

**KEYNOTE ADDRESS BY
THE HONOURABLE DATO' SERI ABDULLAH AHMAD BADAWI
AT THE MALAYSIA - IRAN BUSINESS FORUM AT ESFAHAN, IRAN,
13 APRIL 2005**

YOUR EXCELLENCY MR. SEYED MAHMOUD HUSSEINI GOVERNOR OF ESFAHAN,

DISTINGUISHED GUESTS,
LADIES AND GENTLEMEN,

ASSALAMUALAIKUM, AND GOOD MORNING,

I WOULD LIKE TO BEGIN BY EXPRESSING MY SINCERE APPRECIATION TO THE GOVERNMENT OF IRAN, AND TO THE GOVERNOR OF ESFAHAN, FOR THE HOSPITALITY ACCORDED TO ME AND MY DELEGATION, AS WELL AS FOR THE SUPPORT GIVEN TO US IN ORGANISING THIS FORUM AND THE TRADE EXHIBITION IN ESFAHAN. THE SUCCESS OF THESE TWO EVENTS WILL BE A SUCCESS FOR BOTH MALAYSIA AND IRAN, AS IT WILL HELP GENERATE GREATER ECONOMIC AND TRADE OPPORTUNITIES FOR THE BUSINESS COMMUNITIES OF BOTH COUNTRIES. OVER AND ABOVE THAT, IT WILL CONTRIBUTE TOWARDS THE STRENGTHENING OF BILATERAL RELATIONS BETWEEN OUR TWO COUNTRIES.

EXCELLENCIES, LADIES AND GENTLEMEN,

2. IT IS INDEED A PLEASURE FOR ME TO BE HERE IN THIS GREAT COUNTRY, WHICH IS STEEPED IN THE RICHNESS OF ISLAMIC HISTORY AND TRADITIONS. IRAN HAS BEEN THE CRADLE OF ISLAMIC ART, MATHEMATICS AND SCIENCE, AND THE HOME OF FAMOUS ISLAMIC MATHEMATICIANS, PHILOSOPHERS, WRITERS AND POETS.

3. MALAYSIA, COMPARED TO IRAN, IS A RELATIVELY YOUNG ISLAMIC COUNTRY. HOWEVER, IT HAS RECORDED MUCH PROGRESS IN TERMS OF ECONOMIC GROWTH, INCLUDING THE DEVELOPMENT OF INDIGENOUS SCIENCE AND TECHNOLOGY. THERE IS THEREFORE MUCH THAT WE CAN LEARN FROM EACH OTHER, AND BENEFIT FROM EACH OTHER, AS WE STRIVE TO FURTHER DEVELOP OUR COUNTRIES AND IMPROVE THE LIVES OF OUR CITIZENS. I AM SPEAKING, OF COURSE, NOT ONLY ABOUT ECONOMIC AND SOCIAL ADVANCEMENT FOR OUR NATIONS BUT ALSO THE CULTURAL ENRICHMENT OF OUR PEOPLES.

4. I AM PARTICULARLY PLEASED TO BE HERE IN THIS HISTORIC CITY OF ESFAHAN, A CITY WHICH HAS A TWIN-CITY STATUS WITH KUALA LUMPUR, THE NATIONAL CAPITAL OF MALAYSIA.

5. I AM INDEED ENCOURAGED BY THE LEVEL OF INTEREST THAT OUR BUSINESS COMMUNITIES HAVE SHOWN TOWARDS FORGING CLOSER ECONOMIC COOPERATION AS INDICATED BY THEIR RESPONSES TO THE TRADE EXHIBITION AND THIS FORUM. IT IS MY WISH AND HOPE THAT THIS INTEREST WILL BE TRANSLATED INTO CONCRETE BUSINESS TRANSACTIONS.

