

**SPEECH BY**  
**YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI**  
**AT THE MALAYSIA-INDIA ECONOMIC CONFERENCE 2005:**  
**INDIA – AN EMERGING ECONOMIC GIANT AT SUNWAY LAGOON**  
**RESORT HOTEL, BANDAR SUNWAY**  
**17 JANUARI 2005**

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ASSALAMUALAIKUM WARAHMATULLAHI WABARAKATUH AND GOOD MORNING

EXCELLENCIES

DISTINGUISHED GUESTS

LADIES AND GENTLEMEN

1. FIRSTLY, I WOULD LIKE TO THANK THE ORGANISERS, THE NATIONAL S.M.I. CONSULTATIVE CENTER, FOR INVITING ME TO OFFICIATE THE OPENING OF THIS INAUGURAL MALAYSIA-INDIA ECONOMIC CONFERENCE 2005 THEMED "INDIA – AN EMERGING ECONOMIC GIANT". I AM HAPPY TO NOTE THAT THE MALAYSIAN PRIVATE SECTOR CONTINUES TO WORK WITH THE GOVERNMENT IN PROMOTING BUSINESS AND ECONOMIC ACTIVITY INTERNATIONALLY, WHICH IN TURN BUILDS BRIDGES AND REINFORCES TIES BETWEEN MALAYSIA AND OUR FRIENDS AROUND THE GLOBE. IN FACT, ECONOMIC LINKAGES ARE OFTENTIMES THE GLUE TO SOME OF OUR MOST BINDING BILATERAL AND MULTI-LATERAL RELATIONSHIPS, AND SHOULD THEREFORE CONTINUE TO BE PURSUED VIGOROUSLY.

LADIES AND GENTLEMEN

2. THE THEME OF THIS CONFERENCE RINGS TRUE; INDIA IS INDEED A STIRRING ECONOMIC GIANT WHOSE TIME HAS COME. HER ECONOMIC ACHIEVEMENT IS UNPRECEDENTED AND SHE HAS GROWN FASTER THAN ALL THE ASIAN 'MIRACLE' ECONOMIES SAVE CHINA SINCE 1992. BY THE END OF LAST YEAR, INDIA'S MIDDLE CLASS ALONE STOOD AT 300 MILLION PEOPLE, BECOMING THE LARGEST MIDDLE CLASS IN THE WORLD. IT IS THEREFORE NOT SURPRISING THAT BY 2050, INDIA'S ECONOMY, POWERED BY WHAT WOULD THEN BE THE WORLD'S LARGEST POPULATION, WOULD BECOME THE THIRD LARGEST IN THE WORLD.

3. THIS REALISATION IS NOT LOST ON MALAYSIA. IN THE DECADE ENDING IN 2003, OUR BILATERAL TRADE HAD INCREASED BY MORE THAN 5 TIMES, REACHING 3.2 BILLION U.S. DOLLARS. BY THE END OF LAST YEAR, IT ROSE YET FURTHER AND IS PROJECTED TO EXCEED 4.5 BILLION U.S. DOLLARS IN 2004. ADDITIONALLY, MALAYSIA IS INDIA'S BIGGEST TRADING PARTNER IN ASEAN. OUR EXPORTS TO INDIA EXPERIENCED A SEVEN FOLD INCREASE FROM 1.4 BILLION RINGGIT IN 1994 TO 9.6 BILLION RINGGIT IN 2003. FURTHERMORE, MALAYSIAN FOREIGN DIRECT INVESTMENT IN INDIA, PRIMARILY FOCUSED IN INFRASTRUCTURE, OIL, POWER, TOURISM AND HUMAN RESOURCES, STOOD AT ABOUT 450 MILLION U.S. DOLLARS IN 2004.

