

**SPEECH BY
THE HONOURABLE ABDULLAH AHMAD BADAWI
AT THE MALAYSIA-NEW ZEALAND BUSINESS FORUM
AT AUCKLAND, NEW ZEALAND
1 APRIL 2005**

EXCELLENCIES, LADIES AND GENTLEMEN,

I AM PLEASED TO BE HERE IN NEW ZEALAND ON AN OFFICIAL VISIT. I HAVE COME WITH A BUSINESS DELEGATION WHOSE MEMBERS WILL SPECIFICALLY DISCUSS BUSINESS WITH YOU AND EXPLORE OTHER ECONOMIC OPPORTUNITIES. WE HAVE ALSO COME TO RENEW FRIENDSHIPS. THE ROLE OF GOVERNMENTS IS TO PROVIDE THE LEAD IN LAYING THE FOUNDATIONS FOR A STRONG RELATIONSHIP BETWEEN COUNTRIES. IN THE CASE OF MALAYSIA AND NEW ZEALAND, I AM CONFIDENT THAT THE LONG STANDING LINKAGES AND BONDS OF FRIENDSHIP THAT ALREADY EXIST WILL FACILITATE THE FURTHER DEVELOPMENT OF ECONOMIC RELATIONSHIPS BETWEEN OUR COUNTRIES AND PEOPLES.

2. I AM PARTICULARLY PLEASED TO HAVE THIS SPECIAL OPPORTUNITY TO INTERACT WITH THE NEW ZEALAND BUSINESS COMMUNITY. WE ARE WELL AWARE THAT ULTIMATELY, IT IS THE BUSINESS COMMUNITY WHICH PLAYS AN IMPORTANT PART IN PUTTING INTO EFFECT GOVERNMENT ECONOMIC PLANS AND TARGETS. MY MEETING WITH YOU TODAY IS ESPECIALLY SIGNIFICANT AS PRIME MINISTER HELEN CLARK AND I HAVE DECIDED THAT A BILATERAL FREE TRADE AGREEMENT BETWEEN MALAYSIA AND NEW ZEALAND SHOULD BE CONCLUDED IN ORDER TO STRENGTHEN AND DEEPEN OUR ECONOMIC RELATIONSHIP.

3. THIS F.T.A WILL BE AN IMPORTANT MILESTONE IN OUR BILATERAL RELATIONS. BOTH PRIME MINISTER HELEN CLARK AND I WOULD LIKE TO SEE AN EARLY COMPLETION TO THE NEGOTIATIONS SO THAT OUR BUSINESS COMMUNITIES CAN REAP MUTUAL BENEFITS THAT WILL ARISE OUT OF LIBERALIZATIONS IN TRADE, SERVICES AND INVESTMENT. IN THIS REGARD, I WOULD LIKE TO SEE MORE INTENSE INVOLVEMENT OF THE MALAYSIA-NEW ZEALAND BUSINESS COUNCIL IN COORDINATING FEEDBACK TO THE RESPECTIVE GOVERNMENTS AS WE WORK TOWARDS THE ESTABLISHMENT OF A FREE TRADE AREA. YOUR FEEDBACK IS VITAL IN SHAPING THE OUTCOME OF THE F.T.A NEGOTIATIONS.

4. WITH THE COOPERATION OF ALL, I AM CONVINCED THAT THERE IS MUCH THAT CAN BE DONE TO INCREASE TRADE AND INVESTMENT BETWEEN MALAYSIA AND NEW ZEALAND. THE EXPANSION OF ECONOMIC RELATIONS BETWEEN OUR TWO NATIONS IS VERY ACHIEVABLE GIVEN THE FACT THAT MALAYSIA AND NEW ZEALAND HAVE COMPLEMENTARY TRADE STRUCTURES. WE ALSO SHARE MANY SIMILAR VIEWS AT REGIONAL AND MULTILATERAL TRADE FORUMS, ON PARTICULAR ISSUES.