6. INDEED, THERE IS ALREADY A STRONG FOUNDATION TO SUPPORT THE EXPANSION OF TRADE AND INVESTMENT RELATIONS BETWEEN MALAYSIA AND IRAN. BOTH ARE MEMBERS OF THE ORGANIZATION OF ISLAMIC CONFERENCE AND IF I MIGHT ADD, LEADING MEMBERS OF THE ORGANIZATION. WE SHARE MANY SIMILAR VIEWS ON INTERNATIONAL AFFAIRS, INCLUDING THE NEED TO ESTABLISH GREATER FAIRNESS AND EQUITY IN ECONOMIC RELATIONS BETWEEN NATIONS. MALAYSIA HAS BEEN INVESTING IN THE IRANIAN ECONOMY MUCH LONGER THAN MANY OTHERS. FOR EXAMPLE, THE MALAYSIAN PETROLEUM AND GAS CORPORATION, PETRONAS, HAS BEEN INVOLVED IN THE OIL AND GAS INDUSTRY IN IRAN SINCE 1995.

7. IN FACT, IRAN IS MALAYSIA'S FIFTH LARGEST TRADING PARTNER AMONG THE O.I.C COUNTRIES, AND BILATERAL TRADE BETWEEN OUR TWO COUNTRIES HAVE BEEN ON THE INCREASE. IN 2004, THE BILATERAL TRADE AMOUNTED TO US\$604.4 MILLION, AN INCREASE OF 41.1 PER CENT OVER THE TRADE FIGURE FOR 2003. HOWEVER, FROM MALAYSIA'S POINT OF VIEW, THIS IS STILL A VERY SMALL TRADING RELATIONSHIP BECAUSE IT REPRESENTS ONLY 0.3 PER CENT OF MALAYSIA'S GLOBAL TRADE IN 2004.

8. THERE IS DEFINITELY MUCH SCOPE FOR IMPROVEMENT, AND THIS CAN BE SEEN IN THE STRUCTURE OF TRADE. FOR NOW, THE TRADE BETWEEN MALAYSIA AND IRAN IS LIMITED TO PRIMARY COMMODITIES AND PETROLEUM. PALM OIL AND NATURAL RUBBER CONSTITUTE ABOUT HALF OF MALAYSIA'S EXPORTS TO IRAN, WHILE ALMOST 80 PER CENT OF MALAYSIA'S IMPORTS FROM IRAN COMPRISE PETROLEUM AND PETROLEUM PRODUCTS. THE BUSINESS COMMUNITIES OF BOTH SIDES MUST ASSIST TO EXPLORE WAYS TO EXPAND AND DIVERSIFY THE TRADITIONAL TRADE STRUCTURE BETWEEN OUR TWO COUNTRIES. THIS CAN BE ACHIEVED THROUGH NEW INVESTMENTS, INCLUDING THE SETTING UP OF JOINT VENTURES. WE MUST TAKE ADVANTAGE TO SYNERGISE ON THE STRENGTHS OF BOTH OUR ECONOMIES.

9. I WOULD LIKE TO HIGHLIGHT A PARTICULAR AREA OF BUSINESS THAT MALAYSIA AND IRAN CAN COLLABORATE, AND THAT IS IN THE DEVELOPMENT OF HALAL PRODUCTS AND SERVICES. THIS IS A SEGMENT IN PRODUCTION AND TRADE WHICH CAN CONTRIBUTE TOWARDS THE EXPANSION OF TRADING ACTIVITIES AMONG COUNTRIES WITH A SIZEABLE MUSLIM POPULATION. THERE IS ALSO A VALUE ADDED DIMENSION TO SUCH AN UNDERTAKING BECAUSE IT WILL CONTRIBUTE TOWARDS INCREASING ECONOMIC LINKAGES BETWEEN O.I.C MEMBER COUNTRIES.

