

KEYNOTE ADDRESS
BY THE HONOURABLE ABDULLAH AHMAD BADAWI
AT THE "MALAYSIA-KOREA BUSINESS FORUM" AT SEOUL, KOREA
23 AUGUST 2004

IT IS A PRIVILEGE AND HONOUR FOR ME TO ADDRESS SUCH A DISTINGUISHED AUDIENCE AT THIS "MALAYSIA-KOREA BUSINESS FORUM". I WILL USE THIS OPPORTUNITY TO UPDATE YOU ON SOME OF THE STEPS WE HAVE TAKEN IN MALAYSIA TO ENSURE CONTINUING ECONOMIC GROWTH, AND HIGHLIGHT TO YOU THE WIDE OPPORTUNITIES FOR INVESTMENT AND TRADE WITH US. I WOULD ALSO LIKE YOU TO KNOW THAT MALAYSIA IS NOT ONLY A GOOD PLACE TO DO BUSINESS BUT ALSO A VERY GOOD PLACE FOR KOREANS, OTHER EXPATRIATES AND THEIR FAMILIES TO LIVE AND WORK . THE COUNTRY IS PEACEFUL AND POLITICALLY STABLE, THE PEOPLE ARE FRIENDLY, THE LIFESTYLE IS COSMOPOLITAN AND YOU WILL LIKE THE FOOD IN MALAYSIA.

2. ACTUALLY, TRADING AND INVESTMENT LINKAGES BETWEEN MALAYSIA AND THE REPUBLIC OF KOREA ARE ALREADY STRONG. THESE TWO AREAS HAVE CONTRIBUTED MUCH IN PROVIDING SUBSTANCE TO THE BILATERAL RELATIONS BETWEEN THE TWO COUNTRIES. THEY MUST THEREFORE BE SUSTAINED AND IMPROVED SO THAT OVERALL RELATIONS BETWEEN MALAYSIA AND THE REPUBLIC OF KOREA IS FURTHER ENHANCED AS A RESULT.

3. PRESENTLY, THERE ARE MORE THAN 200 COMPANIES WITH KOREAN INTERESTS OPERATING IN MALAYSIA IN VARIOUS FIELDS OF MANUFACTURING, TRADING, CONSTRUCTION, ENGINEERING SERVICES, ICT AND IN THE LABUAN INTERNATIONAL OFF-SHORE FINANCIAL CENTRE.

4. LARGE KOREAN COMPANIES WHICH HAVE INVESTED IN MALAYSIA INCLUDE SAMSUNG, LG, HYUNDAI, KIA, SSANGYONG AND DAEWOO. SINCE THE 1980S, THE REPUBLIC OF KOREA HAS CONSISTENTLY BEEN AMONG THE TOP TEN INVESTORS IN THE MALAYSIAN MANUFACTURING SECTOR. KOREAN INVESTMENTS ARE MAINLY IN NON-METALLIC MINERAL PRODUCTS, ELECTRICAL AND ELECTRONICS PRODUCTS, BASIC METAL PRODUCTS AND FABRICATED METAL PRODUCTS.

5. SMALL AND MEDIUM KOREAN ENTERPRISES HAVE ALSO FOUND MALAYSIA A VIABLE LOCATION FOR THEIR MANUFACTURING PROJECTS. MANY OF THEM HAVE EXPANDED AND DIVERSIFIED THEIR INVESTMENTS THERE IS SCOPE BETWEEN MALAYSIAN AND KOREAN SME-S TO PROMOTE JOINT VENTURES, TECHNOLOGY TRANSFERS, TECHNOLOGY TIE-UPS AND TRAINING.

6. IT WOULD BE OF INTEREST FOR YOU TO KNOW THAT KOREAN COMPANIES IN MALAYSIA HAVE ORGANIZED THEMSELVES INTO TWO INDUSTRY ASSOCIATIONS, THE KOREAN BUSINESS SOCIETY AND THE KOREAN COMMERCE AND INDUSTRY ASSOCIATION IN MALAYSIA. THOSE OF YOU WHO ARE NEW TO MALAYSIA OR WISH

TO KNOW MORE ABOUT DOING BUSINESS IN MALAYSIA WOULD DO WELL TO GET IN TOUCH WITH THESE TWO KOREAN BUSINESS BODIES.

