

**SPEECH BY  
YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI  
AT THE "MALAYSIA-PAKISTAN BUSINESS FORUM"  
AT ISLAMABAD, PAKISTAN  
16 FEBRUARY 2005**

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EXCELLENCIES, LADIES AND GENTLEMEN,

I AM DELIGHTED TO BE HERE WITH MEMBERS OF THE BUSINESS COMMUNITY OF PAKISTAN AT THIS "MALAYSIA-PAKISTAN BUSINESS FORUM". I BELIEVE MEMBERS OF THE MALAYSIAN BUSINESS DELEGATION ACCOMPANYING ME DURING THIS OFFICIAL VISIT TO PAKISTAN ARE ALSO PRESENT ON THIS OCCASION.

2. I WOULD LIKE ALL OF YOU TO KNOW THAT AT THE INTER-GOVERNMENTAL AND DIPLOMATIC LEVELS, MALAYSIA AND PAKISTAN HAVE VERY GOOD RELATIONS. WE HAVE NO BILATERAL POLITICAL OR DIPLOMATIC PROBLEMS BETWEEN US. OUR TWO COUNTRIES SHARE SIMILAR PERCEPTIONS AND POSITIONS ON MOST CURRENT AND IMPORTANT INTERNATIONAL ISSUES. THIS STEMS FROM THE FACT THAT WE HAVE MANY SHARED HISTORICAL TRADITIONS, THAT OUR PEOPLE SHARE THE SAME RELIGION AND THAT BOTH MALAYSIA AND PAKISTAN SHARE COMMON MEMBERSHIP OF INTERNATIONAL ORGANIZATIONS WHICH ARE IMPORTANT TO DEVELOPING COUNTRIES. THESE INCLUDES THE ORGANIZATION OF ISLAMIC CONFERENCE. INDEED, MALAYSIA AND PAKISTAN HAVE COOPERATED ON MANY INTERNATIONAL ISSUES.

3. I MUST HOWEVER POINT OUT THAT OUR BILATERAL ECONOMIC AND TRADING RELATIONS ARE NOT AT PAR WITH OUR POLITICAL AND DIPLOMATIC RELATIONS. THIS INBALANCE MUST BE CORRECTED. THE POTENTIALS DO EXIST FOR EXPANDING AND DEEPENING THE RELATIONS IN THESE TWO AREAS. IN FACT, THERE IS STILL SO MUCH THAT OUR TWO COUNTRIES CAN OFFER NOT ONLY TO EACH OTHER BUT ALSO TO THE WORLD AT LARGE.

4. THE POINT I AM MAKING IS THAT ANY EFFORT ON THE PART OF THE PRIVATE SECTOR OF PAKISTAN, AND OF MALAYSIA, TO DO BUSINESS AND INCREASE COOPERATION BETWEEN YOURSELVES WILL MEET NOT ONLY THE APPROVAL OF BOTH GOVERNMENTS BUT ALSO THEIR ENCOURAGEMENT AND SUPPORT. I BELIEVE I CAN SPEAK FOR PAKISTAN AS WELL THAT THE TWO GOVERNMENTS WILL FACILITATE ALL EFFORTS TO INCREASE ECONOMIC AND TRADE RELATIONS BETWEEN OUR TWO COUNTRIES. I CAN CERTAINLY SAY SO ON BEHALF OF MALAYSIA.

5. WE ALREADY HAVE BETWEEN OUR TWO COUNTRIES AN ECONOMIC AND TECHNICAL COOPERATION AGREEMENT AS WELL AS A BILATERAL TRADE AGREEMENT. THE MALAYSIA-PAKISTAN JOINT COMMISSION HAS MET FOR THREE CONSECUTIVE YEARS TO DISCUSS EXPANSION OF COOPERATION IN ALL AREAS,

INCLUDING TRADE AND INVESTMENT. OUR GOVERNMENTS ARE NOW WORKING TOWARDS AN EARLY CONCLUSION OF A BILATERAL PAYMENTS AGREEMENT. IN ADDITION, WE ALSO HAVE IN PLACE AGREEMENTS ON INVESTMENT GUARANTEE, AVOIDANCE OF DOUBLE TAXATION AND SHIPPING.

6. IN A WIDER CONTEXT, MALAYSIA HAS EMBARKED UPON THE ESTABLISHMENT OF BILATERAL FREE TRADE AREAS WITH SEVERAL OF ITS TRADING PARTNERS. I BELIEVE MALAYSIA AND PAKISTAN SHOULD ALSO BEGIN TO ADDRESS THE POSSIBILITY AND DESIRABILITY OF ESTABLISHING BETWEEN OUR TWO COUNTRIES SUCH A BILATERAL FREE TRADE AREA.