10. I AM VERY KEEN TO PROMOTE CLOSE COLLABORATION AMONG MEMBER STATES OF THE ORGANISATION OF ISLAMIC CONFERENCE IN THE DEVELOPMENT OF INTERNATIONALLY RECOGNISED STANDARDS OR BENCHMARKS FOR HALAL PRODUCTS AND SERVICES. IN FACT, IN THE O.I.C TRADE FORUM, WHICH MALAYSIA IS HOSTING SOON, FROM 20 TO 21 JUNE 2005, WE HAVE SET ASIDE A SPECIAL SESSION FOR DISCUSSION ON "HALAL PRODUCTS AND SERVICES: OPPORTUNITIES AMONG O.I.C COUNTRIES". I WOULD LIKE TO TAKE THIS OPPORTUNITY TO INVITE YOU TO COME TO MALAYSIA AND PARTICIPATE IN THAT FORUM. WE WOULD LIKE YOU TO SHARE YOUR IDEAS ON HOW O.I.C COUNTRIES CAN EFFECTIVELY COOPERATE TO CREATE AN INTERNATIONAL NETWORK OF PRODUCERS OF HALAL PRODUCTS AND SERVICES. MALAYSIA, ON ITS PART, WILL SHARE WITH YOU OUR EXPERIENCE IN DEVELOPING THE MALAYSIAN HALAL STANDARD.

EXCELLENCIES, LADIES AND GENTLEMEN,

11. BESIDES THE OPPORTUNITIES FOR TRADE, I WOULD LIKE TO URGE ENTREPRENEURS FROM BOTH SIDES TO SEEK EXPANSION IN INVESTMENTS, FOR BOTH THE MANUFACTURING AND SERVICES SECTORS. I AM CONVINCED THAT THERE IS MUCH SCOPE FOR DEVELOPMENT AND MUTUAL BENEFIT IN BOTH SECTORS.

12. THE INVOLVEMENT OF PETRONAS IN THE OIL AND GAS INDUSTRY IN IRAN IS A GOOD EXAMPLE OF A SUCCESSFUL COLLABORATIVE PARTNERSHIP WHICH HAS CAPITALISED ON THE RESOURCES AND STRENGTHS OF BOTH SIDES. IT GIVES ME GREAT PRIDE TO BE ABLE TO STATE THAT PETRONAS IS A FORTUNE 500 COMPANY. IT IS AN INDIGENOUS NATIONAL COMPANY WHICH HAS DEVELOPED A WEALTH OF EXPERIENCE IN THE OIL AND GAS INDUSTRY. IT HAS OPERATIONS IN 35 COUNTRIES AROUND THE GLOBE. I HAVE BEEN INFORMED THAT PETRONAS IS VERY INTERESTED TO CONTINUE TO BE INVOLVED IN THE FURTHER DEVELOPMENT OF THE OIL AND GAS INDUSTRY IN IRAN.

13. SIMILARLY, MALAYSIA'S CONSTRUCTION COMPANIES ALSO HAVE VAST INTERNATIONAL EXPERIENCE, HAVING UNDERTAKEN CONSTRUCTION PROJECTS IN WEST ASIA, INDIA, AFRICA, AND CLOSER TO HOME IN THE ASEAN COUNTRIES. THESE COMPANIES HAVE REPRESENTATIVES HERE TODAY WHO ARE KEEN TO BE INVOLVED IN IRAN'S INFRASTRUCTURE DEVELOPMENT. I HOPE THAT THEIR PRESENCE HERE WILL PAVE THE WAY AND HASTEN THE COLLABORATION BETWEEN MALAYSIA AND IRAN IN THE AREA OF CONSTRUCTION SERVICES.

14. THE PROVISION OF FINANCIAL SERVICES IS ANOTHER POTENTIAL AREA FOR GREATER COOPERATION AMONG MEMBERS OF THE O.I. C. I STRONGLY BELIEVE THAT THERE IS MUCH WE CAN DO TOGETHER TO PROMOTE ISLAMIC BANKING AND FINANCIAL PRODUCTS. IN MALAYSIA, ISLAMIC BANKING HAS EXPANDED AND BECOME MAINSTREAM. WE NOW HAVE MORE THAN 40 ISLAMIC FINANCIAL PRODUCTS AND SERVICES IN THE COUNTRY WHICH FAITHFULLY APPLY CONCEPTS SUCH AS MUDHARABAH, MUSYARAKAH, MURABAHAH, BAI' BITHAMAN AJIL, IJARAH,

QARDHUL HASSAN AND OTHERS. I WOULD LIKE TO SUGGEST THAT MALAYSIAN AND IRANIAN BANKS EXPLORE COOPERATION IN THIS AREA. DIRECTLY, IT WILL ENHANCE COOPERATION IN BANKING AND FINANCE. INDIRECTLY, IT WILL HELP FACILITATE TRADE AND BUSINESS TRANSACTIONS BETWEEN OUR COUNTRIES.