5. IN TERMS OF BILATERAL TRADE, I AM PLEASED TO NOTE THAT MALAYSIA IS ONE OF NEW ZEALAND'S TOP 10 TRADING PARTNERS. IN FACT, AMONG ASEAN MEMBER COUNTRIES, MALAYSIA IS NEW ZEALAND'S LARGEST EXPORT MARKET AND NEW ZEALAND'S SECOND LARGEST IMPORT SOURCE. BILATERAL TRADE BETWEEN MALAYSIA AND NEW ZEALAND HAS BEEN ON THE UP TREND. FOR THE PERIOD FROM 1994 TO 2004, BILATERAL TRADE GREW AT AN AVERAGE ANNUAL RATE OF 3.3 PER CENT. IN 2004, TOTAL TRADE INCREASED BY 21 PER CENT BUT THE VALUE IS STILL RELATIVELY LOW. IN THAT YEAR, MALAYSIA'S EXPORTS TO NEW ZEALAND AMOUNTED TO ONLY US\$444 MILLION, WHILE IMPORTS TOTALLED US\$341 MILLION. I AM CONFIDENT THAT THERE WILL BE IMPROVEMENTS IN OUR BILATERAL TRADE THROUGH ENHANCED BUSINESS LINKAGES.

6. IN THE AREA OF INVESTMENTS, I NOTE THAT NEW ZEALAND IS NOT A MAJOR SOURCE OF FOREIGN DIRECT INVESTMENTS, OR F.D.I.s, FOR MALAYSIA. SINCE THE YEAR 2000, NEW ZEALAND INVESTMENTS IN MALAYSIA AMOUNTED TO ONLY US\$19.5 MILLION, MAINLY IN THE MANUFACTURE OF BASIC METAL PRODUCTS, CHEMICALS AND CHEMICAL PRODUCTS AND FABRICATED METAL PRODUCTS. LIKEWISE, MALAYSIAN COMPANIES HAVE YET TO HARNESS THE FULL POTENTIAL OF NEW ZEALAND'S INVESTMENT ENVIRONMENT. TO DATE, MALAYSIA'S INVESTMENTS IN NEW ZEALAND ARE CONFINED TO REAL ESTATE, FOOD PROCESSING AND FORESTRY.

7. THE LOW LEVEL OF ENGAGEMENT BETWEEN THE BUSINESS COMMUNITIES OF NEW ZEALAND AND MALAYSIA COULD BE DUE, IN LARGE PART, TO THE LACK OF AWARENESS OF THE POTENTIALS WHICH EXIST IN BOTH MARKETS. IT IS MY HOPE, THEREFORE, THAT THIS FORUM WILL PROVIDE THE OPPORTUNITY FOR BOTH SIDES TO EXCHANGE INFORMATION AND MAKE THE NECESSARY CONTACTS. LET US HOPE THAT YOUR DISCUSSIONS WILL LEAD TO MORE MEANINGFUL AND PROSPEROUS BUSINESS RELATIONSHIPS.

EXCELLENCIES, LADIES AND GENTLEMEN,

8. YOU WOULD NO DOUBT KNOW THAT FOR ANY ENGAGEMENT TO BE SUCCESSFUL IT IS IMPORTANT TO UNDERSTAND EACH OTHERS' STRENGTHS AND CAPITALIZE ON THEM. TAKE FOR EXAMPLE THE EMPHASIS THAT THE GOVERNMENT OF MALAYSIA IS PLACING ON THE AGRO-BASED SECTOR IN OUR COUNTRY. I AM SURE THAT WITH NEW ZEALAND'S VAST EXPERIENCE IN THIS FIELD, YOUR ENTREPRENEURS, R&D SPECIALISTS AND AGRO-BIOTECHNOLOGY COMPANIES CAN EASILY FIND A NICHE IN THE DEVELOPMENT OF THIS SECTOR IN MALAYSIA.

9. ANOTHER AREA FOR POTENTIAL COLLABORATION BETWEEN MALAYSIAN AND NEW ZEALAND COMPANIES IS IN THE DEVELOPMENT OF THE HALAL PRODUCTS AND SERVICES SECTOR. I SAY SO BECAUSE OF A COMBINATION OF FACTORS, NAMELY THE EMPHASIS THAT MALAYSIA PLACES ON THE DEVELOPMENT OF THIS SECTOR, AND NEW ZEALAND'S STRENGTH IN LIVESTOCK MANAGEMENT, PROCESSING TECHNOLOGIES AND R&D IN THE FOOD AND PHARMACEUTICAL INDUSTRIES. I WOULD LIKE TO SUGGEST THAT NEW ZEALAND AND MALAYSIA LEVERAGE ON THESE STRENGTHS TO DEVELOP A STRONG HALAL SECTOR AND

REAP THE BENEFITS OF SUPPLYING THE WORLD MARKET FOR HALAL PRODUCTS AND SERVICES.