4. HOWEVER, NOTWITHSTANDING THESE IMPRESSIVE FIGURES, MALAYSIA'S TOTAL EXPORTS TO INDIA REPRESENT ONLY 3.4 PERCENT OF INDIA'S TOTAL IMPORTS. AT THE SAME TIME, IMPORTS FROM INDIA ONLY ACCOUNT FOR 0.8 PERCENT OF MALAYSIA'S TOTAL IMPORTS. ADDITIONALLY, AS FAR AS F.D.I. IS CONCERNED, ONLY 3 PERCENT OF INDIA'S TOTAL F.D.I. IS FROM MALAYSIA AND SIMILARLY, ONLY 1 PERCENT OF TOTAL F.D.I. IN MALAYSIA IS FROM INDIA. THESE RELATIVELY LOW FIGURES INDICATE THAT THERE IS A VERY LARGE UPSIDE POTENTIAL THAT CAN AND SHOULD BE DEVELOPED BY INDUSTRY, BOTH IN MALAYSIA AND INDIA.

5. THIS PROCESS HAS ALREADY BEGUN IN EARNEST AND IS EVINced BY THE FACT THAT THERE ARE MORE THAN 20 INDIAN-OWNED COMPANIES AND MORE THAN 50 INDIAN-MALYSIAN JOINT VENTURE COMPANIES BASED HERE IN MALAYSIA. MOREOVER, THERE ARE 56 COMPANIES THAT HAVE INDIAN EQUITY PARTICIPATION OPERATING IN OUR MULTIMEDIA SUPER CORRIDOR, OR M.S.C.. I STRONGLY BELIEVE THAT WE HAVE TO TAKE MANY MORE STEPS TOGETHER IN THE DIRECTION OF GREATER BILATERAL PARTNERSHIP TO FULLY TAP THE VAST OPPORTUNITIES OUR BOURGEONING ECONOMIC RELATIONSHIP HAS TO OFFER.

6. THIS RELATIONSHIP HAS THUS FAR BEEN NURTURED OVER THE COURSE OF OUR BILATERAL TIES AS WELL AS OUR BROAD COOPERATION IN INTERNATIONAL, REGIONAL AND DEVELOPMENTAL ORGANISATIONS. AS A RESULT OF OUR COOPERATION IN THESE SPHERES, COUNTLESS BILATERAL OPPORTUNITIES HAVE BEEN CREATED IN THE FIELDS OF INFRASTRUCTURE, ENGINEERING, I.C.T. AND HUMAN RESOURCES. WE MUST STRIVE FORWARD ALONG THIS PATH AND ENHANCE THE PROSPECTS FOR COLLABORATION IN OTHER EMERGING FIELDS SUCH AS HEALTHCARE, EDUCATION, BIOTECHNOLOGY AND BUSINESS PROCESS OUTSOURCING (B.P.O.).

7. IN RELATION TO ECONOMIC COOPERATION, I AM HAPPY TO NOTE THAT HIS EXCELLENCY DR. MANMOHAN SINGH, THE PRIME MINISTER OF INDIA, AND I HAVE AGREED TO PURSUE A COMPREHENSIVE ECONOMIC COOPERATION AGREEMENT BETWEEN OUR TWO COUNTRIES, FAR SURPASSING A SIMPLE FREE TRADE AGREEMENT, ENCOMPASSING COOPERATION IN VARIOUS SECTORS BETWEEN MALAYSIA AND INDIA.

8. I LOOK FORWARD TO THE DAY WHEN OUR EXTENSIVE COOPERATION AND FAR-REACHING PARTNERSHIP WILL ENGENDER A COLLECTIVE CAPABILITY THAT WE CAN TAKE TO THE WORLD STAGE TOGETHER. WITH THE GOODWILL I ENCOUNTERED ON MY TRIP TO INDIA AND IN THE SPIRIT OF OUR RENEWED RELATIONSHIP, THE DAY IS NOT FAR WHEN MALYSIAN AND INDIAN INDUSTRY CAN JOIN FORCES TO COLLECTIVELY COMPETE FOR ECONOMIC OPPORTUNITIES AT THE GLOBAL LEVEL.