EXCELLENCIES, LADIES AND GENTLEMEN,

15. THE MALAYSIAN GOVERNMENT HAS ALSO BEEN GIVING PRIORITY TO THE DEVELOPMENT OF THE INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SECTOR, IN LINE WITH OUR EFFORTS TO TRANSFORM MALAYSIA INTO A KNOWLEDGE-BASED ECONOMY. WE HAVE ESTABLISHED THE MULTIMEDIA DEVELOPMENT CORPORATION (MDC) TO SPEARHEAD THE DEVELOPMENT OF THE MULTIMEDIA SUPER CORRIDOR (MSC) AND THE I.C.T SECTOR IN MALAYSIA. THE M.S.C IS A DYNAMIC I.C.T HUB, SUPPORTED BY THE NECESSARY GOVERNMENT POLICIES, CYBER LAWS AND INFRASTRUCTURE WHICH ENABLE I.C.T-RELATED ACTIVITIES TO FLOURISH. TO DATE, 1226 I.C.T COMPANIES, WITH BOTH FOREIGN AND MALAYSIAN INTERESTS, HAVE SET UP OPERATIONS IN THE M.S.C.

16. MALAYSIA HAS BEEN SHARING, AND WILL CONTINUE TO SHARE WITH IRAN, OUR EXPERIENCE AND EXPERTISE IN THE DEVELOPMENT OF THE I.C.T SECTOR. FOR THIS PURPOSE, THE M.D.C HAD SIGNED A MEMORANDUM OF UNDERSTANDING WITH THE SUPREME COUNCIL OF INFORMATION AND COMMUNICATIONS TECHNOLOGY OF THE ISLAMIC REPUBLIC OF IRAN IN JULY 2002, DURING THE VISIT OF THE PRESIDENT OF IRAN TO MALAYSIA. THE AREAS OF COLLABORATION INCLUDE THE SMART CARD, TELE-HEALTH, SMART SCHOOL, AND E-COMMERCE.

17. FOLLOWING THE SIGNING OF THE M.O.U, SEVERAL IRANIAN DELEGATIONS HAVE VISITED THE M.S.C TO BENEFIT FROM THE EXPERTISE AND EXPERIENCE WHICH EXIST THERE. SINCE THEN, THE M.D.C HAS ALSO BEEN ENGAGED BY THE IRANIAN MINISTRY OF COMMERCE TO DEVELOP AN E-COMMERCE BLUEPRINT FOR IRAN. THIS WAS COMPLETED LAST YEAR, AND THE RECOMMENDATIONS FROM THE BLUEPRINT ARE NOW BEING IMPLEMENTED.

18. IRAN IS STILL A RELATIVELY NEW MARKET FOR MANY MALAYSIAN BUSINESSMEN. BUT I KNOW THAT THEY ARE EAGER TO EXPLORE AND WORK WITH THEIR COUNTERPARTS HERE. IN THIS CONTEXT, I WOULD LIKE TO SEE THE IRAN-MALAYSIA FRIENDSHIP ASSOCIATION TAKE ON THE CHALLENGE OF BUILDING THE NETWORKS AMONG OUR BUSINESS COMMUNITIES, SO THAT TOGETHER YOU CAN EXPLORE THE OPPORTUNITIES THAT ARE TRULY, MUTUALLY BENEFICIAL.

19. I HAVE TOUCHED UPON ONLY A FEW PARTICULAR AREAS. I HAVE NOT ELABORATED ON OTHER POSSIBILITIES SUCH AS IN THE AREA OF HEALTH, TOURISM AND EDUCATION WHICH ALSO CARRY MUCH POTENTIAL.

