

**SPEECH BY
YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI
AT THE EIGHTH ASIA-PACIFIC CO-OPERATIVE MINISTERS' CONFERENCE
AT KUALA LUMPUR CONVENTION CENTRE (KLCC)
12 MARCH 2007**

BISMILLAHIR RAHMANIR RAHIM

ASSALAMUALAIKUM WARAHMATULLAHI WABARAKATUH AND GOOD AFTERNOON

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EXCELLENCIES AND DISTINGUISHED GUESTS

LADIES AND GENTLEMEN

1. I AM PLEASED TO BE ABLE TO JOIN YOU AT THIS CONFERENCE, WHICH MARKS THE FIRST TIME THAT MALAYSIA HAS BEEN GIVEN THE HONOUR OF HOSTING THE ASIA-PACIFIC CO-OPERATIVE MINISTERS' CONFERENCE. I WISH TO COMMEND THE MINISTRY OF ENTREPRENEUR AND CO-OPERATIVE DEVELOPMENT, THE VARIOUS GOVERNMENT AGENCIES, AND THE INTERNATIONAL CO-OPERATIVE ALLIANCE (I.C.A.) FOR SUCCESSFULLY ORGANISING THIS EVENT.

2. COOPERATIVES IN THE ASIA PACIFIC REGION PLAY A LEADING ROLE IN THEIR RESPECTIVE COUNTRIES. INDEED, ASIA-PACIFIC CO-OPERATIVES COMPRISE A MEMBERSHIP OF 530 MILLION PEOPLE, WHICH ACCOUNTS FOR 66 PERCENT OF THE TOTAL GLOBAL CO-OPERATIVES MEMBERSHIP. THESE CO-OPERATIVES ARE INVOLVED IN VARIOUS ECONOMIC ACTIVITIES, INCLUDING AGRICULTURE, BANKING, CREDIT, HOUSING, TRANSPORT, HEALTHCARE AND MANY OTHERS. THESE IN TURN NOT ONLY PROVIDE OPPORTUNITIES FOR INCOME GENERATION THROUGH EMPLOYMENT AND BUSINESS, BUT ALSO REDUCE THE COST OF CONSUMPTION AND TRADE FOR MEMBERS. SUCH IS THE APPEAL OF THE CO-OPERATIVE CONCEPT THAT VARIOUS GOVERNMENTS HAVE ADOPTED CO-OPERATIVES AS IMPORTANT VEHICLES FOR SOCIO-ECONOMIC DEVELOPMENT. IN MALAYSIA, WE HAVE LONG REGOGNISED THE ROLE OF CO-OPERATIVES IN THE NATIONAL DEVELOPMENT AGENDA.

3. IN MY VIEW, THE CO-OPERATIVE MOVEMENT HAS A LOT TO OFFER THE PEOPLE OF THE ASIA-PACIFIC REGION. THE BASIC CO-OPERATIVE VALUES OF HONESTY, INTEGRITY AND TRUSTWORTHINESS, TRANSLATED INTO PRINCIPLES THAT EMPHASISE THE DISTINCT IDENTITY AND WAY OF DOING BUSINESS OF CO-OPERATIVES, SHOULD STAND OUT AS AN EXAMPLE FOR THE REST OF THE BUSINESS COMMUNITY. I AM PLEASED TO NOTE THAT MOST GOVERNMENTS IN THIS REGION HAVE RECOGNISED THE IMPORTANCE OF CO-OPERATIVES, AND HAVE PROCEEDED TO CREATE APPROPRIATE POLICY AND LEGISLATIVE FRAMEWORKS FOR THE DEVELOPMENT OF THIS SECTOR.

LADIES AND GENTLEMEN

4. THE THEME FOR THIS YEAR'S CONFERENCE, WHICH IS ENTITLED 'FAIR GLOBALISATION THROUGH CO-OPERATIVES', IS AN APPROPRIATE TOPIC TO BE DISCUSSED, AS IT ADDRESSES THE CURRENT ISSUE OF CONCERN TO MANY ASIA-PACIFIC COUNTRIES, PARTICULARLY THE DEVELOPING NATIONS. THROUGHOUT THE LAST 20 YEARS, WE HAVE WITNESSED THE EMERGENCE OF GLOBALISATION AS AN IMPORTANT PHENOMENON THAT HAS AFFECTED THE LIVES OF ALMOST ALL THE PEOPLES OF THIS REGION.

