

**SPEECH BY  
THE HON. ABDULLAH BIN HAJI AHMAD BADAWI  
AT THE MALAYSIA-AUSTRALIA BUSINESS FORUM  
AT SYDNEY, AUSTRALIA  
8 APRIL 2005**

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LADIES AND GENTLEMEN;

I AM VERY PLEASED TO HAVE THIS OPPORTUNITY OF MEETING WITH MEMBERS OF THE AUSTRALIA BUSINESS COMMUNITY ESPECIALLY AS YOU ARE PARTICIPATING IN THIS SPECIALLY ORGANIZED MALAYSIA-AUSTRALIA BUSINESS FORUM. MY INTENTION TODAY IS TO SHARE WITH YOU SOME THOUGHTS I HAVE REGARDING THE PROSPECTS FOR THE FURTHER DEVELOPMENT OF ECONOMIC RELATIONS BETWEEN OUR TWO COUNTRIES.

2. THE PRIMARY PURPOSE OF MY OFFICIAL VISIT TO AUSTRALIA IS TO ENHANCE THE RELATIONSHIP BETWEEN MALAYSIA AND THIS DYNAMIC COUNTRY IN ALL AREAS. IT IS A VERY WELCOME TASK FOR ME BECAUSE WE ARE DEALING WITH A GOOD RELATIONSHIP WHICH HAS BEEN LONG ESTABLISHED. FOR INSTANCE, AUSTRALIA AND MALAYSIA FIRST ENTERED INTO A BILATERAL TRADE AGREEMENT AS EARLY AS 1958. IN FACT, WE HAVE BEEN ENGAGING WITH EACH OTHER AT VARIOUS LEVELS INCLUDING GOVERNMENT-TO-GOVERNMENT, LINKAGES IN BUSINESS AS WELL AS PEOPLE-TO-PEOPLE CONTACTS. THE SUBSTANCE OF THE RELATIONSHIP HAVE ALSO COVERED IMPORTANT AREAS SUCH AS TRADE, INVESTMENT, EDUCATION AND TOURISM.

3. THE PEOPLE-TO-PEOPLE RELATIONS BETWEEN AUSTRALIA AND MALAYSIA ARE PARTICULARLY WELL REFLECTED IN THE SECTORS OF EDUCATION AND TOURISM.

4. MALAYSIA REMAINS A POPULAR DESTINATION FOR AUSTRALIAN TOURISTS. LAST YEAR MORE THAN 200,000 AUSTRALIANS VISITED MALAYSIA. CLOSE TO 170,000 MALAYSIANS VISITED AUSTRALIA IN THE SAME YEAR.

5. AUSTRALIA IS MALAYSIA'S MOST IMPORTANT PARTNER IN EDUCATION. ABOUT 20,000 MALAYSIAN STUDENTS STUDY IN TERTIARY INSTITUTIONS IN AUSTRALIA AT PRESENT. IN ADDITION, OVER 11,000 MALAYSIANS ARE PURSUING AUSTRALIAN COURSES THROUGH BRANCH CAMPUSES AND TWINNING PROGRAMMES INSIDE MALAYSIA ITSELF.

6. I CONSIDER THE INVOLVEMENT OF AUSTRALIAN UNIVERSITIES IN MALAYSIA AS A FINE EXAMPLE OF A SYNERGISTIC RELATIONSHIP. IN THIS CASE, AUSTRALIA HAS STRATEGICALLY UTILIZED ITS CAPACITY TO EXPORT EDUCATION SERVICES. MALAYSIA WELCOMES THE INTERNATIONAL LINKAGES PROVIDED BY AUSTRALIAN UNIVERSITIES BECAUSE MALAYSIA ITSELF IS STRATEGIZING TO BECOME A

REGIONAL EDUCATION HUB. AT THE SAME TIME, AFFORDABLE INTERNATIONAL EDUCATION BECOMES AVAILABLE TO MALAYSIANS IN THEIR OWN COUNTRY. I WOULD CERTAINLY LIKE TO SEE MALAYSIA AND AUSTRALIA DEVELOP MORE OF SUCH MUTUALLY BENEFICIAL PARTNERSHIPS IN OTHER AREAS.