EXCELLENCIES, LADIES AND GENTLEMEN,

20. I WOULD LIKE TO RETURN TO THE SUBJECT OF STRENGTHENING COOPERATION AMONG O.I.C COUNTRIES, IN WHICH I BELIEVE MALAYSIA AND IRAN CAN TAKE THE LEAD. WE HAVE A DUTY TO CORRECT THE MANY WRONG PERCEPTIONS ABOUT ISLAMIC COUNTRIES. ONE OF THE BEST WAYS OF DOING THIS IS TO COLLABORATE IN ENHANCING OUR ECONOMIC STRENGTH AND DEVELOPING OUR HUMAN CAPITAL. AS CHAIRMAN OF THE O.I.C SUMMIT, I WISH TO DEDICATE MYSELF TO WORK FOR THE DEVELOPMENT OF THE O.I.C AS AN INTERNATIONAL ECONOMIC ENTITY, IN ADDITION TO THE POLITICAL AND DIPLOMATIC STANDING WHICH THE ORGANIZATION ALREADY POSSESS IN THE INTERNATIONAL ARENA.

21. THE O.I.C TODAY CONSISTS OF 57 MEMBER STATES FROM THREE CONTINENTS, NAMELY ASIA, EUROPE AND AFRICA. THE 1.4 BILLION MUSLIMS IN THE WORLD MAKE UP ONE-FIFTH OF THE GLOBAL POPULATION. IT IS ESTIMATED THAT THE FINANCIAL SURPLUSES OF ARAB AND OTHER MUSLIM COUNTRIES IN THE U.S.A AND OTHER WESTERN BANKS IS AROUND \$800 BILLION. O.I.C MEMBERS PROVIDE 70 PER CENT OF THE WORLD'S ENERGY REQUIREMENT AS WELL AS 40 PER CENT OF GLOBAL RAW MATERIAL EXPORTS.

22. YET, IN 2004, MEMBERS OF O.I.C ACCOUNTED FOR ONLY ABOUT 6 PER CENT OF GLOBAL TRADE. THEIR COLLECTIVE G.D.P FORMED LESS THAN 5 PER CENT OF WORLD G.D.P. THE PER CAPITA G.D.P OF O.I.C MEMBERS IN 2003 RANGED FROM AS LOW AS US\$152 TO A HIGH OF US\$32,268. THE VERY LOW INCOME LEVELS IN MANY O.I.C. MEMBER COUNTRIES IS THE REASON WHY 22 OUT OF 57 COUNTRIES, WHICH IS ALMOST 40 PER CENT OF THE ORGANIZATION'S MEMBERSHIP, ARE CLASSIFIED BY THE UNITED NATIONS AS LEAST DEVELOPED COUNTRIES.

23. CLEARLY THE O.I.C MUST TAKE SERIOUS MEASURES TO DEAL WITH THE IMBALANCES THAT EXIST WITHIN THE GROUPING. WE MUST LEVERAGE ON OUR RICH RESOURCES AND COLLECTIVE STRENGTH TO IMPROVE OUR ECONOMIC STANDING IN THE WORLD. WE HAVE MADE A SMALL BEGINNING WHEN WE LAUNCHED IN MARCH THIS YEAR, IN KUALA LUMPUR, "THE CAPACITY BUILDING PROGRAMME FOR O.I.C COUNTRIES". THE PILOT PROJECTS IN THE FIRST AND SECOND PHASE WOULD INVOLVE SEVEN HOST COUNTRIES AND AT LEAST SEVEN OTHER PARTICIPATING COUNTRIES, TOGETHER WITH THE PRIVATE SECTOR. THE IMMEDIATE PURPOSE IS TO GENERATE INCOME AND PROVIDE EMPLOYMENT. THE LONGER TERM INTENTION IS TO ASSIST THESE O.I.C COUNTRIES UPGRADE THEIR GOVERNANCE AND DEVELOPMENT EFFORTS. I HOPE THE GOVERNMENT OF IRAN WILL GIVE ITS FULL SUPPORT TO THIS CAPACITY BUILDING PROJECT.