5. SUCH EFFECTS OF GLOBALISATION HAVE BEEN EXTENSIVELY DOCUMENTED. THE ISSUE THAT STANDS BEFORE THE CO-OPERATIVE MOVEMENT AND THE GOVERNMENTS OF THE REGION IS HOW WE ADDRESS THE POLITICAL, ECONOMIC AND SOCIAL IMPACT OF GLOBALISATION, IN OUR QUEST TO IMPROVE THE QUALITY OF LIFE OF OUR MEMBERS AND SOCIETY.

6. IT IS INTERESTING TO NOTE THAT ONE IMPORTANT ASPECT OF GLOBALISATION IS THE HIGH ECONOMIC GROWTH RATES ACHIEVED BY DEVELOPING ECONOMIES, WHICH HAS AVERAGED SOME 7 PERCENT PER ANNUM OVER THE LAST 25 YEARS. THIS HAS BEEN ACHIEVED LARGELY THROUGH BETTER INTEGRATION WITH THE GLOBAL ECONOMY, RESULTING IN A COUNTRY'S GROSS DOMESTIC PRODUCT (G.D.P.) INCREASINGLY BEING ASSOCIATED WITH EXPORTS AND IMPORTS, AND WITH A COUNTRY'S EXPORT SECTOR BECOMING AN INCREASINGLY CRITICAL GROWTH DRIVER. MOREOVER, THE SYSTEMATIC REDUCTION OF BARRIERS TO TRADE AND INVESTMENT, AS WELL AS THE RAPIDLY FALLING COSTS OF TRANSPORTATION AND INFORMATION AND COMMUNICATIONS TECHNOLOGY (I.C.T.), HAVE ALL COMBINED TO RAISE THIS LEVEL OF INTEGRATION. IT IS THESE COMBINED EFFECTS THAT HAVE MADE THE GLOBAL ECONOMY AN INCREASINGLY IMPORTANT SOURCE OF GROWTH.

7. HENCE, IT IS MY WISH THAT CO-OPERATIVES TAKE FULL ADVANTAGE OF THE EFFECTS OF GLOBALISATION TO STRENGTHEN THEIR ROLE IN THE NATIONAL ECONOMY. FOR EXAMPLE, THOSE CO-OPERATIVES THAT POSSESS THE RESOURCES AND CAPACITY, SHOULD SEEK TO INCREASE THEIR INCOMES BY PARTICIPATING IN THE EXPORT SECTOR. IN THIS REGARD, WE SHOULD COMMEND THE I.C.A. FOR SUCCESSFULLY ORGANISING THE INAUGURAL INTERNATIONAL CO-OPERATIVE TRADE FAIR IN TEHRAN LAST OCTOBER 2006. THIS WAS THE FIRST STEP TOWARDS THE CREATION OF A GLOBAL CO-OPERATIVE TRADE NETWORK, AIMED AT BRINGING INCREASED BENEFITS TO ALL PARTIES. GOING FORWARD, I HOPE THAT MORE EFFORTS WILL BE UNDERTAKEN TO SUSTAIN THIS INITIATIVE.

8. MEANWHILE, THE HIGH GROWTH OF DEVELOPING ECONOMIES HAS ALSO RESULTED IN BETTER RESOURCE MOBILITY, WHICH IS REFLECTED IN THE MOVEMENT OF PEOPLE FROM RURAL AREAS TO NEW INDUSTRIAL CORRIDORS THAT HAVE SPRUNG UP IN THE URBAN CENTRES. THESE MIGRATIONS HAVE GENERALLY RESULTED IN INCREASED PRODUCTIVITY, AND IN AN OVERALL IMPROVEMENT IN THE STANDARD OF LIVING. HOWEVER, THERE IS ALSO A TENDENCY FOR INEQUALITY TO ARISE IN THESE CIRCUMSTANCES, WHICH CAN BE SOCIALLY AND POLITICALLY DISRUPTIVE. WHILE THIS MAY BE MITIGATED BY GOVERNMENTAL EFFORTS TO PROVIDE BASIC SERVICES SUCH AS HEALTHCARE, EDUCATION AND ACCESS TO INFRASTRUCTURE, THIS TASK SHOULD NOT BE LEFT TO THE GOVERNMENTS ALONE. IN THIS REGARD, I BELIEVE THAT CO-OPERATIVES, TOO, CAN PLAY A ROLE IN MITIGATING THE GROWING INEQUALITIES THAT HAVE ARISEN.