LADIES AND GENTLEMEN,

7. IN TERMS OF THE BILATERAL TRADE BETWEEN MALAYSIA AND THE ROK, THE FIGURES HAVE INCREASED AT A SIGNIFICANT PACE OVER THE YEARS. FOR THE PERIOD 1990 TO 2003, TRADE BETWEEN THE TWO COUNTRIES EXPANDED BY 5 TIMES FROM US\$1.5 BILLION IN 1990 TO US\$7.6 BILLION IN 2003. IN 2003, THE REPUBLIC OF KOREA ACCOUNTED FOR 4 % OF MALAYSIA'S GLOBAL TRADE AND KOREA WAS:

- MALAYSIA'S 8TH LARGEST TRADING PARTNER;
- MALAYSIA'S 9TH LARGEST EXPORT MARKET;
- MALAYSIA'S 5TH LARGEST IMPORT SOURCE.

THE TREND OF TRADE BETWEEN MALAYSIA AND THE ROK IS VERY ENCOURAGING. FOR THE PERIOD JANUARY TO JUNE 2004, BILATERAL TRADE WAS WORTH US\$ 4.8 BILLION, AN INCREASE OF 37.1% COMPARED WITH THE SAME PERIOD LAST YEAR.

8. ELECTRICAL, ELECTRONICS PRODUCTS AND COMPONENTS, CONSTITUTE THE BULK OF THE CURRENT BILATERAL TRADE. THE REPUBLIC OF KOREA IS A MAJOR BUYER OF MALAYSIAN CRUDE PETROLEUM AND NATURAL GAS. IT IS AN IMPORTANT SUPPLIER OF SHIPS, BOATS AND MOTOR VEHICLES TO MALAYSIA.

9. THERE IS CERTAINLY FURTHER SCOPE FOR EXPANSION AND DIVERSIFICATION OF THE BILATERAL TRADE BETWEEN MALAYSIA AND THE REPUBLIC OF KOREA.

10. I BELIEVE THE EXISTENCE OF GOOD SEA LINKS BETWEEN OUR TWO COUNTRIES CONTRIBUTE TO FACILITATE THE GROWTH OF BILATERAL TRADE. IN PARTICULAR, I MUST MENTION TWO KOREAN SHIPPING COMPANIES, HANJIN AND DONG-A WHICH STARTED THEIR OPERATIONS AT PORT KLANG IN 2001. THIS IS ALSO A TESTIMONY TO THE CAPABILITIES OF MALAYSIAN PORTS IN THE HANDLING OF CARGO MOVEMENTS AND THEIR CLEARANCE. OTHER KOREAN SHIPPING LINES ARE WELCOMED TO INCREASE THEIR CONNECTIVITY WITH MALAYSIAN PORTS.

LADIES AND GENTLEMEN,

11. THERE IS STILL MUCH SCOPE FOR INCREASING THE ECONOMIC RELATIONS BETWEEN THE REPUBLIC OF KOREA AND MALAYSIA BECAUSE OF THE STRENGTH AND COMPLEMENTARITIES OF BOTH ECONOMIES.

12. THE MALAYSIAN ECONOMY IS FUNDAMENTALLY STRONG - WITH LOW INFLATION, LOW UNEMPLOYMENT, STRONG CURRENT ACCOUNT SURPLUS, STRONG RESERVES AND A RESILIENT BANKING SYSTEM. THE MALAYSIAN ECONOMY GREW

BY 7.6 % DURING THE FIRST QUARTER OF THIS YEAR, FOLLOWING A GDP GROWTH OF 7.6 % IN 2003. IN LINE WITH FAVOURABLE DEVELOPMENTS GLOBALLY, THE MALAYSIAN ECONOMY IS FORECAST TO GROW BY 6.0% TO 6.5 % IN 2004.