LADIES AND GENTLEMEN,

10. MY GOVERNMENT IS KEEN TO HAVE MALAYSIA TRANSFORM MORE QUICKLY INTO A TECHNOLOGICALLY ADVANCED NATION. WE HAVE FORMULATED THE NECESSARY POLICIES, LEGISLATED CYBER LAWS AND CREATED INFRASTRUCTURES TO FACILITATE THIS PROCESS. NEW ZEALAND HAS STRENGTH IN PRODUCT INNOVATION AND R&D. CLEARLY, NEW ZEALAND AND MALAYSIA HAVE COMPLEMENTARY CAPABILITIES IN THIS FIELD. WITH THE INCREASED APPLICATION OF I.C.T, PARTICULARLY IN PRODUCTION PROCESSES AND DELIVERY OF SERVICES, THERE WILL BE AMPLE OPPORTUNITIES FOR NEW ZEALAND INVESTORS AND TECHNOPRENEURS TO COLLABORATE WITH THEIR MALAYSIAN COUNTERPARTS.

11. APART FROM THE AREAS OF TRADE AND INVESTMENT THAT I HAVE HIGHLIGHTED, I ALSO BELIEVE THAT NEW ZEALAND AND MALAYSIA CAN MAKE A SIGNIFICANT CONTRIBUTION TO THE IMPROVEMENT OF THE GLOBAL ENVIRONMENT. I HAVE ALWAYS BEEN IMPRESSED BY NEW ZEALAND'S CONSERVATION EFFORTS AND INITIATIVES ON SUSTAINABLE DEVELOPMENT. I AM PROUD TO POINT OUT THAT LIKE NEW ZEALAND, MALAYSIA TOO IS ENDOWED WITH ABUNDANT AND DIVERSE FLORA, FAUNA AND MARINE LIFE. IN FACT, MALAYSIA IS RECOGNIZED AS ONE OF THE 12 MEGA-BIODIVERSITY COUNTRIES IN THE WORLD. I WISH TO ENCOURAGE COLLABORATION IN THIS AREA BECAUSE BOTH MALAYSIA AND NEW ZEALAND HAVE EXPERIENCE AND EXPERTISE THAT CAN HELP CONTRIBUTE TO THE LARGER GOAL OF GLOBAL ENVIRONMENT PROTECTION AND CONSERVATION.

12. I WOULD LIKE TO SUGGEST SPECIFICALLY THAT MALAYSIA AND NEW ZEALAND EXPLORE COLLABORATION IN THE AREAS OF SUSTAINABLE DEVELOPMENT, RESOURCE MANAGEMENT, BIODIVERSITY PROTECTION AND CONSERVATION, AND ECO-TOURISM, AS WELL AS THE DEVELOPMENT OF RELATED INDUSTRIES SUCH AS AGRO-BIOTECHNOLOGY, BIO-PHARMACEUTICALS, AND BIO-DIAGNOSTICS.

EXCELLENCIES, LADIES AND GENTLEMEN,

13. I AM SURE YOU ARE ALL AWARE THAT MALAYSIA IS AN OPEN ECONOMY. EXPORTS FORM A SUBSTANTIAL PORTION OF OUR GROSS DOMESTIC PRODUCT. IT IS IN THIS REGARD THAT MALAYSIA PLACES A PREMIUM ON EFFECTIVE TRADE LIBERALIZATION, AND WE HAVE UNILATERALLY REDUCED TARIFFS. TODAY 52.2 PER CENT OF PRODUCTS ENTERING MALAYSIA CAN DO SO AT ZERO DUTY, WHILE ALMOST 70 PER CENT OF OUR TARIFFS ARE BETWEEN ZERO AND 10 PER CENT. I BELIEVE THAT TRADE LIBERALIZATION CAN BRING WITH IT SUBSTANTIAL GAINS IN THE FORM OF IMPROVED EFFICIENCY AND PRODUCTIVITY AS A CONSEQUENCE OF INCREASED COMPETITION AND ACCESS TO BETTER PRODUCTS AND SERVICES. I MUST STRESS, HOWEVER, THAT TRADE LIBERALIZATION NEEDS TO BE WEIGHED

AGAINST THE CONTEXT OF THE LEVEL OF DEVELOPMENT OF EACH COUNTRY'S ECONOMY.