7. NO DOUBT, WE HAVE ALREADY ESTABLISHED SEVERAL FRAMEWORKS TO HELP FORGE CLOSER ECONOMIC COOPERATION BETWEEN OUR TWO COUNTRIES. FOR EXAMPLE, MALAYSIA AND AUSTRALIA HAVE SIGNED BILATERAL AGREEMENTS NOT ONLY ON TRADE BUT ALSO ON THE AVOIDANCE OF DOUBLE TAXATION, COOPERATION IN AGRICULTURE AND AIR SERVICES. THE JOINT TRADE COMMITTEE, LED BY OUR TRADE MINISTERS, HAS BEEN ESPECIALLY PIVOTAL IN ENHANCING BILATERAL TRADE AND INVESTMENT RELATIONS.

8. GIVEN THE LINKAGES WHICH ARE ALREADY IN PLACE, IT IS ONLY NATURAL THAT MALAYSIA AND AUSTRALIA SHOULD MOVE FURTHER FORWARD AND FURTHER DEEPEN THE TIES WHICH WE NOW HAVE. IT IS IN THIS SPIRIT THAT I AM MOST PLEASED TO ANNOUNCE THAT PRIME MINISTER JOHN HOWARD AND I HAVE AGREED THAT MALAYSIA AND AUSTRALIA SHOULD BEGIN, FORTHWITH, NEGOTIATIONS TOWARDS THE ESTABLISHMENT OF A BILATERAL FREE TRADE AGREEMENT BETWEEN OUR TWO COUNTRIES. GIVEN THE ECONOMIC COMPLEMENTARITIES WE POSSESS ON BOTH SIDES, AND OUR LONG HISTORY OF ENGAGEMENT, I BELIEVE WE CAN WORK TOWARDS AN EARLY COMPLETION OF THE NEGOTIATIONS. I BELIEVE AS WELL THAT MEMBERS OF THE BUSINESS COMMUNITY SHOULD LOOK FORWARD TO DERIVING BENEFITS FROM THE TRADE, SERVICES AND INVESTMENT LIBERALIZATIONS WHICH WILL BE PROVIDED IN SUCH A FREE TRADE AGREEMENT.

LADIES AND GENTLEMEN;

9. IN 2004, AUSTRALIA WAS MALAYSIA'S 11TH LARGEST TRADING PARTNER, 8TH LARGEST EXPORT DESTINATION AND 10TH LARGEST SOURCE OF IMPORTS. I AM PLEASED TO NOTE THAT TRADE BETWEEN MALAYSIA AND AUSTRALIA HAS BEEN ON THE INCREASE. FROM 1994 TO 2004, BILATERAL TRADE RECORDED AN AVERAGE ANNUAL GROWTH RATE OF 12.4 PER CENT. IN 2004, MALAYSIA'S TOTAL TRADE WITH AUSTRALIA AMOUNTED TO US\$5.9 BILLION, A GROWTH OF 53 PER CENT COMPARED WITH THE PRECEDING YEAR. I AM CONFIDENT THAT AS WE MOVE FORWARD WITH THE F.T.A, THERE WILL BE EVEN MORE OPPORTUNITIES FOR US TO INCREASE THE LEVEL OF TRADE AND DIVERSIFY THE RANGE OF PRODUCTS BEING TRADED.

10. I WISH TO EMPHASIZE THIS POINT BECAUSE, ALTHOUGH OUR BILATERAL TRADE IS GROWING, THE NUMBER OF ITEMS BEING TRADED ARE LIMITED. AT PRESENT, 62 PER CENT OF MALAYSIA'S EXPORTS TO AUSTRALIA COMPRISE ONLY THREE CATEGORIES NAMELY CRUDE PETROLEUM, ELECTRICAL AND ELECTRONIC PRODUCTS, WHILE IMPORTS FROM AUSTRALIA CONSIST MAINLY OF METALS AND FOOD PRODUCTS. WE HAVE TO RELY UPON THE BUSINESS COMMUNITIES OF BOTH

COUNTRIES TO ENGAGE EVEN MORE INTENSELY TO EXPAND AND DIVERSIFY THE BILATERAL TRADE.