13. THE INTERNATIONAL INSTITUTE FOR MANAGEMENT DEVELOPMENT, BASED IN SWITZERLAND, IN ITS 2004 WORLD COMPETITIVENESS YEARBOOK, RANKED MALAYSIA AS FOLLOWS:

- MALAYSIA WAS THE 16TH MOST COMPETITIVE NATION AMONG THE 60 COUNTRIES SURVEYED;
- MALAYSIA WAS THE 5TH MOST COMPETITIVE AMONG COUNTRIES WITH A POPULATION GREATER THAN 20 MILLION;
- MALAYSIA WAS THE MOST COMPETITIVE AMONG NATIONS WITH A GDP OF US\$10,000 AND BELOW.

14. IT IS THIS COMPETITIVENESS WHICH HAS ENABLED MALAYSIA TO CONTINUE ATTRACTING FDI-S INTO ITS MANUFACTURING AND OTHER SECTORS DESPITE THE INTENSE GLOBAL COMPETITION. IN 2003, MANUFACTURING INVESTMENTS VALUED AT US\$7.7 BILLION WERE APPROVED, COMPARED WITH INVESTMENTS TOTALING US\$4.7 BILLION IN 2002 . FOREIGN INVESTMENTS ACCOUNTED FOR 54 % OF THE TOTAL INVESTMENTS APPROVED IN 2003 . THERE ARE NOW MORE THAN 5,000 FOREIGN COMPANIES OPERATING IN MALAYSIA.

15. I WOULD LIKE TO SAY THAT KOREANS AND MALAYSIANS HAVE INDEED SET A FINE EXAMPLE OF DOING BUSINESS FOR MUTUAL BENEFIT AND CONTRIBUTING TO THE ENHANCEMENT OF FRIENDLY RELATIONS BETWEEN OUR TWO COUNTRIES. MALAYSIA HAS PROVIDED KOREAN COMPANIES WITH A COST-COMPETITIVE LOCATION FOR THEIR MANUFACTURING OPERATIONS WHILE BENEFITING FROM THE CAPITAL, TECHNOLOGY AND MARKET ACCESS THAT KOREAN COMPANIES BRING WITH THEM. MALAYSIA WOULD CERTAINLY WELCOME MORE KOREAN COMPANIES TO INVEST IN MALAYSIA EITHER IN JOINT-VENTURE WITH MALAYSIAN PARTNERS OR ON THEIR OWN. THERE ARE ATTRACTIVE INCENTIVES ON OFFER, INCLUDING 100% FOREIGN EQUITY OWNERSHIP WITH NO RESTRICTIONS ON REPATRIATION OF PROFITS. I HOPE THIS FORUM WILL EXPLORE AND DISCUSS NEW IDEAS FOR COOPERATION BETWEEN THE TWO SIDES.

LADIES AND GENTLEMEN,

16. MALAYSIA IS PROMOTING INVESTMENTS IN HIGH VALUE-ADDED AND HIGH TECHNOLOGY PRODUCTS AND ACTIVITIES THAT WILL SUPPORT THE DEVELOPMENT AND UPGRADING OF THE SECTOR AS WELL AS DIVERSIFY THE SOURCES OF GROWTH FOR THE ECONOMY. THESE INCLUDE INDUSTRIES IN WHICH THE REPUBLIC OF KOREA HAS ITS STRENGTHS, SUCH AS AUTOMOTIVES, ELECTRONICS, MACHINERY AND EQUIPMENT AND ICT. KOREAN COMPANIES SEEKING EXPANSION TO SERVE THE REGIONAL OR GLOBAL MARKETS ARE WELCOMED TO CONSIDER INVESTING IN MALAYSIA.