9. AT THE NATIONAL LEVEL, CO-OPERATIVES CAN PLAY A ROLE BY IDENTIFYING SPECIFIC GROUPS THAT HAVE BEEN UNWITTINGLY LEFT OUT IN THE GROWING MOBILISATION OF RESOURCES FROM RURAL TO URBAN AREAS. THUS, CO-OPERATIVES SHOULD BE FORMED AMONG GROUPS COMPRISING YOUTH, WOMEN, PENSIONERS, AND THE PHYSICALLY CHALLENGED, AMONG OTHERS. FOR RURAL AREAS SPECIFICALLY, CO-OPERATIVES CAN PLAY A VITAL ROLE BY INCREASING THEIR INVOLVEMENT IN THE AGRICULTURAL SECTOR; AND BY PLAYING A MORE MEANINGFUL ROLE IN LOCALISED DEVELOPMENT AS WELL AS IN POVERTY ERADICATION PROGRAMS. IN THIS WAY, CO-OPERATIVES ARE ABLE TO PLAY THEIR PART IN CREATING AND SUSTAINING GROWTH IN THE RURAL AREAS, THEREBY CONTRIBUTING TO THE INCREASED INCOME OF THE RURAL POPULATION.

10. NEVERTHELESS, CO-OPERATIVES WILL NEED TO OVERCOME SEVERAL WEAKNESSES IN ORDER TO PLAY THESE ROLES EFFECTIVELY. FIRSTLY, THERE IS A LACK OF UNIFORMITY IN THE DEVELOPMENT OF CO-OPERATIVES AMONG THE VARIOUS SUB-REGIONS AND COUNTRIES OF THE ASIA-PACIFIC REGION. THIS MEANS THAT THE APPROACH TOWARDS CO-OPERATIVE DEVELOPMENT CANNOT BE UNIFORMLY APPLIED ACROSS THE BOARD. THUS, AT PRESENT, DIFFERENT COUNTRIES WILL NEED TO USE DIFFERENT APPROACHES TO ADDRESS THE NEEDS OF THEIR RESPECTIVE CO-OPERATIVE MOVEMENTS.

11. MOREOVER, ALTHOUGH SOME CO-OPERATIVES ARE GLOBAL IN THEIR REACH, THEY MANY NOT HAVE FULLY ADDRESSED THE EFFECTS OF GLOBALISATION THROUGH THE EFFECTIVE USE OF NETWORKING. THE CO-OPERATIVE MOVEMENT, BEING PEOPLE BASED, TENDS TO CONCENTRATE ON DOMESTIC ISSUES, AND THEREFORE FACES DIFFICULTY WHEN TRYING TO EXPAND ITS ACTIVITIES BEYOND NATIONAL BORDERS. THIS RESULTS IN CO-OPERATIVES UNABLE TO GROW IN SIZE AND OPERATION TO TAKE ADVANTAGE OF ECONOMIES OF SCALE, WHICH CAN THEN BE TRANSLATED INTO PROVIDING BETTER SERVICES TO MEMBERS AND THE COMMUNITY AT LARGE. ULTIMATELY, A SIGNIFICANT NUMBER OF CO-OPERATIVES SUFFER FROM A SERIOUS LACK OF COMPETITIVE, RESILIENT AND SUSTAINABLE BUSINESS OPERATIONS.

12. THUS, CO-OPERATIVES MUST ADDRESS THESE CONCERNS BY UNDERTAKING SPECIFIC MEASURES THAT WILL ENSURE THEIR LONG TERM SURVIVAL AND RELEVANCE AS A SOCIO-ECONOMIC MOVEMENT. TO BEGIN WITH, CO-OPERATIVES MUST FIRST ENSURE THAT BASIC ADMINISTRATIVE REQUIREMENTS SUCH AS THE HOLDING OF GENERAL MEETINGS AND TIMELY AUDIT OF ACCOUNTS ARE ADHERED TO. NEXT, THERE MUST BE A CLEAR SEPARATION BETWEEN THE ROLES OF THE BOARD, WHICH SHOULD CONCENTRATE ON POLICY, AND THE MANAGEMENT, WHICH SHOULD FOCUS ON RUNNING THE DAY TO DAY OPERATIONS OF THE ENTERPRISE. IN THIS REGARD, CO-OPERATIVES SHOULD SEEK THE INVOLVEMENT OF SKILLED MANAGERS IN THEIR BUSINESS, AND ENGAGE MORE PROFESSIONALS IN PLANNING AND IMPLEMENTING THEIR VARIOUS PROJECTS.