11. FROM THE PERSPECTIVE OF INVESTMENTS, THE INVOLVEMENT OF MALAYSIAN INVESTORS IN AUSTRALIA HAVE BEEN INCREASING. I HAVE BEEN INFORMED THAT MORE THAN 50 MALAYSIAN COMPANIES HAVE OPERATIONS IN AUSTRALIA IN AREAS SUCH AS REAL ESTATE, RESORTS, TRAVEL AND HOSPITALITY, MINING AND CONSTRUCTION. MALAYSIAN COMPANIES ARE INDEED ENCOURAGED TO VENTURE OVERSEAS BECAUSE SUCH EFFORTS ARE IN LINE WITH MALAYSIA'S DEVELOPMENT OBJECTIVES AND COMPLEMENT THEIR DOMESTIC OPERATIONS.

12. SINCE THE YEAR 2000, AUSTRALIAN COMPANIES HAVE MADE INVESTMENTS IN MALAYSIA IN SOME 70 PROJECTS WITH TOTAL CAPITAL INVESTMENT OF US\$153 MILLION. THESE INVESTMENTS WERE MAINLY IN THE SECTORS OF RUBBER PRODUCTS, MACHINERY MANUFACTURING, CHEMICALS AND CHEMICAL PRODUCTS, PLASTIC PRODUCTS AND TRANSPORT EQUIPMENT. ON THE WHOLE, AUSTRALIAN INVESTMENT FLOWS INTO MALAYSIA ARE STILL LESS THAN EXPECTED. FOR INSTANCE, AUSTRALIA IS STILL NOT A MAJOR INVESTOR IN MALAYSIA'S MANUFACTURING SECTOR.

13. PERHAPS, AUSTRALIAN INVESTORS ARE STILL RELATIVELY UNAWARE OF THE INVESTMENT ENVIRONMENT IN MALAYSIA. LET ME ASSURE YOU THAT WE HAVE ONE OF THE MOST LIBERAL INVESTMENT REGIMES IN THE WORLD. I SHOULD POINT OUT ALSO THAT MALAYSIA IS CONTINUALLY STRIVING TO IMPROVE ITS BUSINESS ENVIRONMENT. IN FACT, I HAVE MADE IT A PRIORITY FOR THE GOVERNMENT TO IMPROVE THE DELIVERY SYSTEM SO THAT WE HAVE A BUSINESS FRIENDLY AND INVESTMENT-CONDUCTIVE ENVIRONMENT.

14. IN THIS REGARD, I WISH TO URGE THE MALAYSIA-AUSTRALIA BUSINESS COUNCIL AND ITS AUSTRALIAN COUNTERPART TO CONTINUE THE EFFORTS THEY HAVE STARTED IN CREATING A PLATFORM FOR THE BUSINESS COMMUNITIES OF BOTH COUNTRIES TO INTERACT AND SHARE INFORMATION ON TRADE AND INVESTMENT OPPORTUNITIES IN BOTH COUNTRIES. I COMMEND THEM FOR THEIR EFFORTS THUS FAR. I ALSO WISH TO SEE GREATER INVOLVEMENT OF THE COUNCILS IN PROVIDING FEEDBACK TOWARDS THE ESTABLISHMENT OF THE F.T.A.

15. THE MALAYSIAN GOVERNMENT IS GIVING PRIORITY TO THE DEVELOPMENT OF HIGH TECHNOLOGY, I.C.T, AGRICULTURE AND AGRO-BASED INDUSTRIES, BIOTECHNOLOGY, PHARMACEUTICALS, AND RESOURCE-BASED INDUSTRIES. THE GOVERNMENT IS PROVIDING INCENTIVES TO ENCOURAGE COMPANIES TO VENTURE INTO THESE FIELDS. I BELIEVE THESE ARE AREAS WHERE AUSTRALIAN COMPANIES HAVE AN EDGE OVER OTHERS. I WISH TO SEE MALAYSIAN COMPANIES ENGAGING THEIR AUSTRALIAN COUNTERPARTS IN THESE FIELDS. AS USUAL, MEANINGFUL BUSINESS ENGAGEMENTS REQUIRE THE ABILITY TO LEVERAGE ON THE STRENGTHS OF EACH PARTNER.