17. ADDITIONALLY, IT MIGHT INTEREST YOU TO KNOW THAT MALAYSIA IS ALSO TAKING STEPS TO INVIGORATE CERTAIN SECTORS SUCH AS AGRICULTURE, AGRO-BASED INDUSTRIES AND BIOTECHNOLOGY, TO TAKE ADVANTAGE OF OUR ABUNDANT BIO-RESOURCES.

18. MALAYSIA IS AN ATTRACTIVE LOCATION FOR THE ESTABLISHMENT OF REGIONAL ESTABLISHMENTS SUCH AS OPERATIONAL HEADQUARTERS, REGIONAL DISTRIBUTION CENTERS, INTERNATIONAL PROCUREMENT CENTERS AND REGIONAL AND REPRESENTATIVE OFFICES. FOREIGN COMPANIES LOCATING IN MALAYSIA CAN TAKE ADVANTAGE OF MALAYSIA'S MULTI-RACIAL SOCIETY WITH MULTI-LINGUAL CAPABILITIES, INCLUDING ENGLISH LANGUAGE SKILLS AND OTHER ASIAN LANGUAGE COMPETENCIES, COMPETITIVE COST STRUCTURE AND SKILLED MANPOWER.

19. MALAYSIA WOULD LIKE TO ESPECIALLY INVITE KOREANS TO BE OUR PARTNERS IN THE DEVELOPMENT OF OUR ICT INDUSTRY SINCE THE REPUBLIC OF KOREA IS THE WORLD'S LEADER IN BROADBAND PENETRATION. MALAYSIA'S MULTIMEDIA SUPER CORRIDOR (MSC) PROVIDES A CONDUCIVE ENVIRONMENT FOR THE WORLD'S LEADING ICT COMPANIES TO EXPAND THEIR BUSINESSES, UNDERTAKE RESEARCH, DEVELOP NEW PRODUCTS AND TECHNOLOGIES, AND EXPORT THEIR PRODUCTS. AS A REGIONAL TECHNOLOGICAL HUB, THE MSC ALSO SERVES AS A SPRINGBOARD TO MARKETS IN ASEAN AND THE MIDDLE EAST. TO-DATE, A TOTAL OF 1087 COMPANIES HAVE BEEN AWARDED THE MSC-STATUS.

20. MALAYSIA WOULD LIKE TO COLLABORATE WITH KOREA IN THE CONSTRUCTION SECTOR BY PARTNERING IN JOINT PROJECTS TO TAP THE MARKET IN THIRD COUNTRIES. MALAYSIAN COMPANIES HAVE UNDERTAKEN PROJECTS IN MARKETS SUCH AS THE MIDDLE EAST, INDIA, AFRICA, SOUTH ASIA AND ASEAN. THE PROJECTS INVOLVED INCLUDE CONSTRUCTION OF ROADS AND HIGHWAYS, HIGH RISE BUILDINGS, POWER PLANTS, FORMULA-1 RACE TRACKS, WATER SEWERAGE TREATMENT PLANTS AND PROPERTY DEVELOPMENT.

21. MALAYSIA IS STRIVING TO BE A CENTRE FOR EDUCATION IN THE REGION. MALAYSIA WOULD LIKE TO OFFER THE KOREAN COMMUNITY EDUCATIONAL OPPORTUNITIES IN THE GROWING NUMBER OF PRIVATE HIGHER EDUCATION INSTITUTIONS. TO DATE, MALAYSIA HAS 18 PUBLIC UNIVERSITIES, 20 PRIVATE UNIVERSITIES AND 519 REGISTERED PRIVATE HIGHER EDUCATION INSTITUTIONS. THESE INSTITUTIONS OFFER A WIDE RANGE OF COURSES FROM TECHNICAL TO ACADEMIC SUBJECTS INCLUDING ENGINEERING, ACCOUNTING, NURSING AND HOSPITAL MANAGEMENT. THIS YEAR, SOME 2,695 STUDENTS FROM THE REPUBLIC OF KOREA WERE ENROLLED IN PRIVATE HIGHER EDUCATION INSTITUTIONS IN MALAYSIA.