13. THE NEXT PHASE INVOLVES CO-OPERATIVES NETWORKING AMONG THEMSELVES TO LEVERAGE UPON AVAILABLE RESOURCES AND BECOMING MORE COST EFFICIENT. IN THIS WAY, CO-OPERATIVES WILL BE ADDING VALUE TO THE EXISTING CHAIN OF ACTIVITIES AS WELL AS BE ABLE TO IDENTIFY NEW VALUE CREATING ACTIVITIES. THIS CAN ONLY BE ACHIEVED IF CO-OPERATIVE LEADERS BECOME MORE ENTREPRENEURIAL IN PLANNING AND IMPLEMENTING THEIR STRATEGIES.

LADIES AND GENTLEMEN

14. I WOULD LIKE TO POINT OUT THAT GOVERNMENTS ARE IMPORTANT STAKEHOLDERS, AND WILL CONTINUE TO PLAY A SIGNIFICANT ROLE IN THE SUPERVISION, REGULATION AS WELL AS DEVELOPMENT OF THE CO-OPERATIVE SECTOR. HENCE, SUCH A ROLE MUST BE CARRIED OUT CAREFULLY SO AS TO ENSURE THAT THE SECTOR'S OBJECTIVES ARE ACHIEVED IN THE BEST POSSIBLE MANNER, WITHOUT UNDUE STRESS ON THE CO-OPERATIVE MOVEMENT ITSELF. IN MY VIEW, IT IS IMPERATIVE FOR GOVERNMENTS TO FORMULATE CLEAR AND SUPPORTIVE POLICY FRAMEWORKS FOR THE CO-OPERATIVE SECTOR, WHICH ARE FURTHER AUGMENTED BY A SOUND LEGISLATIVE FRAMEWORK FOR THE REGULATION AND SUPERVISION OF CO-OPERATIVES.

15. WITH THESE MECHANISMS IN PLACE, GOVERNMENTS WILL BE ABLE TO PROVIDE THE NECESSARY SUPPORT TO CO-OPERATIVES BY WAY OF:

- FIRSTLY, CREATING A CONDUCTIVE ENVIRONMENT FOR THE HEALTHY DEVELOPMENT OF CO-OPERATIVES;
- SECONDLY, REMOVAL OF BARRIERS THAT MAY AFFECT CO-OPERATIVES;
- THIRDLY, PROVIDING RELEVANT SUPPORT MECHANISMS WHEN FORMULATING NATIONAL DEVELOPMENT PLANS FOR THE CO-OPERATIVE SECTOR;
- FOURTHLY, RESPECTING THE AUTONOMY AND INDEPENDENCE OF CO-OPERATIVES BY ALLOWING THEM TO BE RESPONSIBLE FOR THEIR OWN ACTIONS, INCLUDING PLANNING AND ACCOUNTABILITY OF BUSINESS RISKS; AND
- FIFTHLY, ABOVE ALL, ENSURING THAT THE AUTHORITIES FACILITATE AND NOT FRUSTRATE THE ASPIRATIONS OF CO-OPERATIVES IN ACHIEVING THEIR GOALS AND IN AIMING TO BE RESPONSIBLE PARTNERS IN NATIONAL DEVELOPMENT.

16. IN MALAYSIA, THE CO-OPERATIVE MOVEMENT HAS MADE SIGNIFICANT PROGRESS SINCE IT WAS FIRST INTRODUCED IN 1922. SOME OF THIS HAS BEEN DUE TO THE GOVERNMENT'S CONSISTENT SUPPORT FOR THE GROWTH AND DEVELOPMENT OF CO-OPERATIVES IN ALMOST EVERY ECONOMIC SPHERE. THE NATIONAL CO-OPERATIVE POLICY (N.C.P.) INTRODUCED IN 2002 IS A HOLISTIC POLICY FRAMEWORK CRAFTED TO SUPPORT THE DEVELOPMENT OF THE CO-OPERATIVE SECTOR. THERE IS ALSO A COMPREHENSIVE LEGISLATIVE FRAMEWORK IN PLACE THROUGH THE ENACTMENT AND ENFORCEMENT OF THE CO-OPERATIVE SOCIETIES ACT 1993. MOREOVER, THE MALAYSIA CO-OPERATIVE SOCIETIES COMMISSION (M.C.S.C.), WHICH WILL BE ESTABLISHED THIS YEAR, WILL PROVIDE THE NECESSARY FINANCIAL AND OPERATIONAL GUIDANCE TO THE CO-OPERATIVE SECTOR, WHILE HELPING TO ENHANCE THE EXISTING REGULATORY FRAMEWORK.