7. I WOULD LIKE TO TAKE THIS OPPORTUNITY TO EMPHASISE THAT WE CAN, AND SHOULD, LEVERAGE THE STRONG FOUNDATIONS THAT WE ALREADY SHARE TO FURTHER PROMOTE TRADE AND INVESTMENT BETWEEN OUR COUNTRIES SPECIFICALLY, AND BETWEEN MEMBERS OF THE ORGANIZATION OF ISLAMIC CONFERENCE GENERALLY. FOR INSTANCE, PAKISTAN AND MALAYSIA SHOULD WORK TO ACCELERATE THE CONCLUSION OF PREFERENTIAL TRADING ARRANGEMENTS AMONG O I C MEMBER COUNTRIES IN THE CONTEXT OF PUTTING INTO EFFECT THE O I C TRADE PREFERENTIAL SYSTEM.

8. THIS BUSINESS FORUM IS TIMELY SO THAT INFORMATION CAN BE EXCHANGED AND BUSINESS POSSIBILITIES DISCUSSED DIRECTLY BETWEEN PEOPLE WHO DO BUSINESS. I STRONGLY BELIEVE THAT THERE IS YET MUCH BUSINESS TO BE DONE BETWEEN OUR TWO SIDES. FOR EXAMPLE, THE FULL POTENTIAL FOR TRADING BETWEEN MALAYSIA AND PAKISTAN IS YET TO BE TAPPED. PAKISTAN REPRESENTS MALAYSIA'S FOURTH LARGEST TRADING PARTNER IN THE O I C. YET THE TOTAL TRADE BETWEEN MALAYSIA AND PAKISTAN IS VALUED ONLY AT US\$755.5 MILLION IN 2004, WHICH ACCOUNTS FOR MERELY 0.3 PER CENT OF MALAYSIA'S GLOBAL TRADE FOR THAT YEAR. FURTHERMORE, THE ITEMS OF BILATERAL TRADE BETWEEN MALAYSIA AND PAKISTAN ARE NARROWLY CONFINED TO MAINLY COMMODITIES SUCH AS PALM OIL AND RICE. QUITE CLEARLY, THERE IS MUCH SCOPE TO DIVERSIFY OUR TRADE ITEMS.

9. I WOULD LIKE TO REMIND THE MALAYSIAN BUSINESS DELEGATION THAT PAKISTAN IS NOW ONE OF THE LEADING AND SUCCESSFUL PRODUCERS OF COTTON AND TEXTILES. PAKISTAN ALSO HAS A HIGHLY DIVERSIFIED BASE OF MANUFACTURED PRODUCTS FOR BOTH THE DOMESTIC AND WORLD MARKETS.

10. I WOULD LIKE, IN TURN, TO INFORM THE PAKISTANI TRADERS PRESENT THAT MALAYSIA MAINTAINS A VERY LIBERAL AND OPEN IMPORT REGIME. RECIPROCITY IS KEY IN INTERNATIONAL TRADE EXPANSION, AND MALAYSIA IS READY FOR THAT. OF COURSE, MALAYSIA TOO HAS AN EXTENSIVE RANGE OF GOODS AND SERVICES TO OFFER TO PAKISTAN.

11. I MUST OF COURSE RECOGNIZE THAT PAKISTAN TOO HAS SHOWN SERIOUS COMMITMENTS TOWARDS TRADE LIBERALISATION. IN THE EARLY 1990S PAKISTAN TARIFFS HOVERED AROUND 100 PER CENT. NOW I UNDERSTAND THAT THE RATES

HAVE BEEN BROUGHT DOWN TO A MAXIMUM OF 25 PER CENT. THIS IS INDEED IMPRESSIVE AND IS AN IMPORTANT STEP IN LAYING THE FOUNDATION FOR INCREASED TRADE AND INVESTMENT. AS A PARTNER IN TRADE AS WELL AS INVESTMENT, MALAYSIA WELCOMES THESE POLICY DEVELOPMENTS IN PAKISTAN.

12. THERE IS ANOTHER RELATED POINT WHICH I WISH TO MAKE. THIS IS REGARDING MALAYSIA'S STRONG TRADE RELATIONSHIP WITH THE ASEAN COUNTRIES. THIS MEANS THAT PAKISTAN EXPORTERS, IN DEALING WITH MALAYSIA, HAVE THE ADVANTAGE OF ACCESS TO THE LARGER ASEAN MARKET OF MORE THAN 530 MILLION PEOPLE. IN 2004, ASEAN ACCOUNTED FOR US\$31.7 BILLION, OR 25.1 PER CENT OF MALAYSIA'S EXPORTS, AND US\$25.2 BILLION OR 24 PER CENT OF MALAYSIA'S IMPORTS. I URGE YOU THEREFORE TO EXPLORE SERIOUSLY USING MALAYSIA AS YOUR GATEWAY TO THE ASEAN MARKET.