LADIES AND GENTLEMEN

9. WHILE INDIA CONTINUES TO FOSTER THE EXPANSION OF LARGE CONGLOMERATES LIKE INFOSYS, TATA AND WIPRO, WE SHOULD NOT LOSE SIGHT OF THE FACT THAT IT IS THE SMALL AND MEDIUM INDUSTRIES (S.M.I.'S) AND ENTERPRISES (S.M.E.'S) AS WELL AS THE EXPANDING MIDDLE CLASS THAT WILL PLAY IMPORTANT ROLES IN SPURRING INDIA CONFIDENTLY INTO THE FUTURE.

10. WHILE S.M.E.'S FORM AN INTEGRAL AND INDISPENSABLE PART OF BOTH THE MALAYSIAN AND INDIAN ECONOMIES, THEIR RESPECTIVE MAKE-UPS DIFFER. IN MALAYSIA, 90 PER CENT OF THE TOTAL MANUFACTURING FIRMS ARE S.M.E.'S AND THEY ACCOUNT FOR 20 PER CENT OF THE TOTAL EXPORTS OF THE COUNTRY AND 17.5 PER CENT OF EMPLOYMENT IN MANUFACTURING. WHEREAS IN INDIA, THE SMALL INDUSTRIES SECTOR ACCOUNTS FOR 95 PER CENT OF THE TOTAL NUMBER OF MANUFACTURING FIRMS, WHICH ACCOUNTS FOR 35 PER CENT OF TOTAL EXPORTS AND 80 PER CENT OF MANUFACTURING EMPLOYMENT.

11. FROM THESE FIGURES, WE CAN SAFELY ASSUME THAT S.M.E.'S WILL CONTINUE TO PLAY A SUBSTANTIAL ROLE IN DRIVING THE INDIAN ECONOMY FORWARD. IN THIS RESPECT AND JUDGING FROM THE HIGH PERCENTAGE OF EXPORTS BY THE INDIAN S.M.E.'S, THERE IS SOME SCOPE FOR OUR LOCAL S.M.E.'S TO FURTHER DEVELOP THEIR COMPETITIVENESS AND ENHANCE THEIR PRODUCTIVITY BY STUDYING THE INDIAN MODEL.

12. THIS MODEL, BROADLY SPEAKING, IS CENTRED ON INDIA'S MOST VALUABLE RESOURCE, HER PEOPLE. WITH A NATIONAL GRADUATING CLASS FROM TERTIARY INSTITUTIONS NUMBERING APPROXIMATELY 2.5 MILLION PERSONS ANNUALLY COUPLED WITH STRONG ENGLISH LANGUAGE PROFICIENCY, IT IS NO WONDER THAT INDIA'S COMPARATIVE ADVANTAGE OVER SIMILAR EMERGING COUNTRIES WILL BE THE HIGH QUALITY OF HER YOUNG WORKFORCE.

13. IT IS THIS WORKFORCE THAT HAS CATAPULTED THE REGARD WHICH THE GLOBAL COMMUNITY HAS FOR INDIA IN THE 'SOFTWARE' AREAS OR FIELDS, WHICH GENERALLY RELATE TO CREATIVITY, INNOVATION AND ENTERPRISE, AND OF COURSE, IN I.C.T. PARTICULARLY.

14. WHILE INDIA HAS DEVELOPED ITS 'SOFTWARE' FIELDS TO INTERNATIONAL STANDARDS OF EXCELLENCE, THE INDIAN GOVERNMENT HAS EMBARKED ON A WIDE-RANGING COMPREHENSIVE PROGRAM OF INFRASTRUCTURE OR 'HARDWARE' INVESTMENT AND DEVELOPMENT.

15. THERE IS MUCH MALAYSIA CAN CONTRIBUTE IN THIS REGARD WHERE WE HAVE DEMONSTRABLE STRENGTHS AND IMPORTANTLY, PROVEN TRACK RECORDS. MALAYSIAN ENTREPRENEURS AND BUSINESSMEN SHOULD STRATEGICALLY ENGAGE WITH THEIR INDIAN COUNTERPARTS AND THE INDIAN GOVERNMENT, AND FULLY COMPETE FOR OPPORTUNITIES IN THIS ASPECT OF INDIA'S GROWTH.