16. ANOTHER AREA OF PRIORITY WHERE BOTH MALAYSIA AND AUSTRALIA CAN TAP ON EACH OTHER'S STRENGTH IS IN THE DEVELOPMENT AND MARKETING OF HALAL PRODUCTS AND SERVICES FOR THE DOMESTIC AND INTERNATIONAL MARKETS. I AM AWARE THAT SOME WORK HAS ALREADY BEGUN IN ESTABLISHING COOPERATION IN THIS SECTOR. HOWEVER, I BELIEVE THAT MORE NEEDS TO BE DONE AND AT A MUCH FASTER PACE, SO THAT BOTH SIDES CAN MUTUALLY GAIN FROM THE PRODUCTION AND MARKETING OF HALAL PRODUCTS AND SERVICES. CLEARLY, THIS IS ANOTHER AREA FOR A SYNERGISTIC RELATIONSHIP BETWEEN AUSTRALIA AND MALAYSIA, LIKE IN THE AREA OF EDUCATION.

LADIES AND GENTLEMEN;

17. MALAYSIA IS COMMITTED TOWARDS LEVERAGING ON TECHNOLOGICAL ADVANCEMENTS FOR ECONOMIC DEVELOPMENT. THE MULTIMEDIA SUPER CORRIDOR, OR M.S.C, WAS ESTABLISHED SPECIFICALLY TO FACILITATE THIS PROCESS. IN JULY LAST YEAR, WE LAUNCHED THE SECOND PHASE OF THE M.S.C, EXTENDING IT TO OTHER PARTS OF MALAYSIA THROUGH THE CREATION OF NEW M.S.C CYBER CITIES AND CYBER CENTRES. THERE IS DEFINITELY A NICHE FOR AUSTRALIAN I.C.T AND MULTIMEDIA COMPANIES. AT PRESENT, 17 AUSTRALIAN I.C.T COMPANIES HAVE OBTAINED APPROVAL TO LOCATE IN THE M.S.C. I ENCOURAGE YOU TO EXPLORE THE POTENTIALS IN THIS AREA, NOT ONLY WITH A VIEW TO MEETING DEMAND FROM MALAYSIA, BUT MORE IMPORTANTLY, TO USE OUR FACILITIES AND INFRASTRUCTURE AS A SPRING-BOARD TO MARKETS IN ASEAN AND WEST ASIA .

18. MALAYSIA IS STRATEGICALLY LOCATED, AND SHARES ITS BORDERS WITH FIVE ASEAN MEMBER COUNTRIES. AS ASEAN CONTINUES ITS ENDEAVOURS TOWARDS GREATER ECONOMIC INTEGRATION, AUSTRALIAN COMPANIES DOING BUSINESS IN ASEAN MAY FIND IT USEFUL TO BE PHYSICALLY PRESENT IN THE REGION TO SERVICE THEIR CLIENTS AND TO MANAGE THEIR ACTIVITIES. IT WOULD BE IN THE INTEREST OF AUSTRALIAN COMPANIES TO CONSIDER ESTABLISHING OPERATIONAL HEADQUARTERS, INTERNATIONAL PROCUREMENT CENTRES AND REGIONAL DISTRIBUTION CENTRES IN MALAYSIA. I SUGGEST YOU USE THIS FORUM TO OBTAIN DETAILS ABOUT THE MEASURES THAT WE HAVE PUT IN PLACE TO FACILITATE THE ESTABLISHMENT OF SUCH CENTRES IN MALAYSIA.

LADIES AND GENTLEMEN;

19. ON THE MULTILATERAL FRONT, MALAYSIA ATTACHES HIGH PRIORITY TO THE NEGOTIATIONS UNDER THE DOHA DEVELOPMENT AGENDA, OR D.D.A. THIS UNDERSCORES THE IMPORTANCE THAT WE PLACE ON THE WORLD TRADE ORGANIZATION, OR W.T.O. MALAYSIA IS A STRONG ADVOCATE OF THE MULTILATERAL TRADING SYSTEM, WITH GUARANTEES FOR FAIR AND EQUITABLE RULES THAT ENSURES TRANSPARENCY, PREDICTABILITY AND STABILITY FOR THE INTERNATIONAL BUSINESS COMMUNITY.