17. MY GOVERNMENT'S COMMITMENT TOWARDS THE DEVELOPMENT OF THE CO-OPERATIVE SECTOR IS ALSO REFLECTED IN TERMS OF THE INCREASED ALLOCATION UNDER THE NINTH MALAYSIA PLAN, WITH THE EMPHASIS ON DEVELOPING THE ENTREPRENEURIAL CAPABILITIES OF CO-OPERATIVES. THIS ENTAILS GREATER INVOLVEMENT OF CO-OPERATIVES IN TRADE, ESPECIALLY AT THE INTERNATIONAL LEVEL. AS A TRADING NATION, MALAYSIA MUST ALWAYS SEEK TO BE RESILIENT AND COMPETITIVE IN THE GLOBAL ECONOMY, AND CO-OPERATIVES MUST BE GIVEN THE OPPORTUNITY TO PLAY THEIR PART IN REALISING THESE GOALS. AS SUCH, MY GOVERNMENT'S MEASURES ARE EXPECTED TO BRING CO-OPERATIVES CLOSER INTO THE MAINSTREAM OF NATIONAL ECONOMIC GROWTH. WITH THESE MECHANISMS IN PLACE, IT IS MY HOPE AND EXPECTATION THAT THE CO-OPERATIVE SECTOR WILL RISE TO THE CHALLENGE AND BECOME A STRONG AND CAPABLE PARTNER, ALONGSIDE THE PUBLIC AND

PRIVATE SECTORS, IN ACHIEVING THE NATIONAL OBJECTIVES SET OUT IN THE NATIONAL MISSION AND VISION 2020.

LADIES AND GENTLEMEN

18. LET ME STATE THAT MALAYSIA STRONGLY SUPPORTS THE ASIA-PACIFIC MINISTERS' CONFERENCE, IN ENSURING THAT THE CO-OPERATIVE AGENDA IS AT THE FOREFRONT OF NATIONAL DEVELOPMENT IN THE VARIOUS COUNTRIES OF THE REGION. IT IS MY SINCERE HOPE THAT THIS CONFERENCE WILL HELP TO CHART A TIMELINE FOR MEMBER COUNTRIES TO REPORT, AT THE NEXT CONFERENCE, THE PROGRESS ACHIEVED IN IMPLEMENTING THE VARIOUS RESOLUTIONS ADOPTED HERE. IN THIS WAY, WE WILL BE ABLE TO TRACK THE COMMITMENT OF ALL PARTIES IN ENSURING THAT THE CO-OPERATIVE AGENDA CONTINUES TO BE GIVEN DUE RECOGNITION.

19. I ALSO EXPECT THE I.C.A. TO PLAY AN IMPORTANT ROLE IN ENSURING THAT THE CONFERENCE LEADS TO CONCRETE AND REALISTIC PROPOSALS AS WELL AS IN WORKABLE ACTION PLANS THAT CAN BE MONITORED BY ALL PARTICIPANTS. AS SUCH, I WISH ALL DELEGATES A FRUITFUL AND PRODUCTIVE CONFERENCE HERE, AS WE MOVE TO CHART THE FUTURE OF ASIA PACIFIC COOPERATIVES TOGETHER. I BELIEVE THAT THE SUCCESS OF THIS CONFERENCE WILL BE REFLECTED IN MORE PROMINENT AND EFFECTIVE ROLES GIVEN TO CO-OPERATIVES IN THEIR RESPECTIVE COUNTRIES' SOCIO-ECONOMIC DEVELOPMENT PROGRAMS IN THE YEARS TO COME.

20. ON THAT NOTE, IT IS NOW MY HONOUR AND PRIVILEGE TO DECLARE THE EIGHTH ASIA-PACIFIC CO-OPERATIVE MINISTERS' CONFERENCE, OPEN.

THANK YOU.