MEANWHILE, MALAYSIAN COMPANIES CAN LEARN A LOT FROM THEIR INDIAN COUNTERPARTS IN THE FIELD OF ENTERPRISE AND ENTREPRENEURSHIP, AS WELL AS IN HUMAN CAPITAL DEVELOPMENT. THAT IS WHY EDUCATION AND HUMAN RESOURCE DEVELOPMENT WILL BE IMPORTANT ELEMENTS IN THE MALAYSIA-INDIA CLOSER ECONOMIC COOPERATION AGREEMENT.

16. AS INDIA CHANGES, LIBERALISES AND DE-REGULATES, THE WORLD WILL SOON BE ENGAGING THIS HUGE MARKET OF MORE THAN A BILLION PEOPLE. INDIA'S FORECASTED G.D.P. GROWTH RATES FOR 2005 AND 2006 EXCEED 6 PER CENT. ADDITIONALLY, HER 300 MILLION STRONG MIDDLE CLASS WILL CONTINUE TO GROW RAPIDLY. THE POTENTIAL PURCHASING POWER OF THIS PARTICULAR GROUP IS OBVIOUS AS IS THE IMMENSE BROADER ECONOMIC IMPLICATIONS OF INDIA'S AWAKENING.

LADIES AND GENTLEMEN

17. WHILE INDIA CAN CONFIDENTLY ATTRACT MALAYSIAN BUSINESS AND INVESTMENT, MALAYSIA'S LONG RUNNING COMMITMENT TO OVERALL ECONOMIC DEVELOPMENT HAS UNIQUELY POSITIONED US TO OFFER MANY ADVANTAGES TO INDIAN INDUSTRY.

18. MALAYSIA'S STRATEGIC GEOGRAPHICAL LOCATION AND BUSINESS-FRIENDLY GOVERNMENT PROVIDE IDEAL OPPORTUNITIES FOR INDIAN BUSINESS TO INVEST AND GROW. FURTHERMORE, MALAYSIA CAN EFFECTIVELY ACT AS A HUB OR GATEWAY FOR INDIAN CONGLOMERATES AND ENTERPRISES TO EXPAND IN THE ASEAN AND EAST ASIAN MARKETS.

19. TO INCREASE MALAYSIA'S COMPETITIVENESS IN THIS REGARD, MY ADMINISTRATION CONTINUES TO EMPHASISE GREATER LEVELS OF QUALITY PROVISION AND VALUE-ADDITION IN ALL SPHERES OF INDUSTRY AND SERVICES, BOTH PUBLIC AND PRIVATE. I HAVE MADE IT AN IMPORTANT PILLAR OF MY GOVERNMENT TO UPGRADE THE PUBLIC SERVICE DELIVERY SYSTEM, AS WELL AS TO INCULCATE A CULTURE OF HIGH PERFORMANCE IN THE GOVERNMENT AND PRIVATE SECTOR, PARTICULARLY IN GOVERNMENT-LINKED COMPANIES (G.L.C.'S).

20. IN OUR FAST GROWING I.C.T. SECTOR, THE M.S.C. OF MALAYSIA OFFERS STATE-OF-THE-ART I.C.T. INFRASTRUCTURE AND STRONG HUMAN RESOURCE CAPABILITIES FOR WORLD-CLASS R&D, AS WELL AS BORDERLESS MARKETING FACILITIES AND NUMEROUS TAX AND OTHER INCENTIVES FOR INDIAN COMPANIES TO UTILISE. IN PARTICULAR, INDIAN COMPANIES MAY WELL WANT TO USE THE M.S.C. AS A SUB-OUTSOURCE LOCATION FOR ITS B.P.O. SECTOR.

21. THERE IS ALSO MUCH THAT MALAYSIA CAN OFFER AS A MANUFACTURING OR LOGISTICS HUB. WE HAVE LONG ESTABLISHED STRENGTHS IN THESE FIELDS, AND ARE DEVELOPING EXPERTISE IN NEW GROWTH AREAS, FOR EXAMPLE, IN NICHE INDUSTRIES SUCH AS THE PRODUCTION OF HALAL PRODUCTS FOR MUSLIM

MARKETS. AS SUCH, MALAYSIA CAN BE SEEN AS A MANUFACTURING AND DISTRIBUTION GATEWAY TO EAST ASIA INCLUDING CHINA, JAPAN AND KOREA, AS WELL AS VARIOUS PARTS OF THE MIDDLE-EAST.