24. OBVIOUSLY, FACILITATION OF TRADE AND INCREASE OF PRIVATE INVESTMENTS WITHIN THE GROUPING WILL ALSO BE AN EFFECTIVE WAY TO ADDRESS THE IMBALANCES. IN THIS CONNECTION, I AM PLEASED TO NOTE THAT MALAYSIA AND IRAN ARE AMONG KEY PLAYERS IN THE NEGOTIATIONS TO ESTABLISH THE TRADE PREFERENTIAL SYSTEM OF THE O.I.C (TPS-OIC). I HAVE

BEEN INFORMED THAT THE PROTOCOL ON THE TPS-OIC IS EXPECTED TO BE FINALISED BY THE END OF THIS YEAR. I BELIEVE THIS IS AN IMPORTANT STEP IN THE LARGER GOAL OF ENHANCING ECONOMIC INTEGRATION AMONG O.I.C COUNTRIES. I WOULD LIKE TO SEE MALAYSIA AND IRAN WORK TOGETHER TO ENSURE THAT THIS TRADE PREFERENTIAL SYSTEM IS SUCCESSFUL FOR THE ECONOMIC BETTERMENT OF THE MEMBERS OF O.I.C AS A WHOLE.

25. THEREFORE, IN THE CONTEXT OF LEADERSHIP BY EXAMPLE, I AM MOST PLEASED TO SEE THE INTEREST SHOWN TOWARDS EXPANDING BUSINESS LINKS BETWEEN MALAYSIA AND IRAN. I AM ALSO INFORMED THAT THIS THE FIRST TIME THE BUSINESS COMMUNITIES OF MALAYSIA AND IRAN ARE JOINTLY PARTICIPATING IN A TRADE EXHIBITION SPECIFICALLY FOCUSING ON MUTUAL TRADE AND INVESTMENT INTERESTS. THE PRESENCE OF MALAYSIAN COMPANIES AT THIS FORUM AND AT THE TRADE EXHIBITION IS REFLECTIVE OF THE GROWING INTERESTS IN ESTABLISHING AND STRENGTHENING BUSINESS RELATIONS, AS WELL AS SEEKING INVESTMENT OPPORTUNITIES IN IRAN. WE SHOULD ALSO WORK TO EXPAND THIS INTEREST TO THE REST OF THIS REGION, AS PART OF OUR EFFORT TO ENHANCE TRADE AND INVESTMENT LINKAGES AMONG O.I.C COUNTRIES. CONSISTENT WITH THIS OBJECTIVE, MALAYSIA WILL ALSO ORGANIZE A TRADE EXHIBITION AND INDIVIDUAL BUSINESS MATCHING SESSIONS DURING THE O.I.C. TRADE FORUM THAT WILL BE HELD IN MALAYSIA IN JUNE THIS YEAR.

26. IN THE CONTEXT OF CONTRIBUTING TOWARDS THE EXPANSION OF RELATIONS GENERALLY BETWEEN MALAYSIA AND IRAN, LET ME FORMALLY CONGRATULATE THE IRAN-MALAYSIA FRIENDSHIP ASSOCIATION FOR ORGANISING THE TRADE EXHIBITION WHICH IS FULLY ENTITLED THE "IRAN-MALAYSIA INDUSTRY TRADE AND INVESTMENT EXCHANGE OR IMEX 2005". THIS INITIATIVE WOULD CERTAINLY COMPLEMENT THE EFFORTS UNDERTAKEN BY BOTH THE GOVERNMENTS OF MALAYSIA AND IRAN IN THEIR EFFORTS TO ENHANCE ECONOMIC LINKAGES BETWEEN OUR TWO BROTHERLY COUNTRIES.

27. LET ME ALSO WISH ALL PARTICIPANTS EVERY SUCCESS AND I HOPE THAT THIS MEETING OF BUSINESS MINDS WILL LEAD TO MORE FRUITFUL ENGAGEMENTS IN THE FUTURE.

THANK YOU.