISM. IT IS A PRESCRIPTION WHICH I HOPE OTHERS IN THE MUSLIM WORLD CAN APPLY SO THAT WE ARE ABLE TO ROLLBACK EXTREMISTS AND TERRORISTS, NOT JUST IN SOUTHEAST ASIA, BUT ALSO THROUGHOUT THE WORLD.

LADIES AND GENTLEMEN,

12. EVER SINCE TAKING OVER FROM DR MAHATHIR MOHAMAD IN NOVEMBER 2003, I HAVE MADE IT MY PRIORITY TO BUILD ON THE IMMENSE SUCCESS THAT MY PREDECESSOR HAS BROUGHT TO MALAYSIA. WE HAVE RECOVERED ROBUSTLY FROM THE ASIAN FINANCIAL CRISIS. WE HAVE CLEANED UP OUR FINANCIAL SYSTEM AND RESTRUCTURED MANY OF OUR STRATEGIC COMPANIES. OUR FIRST QUARTER G.D.P. GROWTH FOR THIS YEAR WAS 7.6 PER CENT AND I AM OPTIMISTIC THAT WE CAN SUSTAIN THIS MOMENTUM THROUGH THIS YEAR.

13. AT THE SAME TIME, I HAVE ALSO INTRODUCED SOME KEY MEASURES IN ORDER TO FURTHER STRENGTHEN THE MALAYSIAN ECONOMY. THE UNDERLYING THRUST OF MY ECONOMIC REFORMS IS INCREASING CAPACITY AND COMPETITIVENESS. MALAYSIA CANNOT AFFORD TO REST ON OUR REPUTATION AS ONE OF THE ASIAN TIGERS OF YESTERYEAR. THE EMERGENCE OF CHINA AND INDIA HAS FORCED US TO MAKE CHANGES IN ORDER TO STAY COMPETITIVE.

14. FIRST AND FOREMOST, I FELT STRONGLY THAT WE NEEDED FISCAL PRUDENCE. AFTER RUNNING A BUDGET DEFICIT FOR SIX CONSECUTIVE YEARS, I FELT WE NEEDED TO COMMIT OURSELVES TO A BALANCED BUDGET IN THE MEDIUM TERM. WHILE THE MALAYSIAN GOVERNMENT WILL CONTINUE TO PLAY A KEY ROLE IN ENCOURAGING ECONOMIC ACTIVITY, I HAVE MADE IT A POINT TO CALL FOR GREATER PRIVATE INVESTMENT. IN ADDITION, I BELIEVE THAT WE HAVE SUCCEEDED IN DEVELOPING INFRASTRUCTURE THAT IS COMPARES FAVOURABLY WITH OTHERS IN THE REGION AND EVEN IN THE DEVELOPED WORLD. WHAT IS NEEDED NOW IS AN EMPHAHASIS TO DEVELOP THE MINDSET; THE SOFTWARE, SO TO SPEAK, THAT WILL ALLOW US TO MAKE THE BEST USE OF THE FACILITIES WE HAVE BUILT.

15. I HAVE ALSO SET ABOUT REDUCING THE COST OF DOING BUSINESS IN MALAYSIA. REALIZING THAT WE ARE NO LONGER COST COMPETITIVE VIS-À-VIS SOME OF OUR REGIONAL NEIGHBOURS, I HAVE INTRODUCED VARIOUS REFORMS TO MAKE MALAYSIA A MORE ATTRACTIVE DESTINATION FOR INVESTMENTS. WE HAVE STREAMLINED PROCEDURES OF THE FOREIGN INVESTMENT COMMITTEE AND I AM PERSONALLY SPEARHEADING ADMINISTRATIVE REFORMS IN THE GOVERNMENT THAT WILL CUT RED TAPE AND MAKE THE CIVIL SERVICE MORE RESPONSIVE AND EFFICIENT.