22. MALAYSIA IS ALSO DEVELOPING ITS AGRICULTURE SECTOR AND ITS AGRO-BASED INDUSTRIES, BY MODERNISING THE SECTOR AND INJECTING NEW TECHNOLOGIES TO ADD VALUE AND ENHANCE PRODUCTIVITY IN THE SECTOR. WE SEE STRONG POTENTIAL IN AGRICULTURE AND SEEK TO TURN IT INTO THE COUNTRY'S THIRD GROWTH ENGINE. INDIAN INVESTMENT IS STRONGLY ENCOURAGED IN THIS AREA, AS WE PARTNER AND DEVELOP OUR RESPECTIVE AGRICULTURE SECTORS TOGETHER.

23. WE WOULD ALSO INVITE INDIA TO PARTICIPATE IN A RELATED SECTOR, WHICH IS AIMED AT HARNESSING MALAYSIA'S NATURAL HERITAGE AND RICH BIODIVERSITY. INDIA HAS SOME FINE COMPANIES IN BIOTECHNOLOGY, AND WE INVITE INDIAN ENTREPRENEURS TO PARTICIPATE IN MALAYSIA'S PUSH IN BIOTECHNOLOGY.

24. BEYOND INDUSTRY, I AM KEEN TO ENHANCE OUR TOURISM TIES AS THIS SECTOR NOT ONLY CONTRIBUTES TO OUR RESPECTIVE ECONOMIES, BUT ALSO ENHANCES FAMILIARITY AND UNDERSTANDING BETWEEN OUR TWO PEOPLES. SOME 150,000 MALAYSIANS COME TO INDIA EACH YEAR, AND AN EQUAL NUMBER OF INDIANS VISIT MALAYSIA . I HOPE TO SEE THESE NUMBERS GROW MORE RAPIDLY AS WE SEEK TO ENHANCE OUR PEOPLE-TO-PEOPLE TIES.

25. IN THE FIELD OF FINANCIAL SERVICES, I WOULD ENCOURAGE INDIAN COMPANIES TO USE LABUAN AS AN OFF-SHORE FINANCIAL HUB. THE LABUAN INTERNATIONAL OFF-SHORE FINANCIAL CENTRE IS ALREADY WELL-ESTABLISHED, AND IS HOME TO OVER 1,000 FINANCIAL INSTITUTIONS. INDIA CAN PERHAPS DO MORE IN THIS AREA – AS THERE ARE LESS THAN 10 INDIAN COMPANIES AMONG THE 1,000 MENTIONED – AND TAKE ADVANTAGE OF LABUAN'S UNIQUE LOCATION AND COMPETITIVE OFFERINGS.

26. FINALLY, MALAYSIA'S CURRENT POSITION AS CHAIRMAN OF THE NON-ALIGNED MOVEMENT (N.A.M.) AND THE ORGANISATION OF ISLAMIC CONFERENCE (O.I.C.), AS WELL AS ASEAN THIS YEAR, OFFERS UNIQUE OPPORTUNITIES. INDIAN BUSINESSES CAN LEVERAGE ON THE GLOBAL AND REGIONAL LINKAGES WE HAVE TO EXPAND THEIR TRADE AND INVESTMENT IN MANY PARTS OF THE WORLD.

LADIES AND GENTLEMEN

27. AS I SAID IN INDIA RECENTLY, LET ME ASSURE YOU THAT MALAYSIA HONOURS ITS CONTRACTS. THIS MEANS THAT FOREIGN CAPITAL IS SAFE IN OUR COUNTRY, REPATRIATION IS GUARANTEED, AND TAX INCENTIVES ARE ABUNDANT. NO ONE NEED HAVE ANY DOUBT ABOUT THE INTEGRITY OF OUR FINANCIAL SYSTEM, THE SOUNDNESS OF OUR MONETARY POLICIES OR ABOUT THE SPEEDY

IMPLEMENTATION OF GROWTH-ORIENTED POLICIES. GOOD GOVERNANCE APPLIES UNIVERSALLY IN MALAYSIA, AND FOREIGN INVESTORS AND MULTINATIONAL COMPANIES CAN TAKE COMFORT IN THE FACT THAT OUR JUDICIARY IS INDEPENDENT.