22. MALAYSIA WISHES TO EXPAND COOPERATION WITH KOREA IN THE DEVELOPMENT OF TOURISM. IN 2003, MALAYSIA RECORDED ABOUT 46,000 TOURIST ARRIVALS FROM THE REPUBLIC OF KOREA. THIS FIGURE IS IMPROVING, WITH THE FIRST HALF OF 2004 SHOWING MORE THAN 33,000 TOURIST ARRIVALS FROM THE ROK.

LADIES AND GENTLEMEN,

23. I WOULD ALSO LIKE TO ASK KOREA BUSINESSMEN TO SEE MALAYSIA AS A GATEWAY TO A MUCH LARGER REGIONAL, ASEAN MARKET. IN FACT, ASEAN ITSELF IS EXPANDING FORMAL TIES WITH OTHER REGIONAL MARKETS AND IMPORTANT INDIVIDUAL COUNTRIES .

24. MALAYSIA NOW ACCOUNTS FOR 24.7 % OF THE TOTAL INTRA-ASEAN TRADE, MAKING MALAYSIA THE SECOND LARGEST CONTRIBUTOR TO INTRA-ASEAN TRADE. THE LIBERALIZED TARIFF ENVIRONMENT UNDER THE ASEAN FREE TRADE AREA (AFTA) OFFERS OPPORTUNITIES FOR KOREAN COMPANIES TO LOCATE IN MALAYSIA AND MARKET THEIR PRODUCTS IN ASEAN WHICH HAS A COMBINED POPULATION OF MORE THAN 530 MILLION AND GDP TOTALING US\$750 BILLION.

25. ASEAN HAS AGREED THAT THE REGION BE TRANSFORMED INTO AN ECONOMIC COMMUNITY (AEC) BY 2020. THE AEC WOULD BE CHARACTERIZED BY A SINGLE MARKET AND PRODUCTION BASE WITH FREE FLOW OF GOODS, SERVICES, INVESTMENT, SKILLED LABOUR AS WELL AS FREER FLOW OF CAPITAL.

26. ASEAN IS IN THE PROCESS OF MOVING TOWARDS THE CONCLUSION OF A FREE TRADE AGREEMENT WITH CHINA AND A COMPREHENSIVE ECONOMIC PARTNERSHIP WITH JAPAN. THERE ARE ALSO ON-GOING TALKS TO ESTABLISH FREE TRADE AREAS BETWEEN ASEAN AND THE REPUBLIC OF KOREA AND INDIA. OTHER INITIATIVES INCLUDE COOPERATION ACTIVITIES WITH THE CER (AUSTRALIA AND NEW ZEALAND) COUNTRIES, USA, AND THE EUROPEAN UNION.

27. ON THE PROPOSED ASEAN-KOREA FREE TRADE AREA, THE ASEAN-KOREA EXPERTS GROUP HAS ALREADY BEEN ESTABLISHED TO CONDUCT A JOINT STUDY AND MAKE RECOMMENDATIONS ON HOW TO FURTHER STRENGTHEN THE EXISTING CLOSE ECONOMIC RELATIONS BETWEEN ASEAN AND THE REPUBLIC OF KOREA. THIS STUDY WILL INCLUDE A FRAMEWORK FOR A COMPREHENSIVE ECONOMIC PARTNERSHIP BETWEEN THE TWO SIDES. THE SUMMARY OF THE STUDY WILL BE PRESENTED TO THE ASEAN-KOREA SUMMIT IN LAOS IN NOVEMBER THIS YEAR.

28. IN ADDITION TO THE ASEAN-ROK FREE TRADE AREA, THERE IS MUCH WORK BEING DONE TO EXPAND RELATIONS IN THE CONTEXT OF ASEAN +3 COOPERATION AS WELL AS THROUGH THE PROPOSED EAST ASIA SUMMIT BETWEEN ASEAN AND THE THREE COUNTRIES OF EAST ASIA NAMELY CHINA, JAPAN AND THE REPUBLIC OF KOREA. HOPEFULLY, THE FIRST SUMMIT WILL TAKE PLACE TOWARDS THE END OF 2005 .