EXCELLENCIES, LADIES AND GENTLEMEN,

13. REGARDING INVESTMENT, I WOULD LIKE TO POINT OUT THAT THE FLOW OF INVESTMENT BETWEEN MALAYSIA AND PAKISTAN IS STILL VERY LOW. IN MALAYSIA, ONLY 12 MANUFACTURING PROJECTS WITH EQUITY PARTICIPATION FROM PAKISTAN HAVE BEEN APPROVED FOR THE PERIOD FROM 1980 THROUGH 2004, WITH TOTAL PAKISTANI EQUITY OF US DOLLARS 31 MILLION. IN PAKISTAN, MALAYSIAN COMPANIES HAVE SO FAR CONFINED THEIR INVESTMENT ACTIVITIES ONLY TO A FEW SECTORS NAMELY ENERGY, TELECOMMUNICATIONS, OIL AND GAS.

14. THE INVESTMENT TREND MAY BE CONSIDERED ENCOURAGING BUT DEFINITELY NOT COMMENSURATE WITH THE POTENTIALS OR THE EXPECTATIONS OF BOTH GOVERNMENTS. THE BUSINESS COMMUNITIES OF BOTH SIDES SHOULD BE ABLE TO TAKE ADVANTAGE OF THEIR COMPLIMENTARY STRENGTHS IN CERTAIN SECTORS. FOR EXAMPLE, BOTH PAKISTAN AND MALAYSIA HAVE CONSIDERABLE EXPERIENCE IN THE TEXTILE INDUSTRY. WORKING TOGETHER, WE WOULD BE ABLE TO COMPETITIVELY BENEFIT FROM A MORE OPEN GLOBAL MARKET BROUGHT ABOUT BY THE TERMINATION OF THE QUOTA REGIME UNDER THE W T O AGREEMENT ON TEXTILES AND CLOTHING. WE SHOULD TAKE FULL ADVANTAGE OF THE ENDING OF THE QUOTAS ON TEXTILES, THROUGH COLLABORATIVE BUSINESS STRATEGIES.

15. OUR INDUSTRIALISTS SHOULD ALSO BEGIN TO DERIVE MUTUAL BENEFIT FROM SYNERGISTIC MARKET STRATEGIES. OUR COMMON ISLAMIC HERITAGE GIVES US ADVANTAGE IN THE HALAL PRODUCTS AND SERVICES INDUSTRIES. WITH OUR COMBINED EXPERTISE WE CAN EASILY BE LEADERS IN THIS FIELD. CONSIDERING THAT THERE ARE ABOUT 1.8 BILLION MUSLIMS WORLDWIDE, JOINT VENTURES IN THE HALAL INDUSTRIES SHOULD BE A VERY VIABLE AND PROFITABLE PROPOSITION INDEED. SUCH COLLABORATION SHOULD ALSO BE EXTENDED TO THE FINANCIAL SERVICES SECTOR. I WOULD LIKE TO SUGGEST THAT MALAYSIAN AND PAKISTANI BUSINESS PARTNERS EXPLORE INTO THIS AREA OF THE ISLAMIC MARKET PLACE AND FORGE COMPETITIVE JOINT VENTURES.

16. I WOULD LIKE TO MAKE SPECIAL MENTION ABOUT POSSIBLE JOINT INVESTMENTS IN THE SECTOR OF INFORMATION AND COMMUNICATION TECHNOLOGY. I KNOW THAT THERE HAVE BEEN SIGNIFICANT DISCUSSIONS BETWEEN THE MALAYSIAN MULTIMEDIA DEVELOPMENT CORPORATION OR M D C AND THE PAKISTAN SOFTWARE HOUSES ASSOCIATION OR P A S H A. WITH THE EMPHASIS GIVEN BY BOTH COUNTRIES TO THE DEVELOPMENT OF I C T, MALAYSIA AND PAKISTAN SHOULD STRIVE TO BECOME LEADERS IN THIS AREA AS WELL. IN THE PAST, MUSLIM SCHOLARS HAVE BEEN LEADERS IN THE FIELD OF SCIENCE AND MATHEMATICS. OUR PRESENT DAY SCIENTISTS AND ENGINEERS SHOULD BE ABLE TO BUILD UPON THIS TRADITION OF INTELLECTUAL LEADERSHIP AND COLLABORATIVELY EMBARK UPON THE DEVELOPMENT OF IDEAS AND PRODUCTS IN SUCH AREAS AS:

- TELEMEDICINE, LIFE SCIENCES & BIOTECHNOLOGY
- SMART CARD
- WIRELESS TECHNOLOGY
- INNOVATIVE I C T SOLUTIONS
- I C T TRAINING
- CREATIVE CONTENT DEVELOPMENT
- ISLAMIC BANKING SOLUTIONS
- JOINT RESEARCH AND DEVELOPMENT

17. I WOULD LIKE TO HIGHLIGHT ALSO THE CONSTRUCTION SECTOR. MALAYSIAN CONTRACTORS HAVE BEEN SUCCESSFUL IN COUNTRIES SUCH AS INDIA, CHINA, INDONESIA, SINGAPORE, SRI LANKA, SOUTH AFRICA, THAILAND, VIETNAM AND IN THE GULF REGION. I HAVE BROUGHT WITH ME IN THE MALAYSIAN BUSINESS DELEGATION, REPRESENTATIVES OF THE CONSTRUCTION INDUSTRY WHO ARE VERY KEEN TO EXPLORE POSSIBILITIES OF WORKING WITH PAKISTANI PARTNERS IN INFRASTRUCTURE DEVELOPMENT SUCH AS ROADS, HIGHWAYS AND HOUSING. WITH THEIR VAST EXPERIENCE GAINED THROUGH THEIR PARTICIPATION IN OTHER PROJECTS WORLDWIDE, I AM SURE THERE IS MUCH THAT CAN BE OFFERED AND SHARED.

18. I AM SURE YOU REQUIRE NO REMINDER THAT THE BUSINESS COMMUNITY IN DEVELOPING COUNTRIES HAS A VERY SIGNIFICANT ROLE IN NATION BUILDING. YOU UNDERSTAND THE IMPACT THAT TRADE AND ECONOMIC LIBERALISATION CAN HAVE ON YOUR BOTTOM LINE. BY IMPLICATION IT WILL ALSO HAVE AN IMPACT ON NATIONAL WEALTH. IT IS THUS IMPORTANT THAT YOU LEND YOUR SUPPORT AND PROVIDE ESSENTIAL CRITICAL FEEDBACKS TO GOVERNMENTS IN ORDER TO ENSURE THAT THE MECHANISMS AND INITIATIVES PUT IN PLACE YIELD THE DESIRED RESULTS AND MOVE IN TANDEM WITH GLOBAL BUSINESS DEVELOPMENTS.

19. IN THE CONTEXT OF UPLIFTING THE WELLBEING OF THE UMMAH, I BELIEVE IT IS DESIRABLE THAT PAKISTAN AND MALAYSIA WORK TOGETHER TO STRENGTHEN THE ORGANIZATION OF ISLAMIC CONFERENCE. IN THIS CONNECTION, ANY EXPANSION OF TRADE, INVESTMENT AND OTHER ECONOMIC LINKS AMONG BUSINESSMEN OF THE O I C COUNTRIES WOULD GREATLY CONTRIBUTE TO THIS EFFORT. THE POSSIBILITY OF THE O I C DEVELOPING AN ECONOMIC IDENTITY IS NOT UNREALISABLE. THE 57 MEMBER COUNTRIES OF THE O I C MAKE UP ONE-

FIFTH OF THE WORLD'S POPULATION, PROVIDE 70 PER CENT OF THE WORLD'S ENERGY REQUIREMENTS AND 40 PER CENT OF THE GLOBAL EXPORTS OF RAW MATERIALS. IN SPITE OF THIS, INTRA-ASEAN TRADE IS VERY SMALL INDEED. WHAT IS STILL MISSING IS A LITTLE BIT OF CREATIVITY AND ORGANIZATION.

EXCELLENCIES, LADIES AND GENTLEMEN,

20. ON THAT NOTE, I END BY CALLING UPON ALL OF YOU - IN YOUR DELIBERATIONS ABOUT EXPANDING TRADE AND INVESTMENT VENTURES - TO USE A LOT OF CREATIVITY AND INNOVATION. I HAVE ALWAYS URGED MALAYSIANS TO THINK "OUT-OF-THE-BOX". I ASK YOU TO DO THE SAME HERE, AND I WISH ALL OF YOU GREAT SUCCESS IN YOUR CONTACTS AND BUSINESS DISCUSSIONS. I LOOK FORWARD TO A FASTER PACE OF ECONOMIC ACTIVITY BETWEEN PAKISTAN AND MALAYSIA.

THANK YOU.