28. I SEE OUR HISTORIES, OUR CULTURES, OUR SIMILARITIES AND CONTRASTS AS CONDUITS WITHIN WHICH MALAYSIA AND INDIA CAN MOVE EFFECTIVELY TOWARDS EVEN GREATER ECONOMIC COOPERATION AND BILATERAL RELATIONS. WE ARE BOTH MULTI-CULTURAL ASIAN NATIONS THAT ACHIEVED INDEPENDENCE AT ABOUT THE SAME TIME, AND HAVE EMERGED SUCCESSFULLY FROM A SIMILAR BACKGROUND WITH STRONG HOPES AND ASPIRATIONS ABOUT OUR POSITION IN THE WORLD.

29. WE UNDERSTAND EACH OTHER WELL, NOT LEAST BECAUSE MALAYSIA HAS THE WORLD'S LARGEST INDIAN COMMUNITY OUTSIDE OF INDIA. THE ENGLISH LANGUAGE IS WIDELY USED AND SPOKEN IN BOTH COUNTRIES. OUR PEOPLES ARE DYNAMIC AND HARD WORKING, AND SEEK TO VENTURE OUT INTO THE WORLD.

30. IN TERMS OF CONTRAST, HOWEVER, INDIA IS A HUGE COUNTRY OF 1.1 BILLION PEOPLE WITH A LAND MASS THE SCALE OF A CONTINENT. MALAYSIA ON THE OTHER HAND HAS A POPULATION OF 25 MILLION PEOPLE WITH A LAND MASS SMALLER THAN MANY INDIVIDUAL INDIAN STATES.

31. I BELIEVE IT IS THESE SIMILARITIES AND CONTRASTS THAT WILL GENERATE DYNAMISM IN OUR BILATERAL RELATIONSHIP AND BUILD LASTING PARTNERSHIP BETWEEN OUR TWO NATIONS.

LADIES AND GENTLEMEN

32. I RECALL MY VERY PRODUCTIVE TRIP TO INDIA AT THE END OF LAST YEAR AND WOULD SAY THAT I HAVE SEEN INDIA'S EMERGENCE FIRSTHAND – IN THE CONFIDENCE OF HER PEOPLE, IN THE ENERGY OF HER CITIES, AND IN THE VIBRANCY OF HER INDUSTRIES.

33. I LOOK FORWARD TO HIS EXCELLENCY DR. MANMOHAN SINGH, THE PRIME MINISTER OF INDIA, VISITING MALAYSIA SOON AND LOOK FORWARD TO FURTHER STRENGTHENING THE STRONG AND GROWING FRIENDSHIP BETWEEN OUR TWO COUNTRIES.

34. AS INDIA GROWS AND ASPIRES TO BECOME AN INTERNATIONAL ECONOMIC POWERHOUSE, SO TOO MALAYSIA MARCHES TOWARDS ITS VISION OF FULLY DEVELOPED STATUS BY THE YEAR 2020. LET US TAKE THIS JOURNEY TOGETHER, HAND-IN-HAND, AS FRIENDS AND AS PARTNERS. LET US USE EACH OTHER'S STRENGTHS, AND HAVE EACH OTHER TO COUNT UPON. I AM HERE TO TELL YOU

THAT MALAYSIA IS KEEN TO SIGNIFICANTLY UPGRADE ITS ECONOMIC RELATIONSHIP WITH INDIA, AND WILL DO ITS PART TO MAKE THIS HAPPEN.

35. ON THAT NOTE, IT IS NOW MY PLEASURE AND PRIVILEGE TO DECLARE OPEN THE MALAYSIA-INDIA ECONOMIC CONFERENCE 2005 THEMED "INDIA – AN EMERGING ECONOMIC GIANT".

THANK YOU.