29. KOREAN AND MALAYSIAN BUSINESS COMMUNITIES WILL DEFINITELY BENEFIT FROM THE OPPORTUNITIES CREATED BY THE VARIOUS ECONOMIC INITIATIVES UNDERTAKEN BY ASEAN. IT IS IMPORTANT THEREFORE, IN THE MEANTIME, FOR

THE MALAYSIAN AND KOREAN PRIVATE SECTOR TO DEEPEN RELATIONS BETWEEN THEMSELVES AS A PREPARATION FOR THE DEEPENING OF THE WIDER RELATIONS BETWEEN ASEAN AND THE ROK.

LADIES AND GENTLEMEN,

30. ON MY PART, AS THE HEAD OF A PRO-BUSINESS ADMINISTRATION, I CAN PLEDGE THAT THE GOVERNMENT OF MALAYSIA WILL CONTINUE TO PROVIDE A NATIONAL ENVIRONMENT WHICH IS CONDUCIVE FOR DOING BUSINESS IN THE COUNTRY. A KEY COMPONENT OF THIS IS TO REDUCE THE COST OF DOING BUSINESS IN MALAYSIA, WHICH INCLUDES CRACKING DOWN ON CORRUPTION, IMPROVING THE PUBLIC SERVICE DELIVERY SYSTEM AND REDUCING BUREAUCRACY. AS AN EXAMPLE, THE PROCEDURES UNDER THE FOREIGN INVESTMENT COMMITTEE (FIC) HAVE BEEN FURTHER LIBERALIZED TO WORK ON THE PRINCIPLE OF SELF-DISCLOSURE. THE SECURITIES COMMISSION HAS ALSO STREAMLINED ITS RULES AND SUPERVISORY RESPONSIBILITIES. AT THE SAME TIME, WE CONTINUALLY SEEK TO IMPROVE INVESTOR PROTECTION. RECENT AMENDMENTS TO OUR SECURITIES LAWS HAVE ALLOWED FOR BETTER SAFEGUARDING OF INVESTOR INTERESTS AND FURTHER ENHANCEMENT OF CORPORATE GOVERNANCE STANDARDS. A HIGH-LEVEL COMMERCIAL CRIMES COMMITTEE IS ALSO BEING FORMED FOR MORE EFFECTIVE ENFORCEMENT.

31. THE NETWORKING SESSION WHICH YOU ARE GOING TO HAVE WITH MALAYSIAN BUSINESSMEN WILL CERTAINLY HELP TO CREATE NEW BUSINESS CONTACTS. I HOPE THESE CONTACTS WILL DEVELOP INTO ACTUAL BUSINESS VENTURES BETWEEN MALAYSIAN AND KOREAN ENTREPRENEURS FOR THE BENEFIT OF THEIR BUSINESSES SPECIFICALLY AND FOR THE BENEFIT OF MALAYSIA-REPUBLIC OF KOREA RELATIONS GENERALLY.

32. MAY I END MY SPEECH BY REITERATING MY INVITATION TO YOU TO INCREASE TRADE WITH MALAYSIA AND TO INVEST MORE IN MALAYSIA. I DO ACCEPT THAT SOME OF YOU MAY NEED FURTHER CONVINCING. THEREFORE, DO FIND OUT MORE ABOUT US. LOOK UP THE FACTS. TALK TO THOSE WHO HAVE BEEN IN MALAYSIA BEFORE YOU. PLEASE EXAMINE THE EVIDENCE FOR YOURSELF.

33. ON THAT NOTE, I WOULD LIKE TO THANK THE RESPECTIVE KOREAN ORGANIZATIONS FOR COOPERATING WITH US IN THE ORGANIZING OF THIS FORUM AND I WISH ALL PARTICIPANTS A USEFUL AND PRODUCTIVE SESSION.

THANK YOU.