20. ALTHOUGH THERE MAY BE OTHER OPTIONS AVAILABLE, I BELIEVE THAT THE W.T.O IS STILL THE BEST PLACE TO NEGOTIATE MULTILATERAL TRADE RULES AND MARKET ACCESS THAT WOULD CONTRIBUTE TOWARDS EXPANSION OF WORLD TRADE. IT IS THEREFORE IN THE COLLECTIVE INTEREST OF TRADING NATIONS LIKE AUSTRALIA AND MALAYSIA TO WORK TOGETHER IN PUSHING FOR AN EARLY CONCLUSION OF THE D.D.A.

21. WE HAVE BEEN COLLABORATING VERY WELL IN THE AGRICULTURE NEGOTIATIONS THROUGH THE COLLECTIVE EFFORTS OF THE CAIRNS GROUP, WHERE AUSTRALIA'S LEADERSHIP ROLE IS ACKNOWLEDGED. WE CAN CERTAINLY EXTEND THIS COLLABORATION TO OTHER AREAS OF THE D.D.A NEGOTIATIONS, PARTICULARLY IN ADDRESSING THE NEEDS OF THE DEVELOPING COUNTRIES FOR AN EQUITABLE OUTCOME IN THE NEGOTIATIONS.

LADIES AND GENTLEMEN;

22. I WOULD ALSO LIKE TO TAKE THIS OPPORTUNITY TO MENTION THAT APEC, AS A REGIONAL ECONOMIC CONSULTATIVE FORUM, PROVIDES AN IMPORTANT CHANNEL FOR BOTH MALAYSIA AND AUSTRALIA TO EXCHANGE AND SHARE INFORMATION, EXPERTISE AND BEST PRACTICES. APEC ALSO SERVES AS AN IMPORTANT PLATFORM FOR BUSINESS SECTOR PARTICIPATION AT THE REGIONAL LEVEL IN TRADE FACILITATION PROGRAMMES THAT ARE AIMED AT ADDRESSING BUSINESS CONCERNS, PARTICULARLY ON IMPEDIMENTS TO CROSS BORDER TRADE THAT INCREASE THE COST OF DOING BUSINESS.

23. FOR US, THE DIVERSITY OF APEC ECONOMIES, AND THE ABUNDANCE OF EXPERTISE AND EXPERIENCES ACROSS A BROAD RANGE OF ISSUES AMONG THE APEC PARTICIPANTS, HAVE PROVIDED MALAYSIA WITH AMPLE OPPORTUNITIES FOR INFORMATION SHARING, SOURCING OF NEW KNOWLEDGE AND CAPACITY BUILDING. I CERTAINLY APPRECIATE AUSTRALIA'S SUPPORTIVE ROLE IN STRENGTHENING ECONOMIC AND TECHNICAL COOPERATION, TRADE FACILITATION AND CAPACITY BUILDING WORK IN APEC.

24. I AM PLEASED TO NOTE THAT APEC, AS AN ECONOMIC FORUM WITH ITS NON-BINDING AND VOLUNTARY APPROACH, HAS MADE SUBSTANTIVE PROGRESS AND DEVELOPED COMPETENCIES IN TRADE FACILITATION WORK AND HUMAN CAPACITY BUILDING. I WOULD LIKE TO SEE MALAYSIA WORKING TOGETHER WITH AUSTRALIA IN STRENGTHENING THIS ECONOMIC AND DEVELOPMENTAL FOCUS OF APEC IN ORDER TO BRIDGE THE DEVELOPMENTAL GAP AMONG ECONOMIES IN THE ASIA-PACIFIC REGION.

LADIES AND GENTLEMEN,

25. ON THE WHOLE, I FEEL POSITIVE ABOUT THE PROSPECTS OF MALAYSIA-AUSTRALIA ECONOMIC RELATIONS. AND ON THIS NOTE, I WISH YOU ALL EVERY SUCCESS IN YOUR DELIBERATIONS IN THIS FORUM AND IN YOUR BUSINESS

ENDEAVOURS. I AM CONFIDENT THAT, WITH YOUR SUPPORT, WE WILL BE THAT MUCH CLOSER TOWARDS ACHIEVING OUR GOAL OF ENHANCING MALAYSIA-AUSTRALIA ECONOMIC RELATIONS, INCLUDING THE CONCLUSION OF A FREE TRADE AGREEMENT BETWEEN MALAYSIA AND AUSTRALIA.

THANK YOU.