16. WE NEED TO ENHANCE THE EFFICIENCY OF OUR INSTITUTIONS AND CONTINUALLY STRENGTHEN GOOD GOVERNANCE, TRANSPARENCY AND ACCOUNTABILITY. I HAVE SINGLED OUT CORRUPTION AS A SERIOUS PROBLEM IN OUR ECONOMY. WE ARE TAKING THIS FIGHT TO THE ROOT AND I HAVE ORDERED SYSTEMIC REFORM OF THE POLICE FORCE. NEW TALENT HAS BEEN INTRODUCED TO HELM THE MANAGEMENT OF STRATEGIC GOVERNMENT - LINKED CORPORATIONS. KEY PERFORMANCE INDICATORS HAVE BEEN INSTITUTED IN ORDER TO PROMOTE A HIGH PERFORMANCE CULTURE AND EXTRACT GREATER VALUE.

17. MY ECONOMIC AGENDA IS ALSO ABOUT IDENTIFYING AND NURTURING NEW SOURCES OF GROWTH. WHILE MAINSTAYS OF OUR ECONOMY SUCH AS MANUFACTURING AND SERVICES WILL CONTINUE TO BE IMPORTANT, WE CANNOT CONTINUE TO BE ENTIRELY RELIANT ON THEM TO PROPEL OUR ECONOMY FORWARD. I HAVE, THEREFORE, SET OUT TO DEVELOP A TRADITIONAL SECTOR OF THE ECONOMY IN WHICH I SEE GREAT POTENTIAL: AGRICULTURE. AGRO-BASED INDUSTRIES, PARTICULARLY AGRO-BASED SMES, TOGETHER WITH ADVANCES IN BIOTECHNOLOGY, CAN TURN MALAYSIA'S ABUNDANT NATURAL RESOURCES INTO A VIBRANT AND LUCRATIVE SECTOR OF OUR ECONOMY. FOR THE RURAL

POPULATION, IT CAN PROVIDE SOURCES OF NEW INCOME AND NEW WEALTH. ULTIMATELY, IT WILL DEVELOP THE RURAL AREAS, STRENGTHEN DOMESTIC DEMAND AND CREATE EQUITABLE GROWTH IN THE COUNTRY.

18. THE SUCCESS OF OUR ECONOMY IS DEPENDENT UPON OUR POLITICAL STABILITY AND CONTINUING PEACE. INDEED, THE PEACE AND STABILITY OF ASEAN REGION IS KEY IF ITS TREMENDOUS RESOURCES ARE TO BE DEVELOPED EFFECTIVELY. OUR REGION HAS A POPULATION OVER HALF A BILLION STRONG, WITH A HIGH PERCENTAGE OF TRAINED AND SKILLED LABOUR AND AN EVEN HIGHER PERCENTAGE THAT IS EASILY TRAINABLE. ASEAN, I BELIEVE, WILL EMERGE TO BE A DYNAMIC ECONOMIC GROUP THAT WILL COMPARE FAVOURABLY WITH CHINA AND INDIA.

LADIES AND GENTLEMEN,

19. THE UNITED STATES AND MALAYSIA HAVE A PROFOUND AND DEEP RELATIONSHIP. BENEATH THE OCCASIONAL POLITICAL RHETORIC, THERE ARE STRONGLY POSITIVE NUMBERS. MALAYSIA IS THE UNITED STATES' 10TH LARGEST TRADING PARTNER AND FOR MALAYSIA THE U.S. IS NOT ONLY OUR LARGEST TRADING PARTNER BUT AN IMPORTANT SOURCE OF INVESTMENTS. YOUR COMPANIES HAVE INVESTED ALMOST 12 BILLION DOLLARS IN THE LAST TWO DECADES IN OUR ECONOMY. IN ORDER TO STRENGTHEN THIS ECONOMIC RELATIONSHIP, WE RECENTLY CONCLUDED THE SIGNING OF A TRADE AND INVESTMENT FRAMEWORK AGREEMENT WHICH REPRESENTS THE FIRST STEP TOWARDS A FREE TRADE AGREEMENT.