14. HAVING SAID THAT, I MUST ALSO REITERATE THAT ELIMINATION OF TRADE BARRIERS AND THE OPENING OF MARKETS BY BOTH DEVELOPING AND DEVELOPED ECONOMIES ARE IMPORTANT FOR ECONOMIC IMPROVEMENT IN DEVELOPING COUNTRIES. SUCH INITIATIVES WILL ENABLE DEVELOPING COUNTRIES TO REALIZE THE FULL POTENTIAL OF THEIR AGRICULTURAL AND INDUSTRIAL SECTORS, THUS IMPROVING THE LIVELIHOOD AND WELFARE OF THEIR PEOPLES, AND PROVIDING IMPETUS TO THE WORLD ECONOMY AS A WHOLE.

15. IT IN THIS CONTEXT THAT THE DOHA DEVELOPMENT AGENDA, OR THE D.D.A, OF THE WORLD TRADE ORGANIZATION ASSUMES ITS IMPORTANT ROLE IN ENSURING THAT ALL COUNTRIES CONTRIBUTE TO THE LIBERALIZATION EFFORT. MORE SIGNIFICANTLY, IT IS IMPERATIVE THAT LIBERALIZATION BE IMPLEMENTED PROGRESSIVELY SO AS NOT TO UNDERMINE THE MORE FRAGILE ECONOMIES IN THE DEVELOPING WORLD.

16. MALAYSIA WILL WORK CLOSELY WITH NEW ZEALAND IN AREAS OF COMMON CONCERN SUCH AS ADDRESSING DISTORTIONS IN WORLD AGRICULTURAL TRADE AND SEEKING BETTER MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS. WE WILL ALSO ENDEAVOUR TO ENSURE THAT MARKET ACCESS COMMITMENTS FOR SERVICES MATCH OUR DEVELOPMENT NEEDS. AS SMALL TRADING NATIONS DEPENDENT ON THE RULES-BASED MULTILATERAL TRADING SYSTEM UNDER THE W.T.O, IT IS IN THE INTEREST OF BOTH NEW ZEALAND AND MALAYSIA TO ENSURE THAT THE D.D.A IS BROUGHT TO A SUCCESSFUL CONCLUSION.

EXCELLENCIES, LADIES AND GENTLEMEN,

17. AS YOU ARE WELL AWARE, MALAYSIA AND NEW ZEALAND ARE BOTH ACTIVE MEMBERS OF APEC. THROUGH OUR INVOLVEMENT IN APEC, WE HAVE BENEFITED FROM THE TRADE AND INVESTMENT FACILITATION PROGRAMMES. SIMILARLY, WE HAVE ALSO BENEFITED FROM THE ECONOMIC AND TECHNICAL COOPERATION ACTIVITIES OF APEC.

18. FOR THE BUSINESS SECTOR, APEC PROVIDES A USEFUL PLATFORM FOR ENGAGEMENT IN TRADE FACILITATION ACTIVITIES WHICH ARE INTENDED FOR REDUCING THE COSTS OF DOING BUSINESS. APEC'S WORK PROGRAMMES HAVE BEEN INSTRUMENTAL IN ADDRESSING SOME OF THE NEEDS OF THE PRIVATE SECTOR INCLUDING THE MOBILITY OF BUSINESS PEOPLE, MUTUAL RECOGNITION OF STANDARDS AND CONFORMANCE, AS WELL AS HARMONIZATION AND SIMPLIFICATION OF CUSTOMS PROCEDURES.

19. I WOULD SUGGEST THAT THE BUSINESS COMMUNITY OF BOTH NEW ZEALAND AND MALAYSIA WORK TOGETHER THROUGH APEC CHANNELS, INCLUDING THE APEC BUSINESS ADVISORY COUNCIL (ABAC), TO PROVIDE VIEWS AND

SUGGESTIONS THAT WOULD ENABLE THE BUSINESS COMMUNITY TO OPERATE IN A MORE CONDUCTIVE AND BUSINESS-FRIENDLY ENVIRONMENT WITHIN THE APEC REGION.

EXCELLENCIES, LADIES AND GENTLEMEN,

20. CLEARLY, BOTH OUR COUNTRIES HAVE MUCH IN COMMON AND THERE IS MUCH THAT WE CAN DO TOGETHER AND FOR EACH OTHER. ON THIS NOTE, I THANK YOU FOR YOUR PARTICIPATION IN THIS BUSINESS FORUM AND I HOPE THAT THE BUSINESS MEETINGS SCHEDULED AFTER THIS EVENT WILL BE BENEFICIAL IN STRENGTHENING THE LINKAGES BETWEEN OUR TWO COUNTRIES. I WISH ALL OF YOU EVERY SUCCESS IN ALL YOUR ENDEAVOURS.

THANK YOU.