20. WE ARE ENCOURAGING MORE U.S. COMPANIES TO SET UP THEIR REGIONAL DISTRIBUTION CENTERS, OPERATIONAL HEADQUARTERS AND INTERNATIONAL PROCUREMENT CENTERS IN MALAYSIA. BUSINESS PROCESS OUTSOURCING IS A BURGEONING SECTOR IN MALAYSIA WHERE WE OFFER THE COMPETITIVE ADVANTAGE OF A HIGHLY-TRAINED, ENGLISH-SPEAKING WORKFORCE AND WORLD-CLASS I.C.T. INFRASTRUCTURE. I WOULD ALSO ENCOURAGE U.S. COMPANIES TO SET UP RESEARCH LABORATORIES AND CENTERS IN MALAYSIA, ESPECIALLY IN THE FIELD OF BIOTECHNOLOGY. IT IS IMPORTANT THAT MALAYSIA MOVES UP THE VALUE CHAIN AND IN ORDER TO DO THIS, WE NEED REAL TECHNOLOGY TRANSFER. MALAYSIA HAS THE POTENTIAL TO BE MORE THAN JUST AN ASSEMBLY LINE FOR THE DEVELOPED WORLD, AND I HOPE NEW INVESTMENTS WILL BE REFLECTIVE OF THE HIGHER VALUE-ADDED CAPACITY OF OUR ECONOMY TODAY.

21. OUR CLOSE COOPERATION ALSO EXTENDS INTO OTHER AREAS, NOTABLY EDUCATION, DEFENSE AND IN COUNTER-TERRORISM INITIATIVES. EVER SINCE THE TRAGIC EVENTS OF SEPTEMBER 11, 2001, MALAYSIA HAS EXTENDED OUR FULL COOPERATION IN ENSURING THAT THE INTERNATIONAL NETWORK OF TERROR IS CRIPPLED AND EVENTUALLY ELIMINATED. OUR GOVERNMENTS ARE IN AN ADVANCED STAGE OF NEGOTIATING A MUTUAL LEGAL ASSISTANCE TREATY WHICH WILL FACILITATE FURTHER COOPERATION IN LEGAL, LAW ENFORCEMENT AND SECURITY MATTERS. U.S. INVOLVEMENT IN THE SOUTHEAST ASIA REGIONAL

CENTER FOR COUNTER-TERRORISM, LOCATED IN KUALA LUMPUR, HAS ALSO BEEN MOST ENCOURAGING.

22. IT IS THEREFORE IN BOTH OUR COUNTRIES' INTERESTS THAT THIS RELATIONSHIP IS STRENGTHENED. I HAVE SAID THIS MANY TIMES AND I WILL SAY IT AGAIN TONIGHT: MALAYSIA IS A PRINCIPLED FRIEND OF THE UNITED STATES. AS A PRINCIPLED FRIEND, WE ARE PREPARED TO SPEAK WITH CANDOUR. WE TELL YOU WHAT WE THINK TO BE TRUE, WITHOUT ANY OTHER INTEREST THAN TO PROMOTE GLOBAL SECURITY, PEACE AND PROSPERITY. WE ARE A PRINCIPLED FRIEND AND BECAUSE WHAT WE TELL YOU IS BASED ON OUR PRINCIPLES, WE ARE ALSO A CREDIBLE FRIEND.

23. LET US NURTURE THIS FRIENDSHIP, NOT JUST FOR THE SAKE OF BILATERAL RELATIONS, BECAUSE I BELIEVE ITS POTENTIAL FAR EXCEEDS THAT. I HOPE THAT OUR FRIENDSHIP AND COMMITMENT TO FIND COMMON GROUND WILL ENABLE US AND TO WORK TOWARDS A MORE JUST WORLD ORDER CAN SET THE TONE FOR THE REST OF THE WORLD TO OVERCOME THE DISTRUST AND DIVISIONS THAT ARE SO GLARING TODAY. THE OPPORTUNITY FOR LEADERSHIP IN MEANINGFUL COLLABORATION IS WITH US. I HOPE WE CAN SEIZE THIS OPPORTUNITY.

24. MY APPRECIATION ONCE AGAIN TO THE U.S.-ASEAN BUSINESS COUNCIL AND YOUR MEMBERS FOR YOUR GENEROUS HOSPITALITY TONIGHT, AND THANK YOU TO ALL OF YOU WHO HAVE JOINED ME THIS EVENING.