

**SPEECH BY
YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI
AT THE MALAYSIA-JAPAN BUSINESS SEMINAR
AT KUALA LUMPUR
24 AUGUST 2007**

H.E. Shinzo Abe
Prime Minister of Japan

Distinguished Participants

Ladies and Gentlemen

Let me first and foremost extend a very warm welcome to Malaysia to His Excellency Shinzo Abe, Prime Minister of Japan, and members of his delegation. I am very pleased to note that 145 senior businessmen from Japan are present here to participate in this important event.

2. 2007 is a very significant year in the history of Malaysia-Japan relations as it commemorates five decades of diplomatic relations between our two countries. Indeed, Japan and Malaysia have come a long way in fifty years. We have collaborated in many spheres of activities, including trade, investment, financial and technical assistance, human capital development and defence cooperation. All these speak well of the close government-to-government and people-to-people relations between Malaysia and Japan.

Ladies and Gentlemen

3. Our trade and investment ties have entered a new era with the coming into force, on 13 July 2006, of the Malaysia-Japan Economic Partnership Agreement. This is the first bilateral free trade agreement that Malaysia has signed with a trading partner.

4. The Agreement has created new opportunities for the business sectors of both countries through preferential market access for goods and the non-discriminatory treatment of each others' services suppliers and investors. It also accords protection of investments, as well as greater transparency and predictability for doing business.

5. The participants from Japan should know that many Japanese who have come to do business here in Malaysia have done well* Japanese participation in the manufacturing sector in Malaysia is valued at USD 10.5 billion, in 2,155 projects. In fact, Japan was the largest investor in Malaysia in 2006, with approved investments of USD 1.2 billion in 81 projects. Currently, there are 1,442 companies with Japanese interests operating in the manufacturing and non-manufacturing sectors in Malaysia.

6. An increasing number of Japanese companies have also moved beyond their basic manufacturing operations to include other value-added activities like research and development, product design, marketing, distribution and logistics. We welcome this move on their part.

7. Bilateral trade between Malaysia and Japan had expanded by 15.3 per cent from 1997 to 2006, increasing from USD 27.1 billion to USD 31.3 billion. I would like

Prime Minister Abe to know that a large part of this increase in trade resulted from the increase of Japanese investments in Malaysia.

8. Malaysia is now one of the most open economies in the world. Global trade amounts to more than 285 per cent of the country's Gross Domestic Product. In 2006, the World Trade Organisation ranked Malaysia as the 19th largest exporter and 23rd largest importer in the world.

9. In 2006, the Malaysian economy grew by 5.9 per cent, led by the expansion of the manufacturing and services sectors.

10. Malaysia has opened up new avenues for business opportunities under the Third Industrial Master Plan, including the recent launch of the Southern Johor Economic Region and the Northern Corridor Economic Region. I would like to draw your special attention to these two new growth regions in Malaysia.

Mr. Prime Minister, Ladies and Gentlemen

11. The Japanese business community should also look at Malaysia as a viable business partner within the framework of ASEAN. This regional grouping, with a population of more than 567 million people and a combined G.D.P of around USD 1.1 trillion, is a lucrative market. Malaysia can be used as a springboard to penetrate other markets in the ASEAN region.

12. Most tariffs will be eliminated when the ASEAN Free Trade Area is fully realised in 2010. By 2015, ASEAN will become an Economic Community, in effect turning the region into a single market.

Ladies and Gentlemen

13. Malaysia's Look East Policy has been a shining example of productive collaboration between Malaysia and Japan. The successful Malaysia Incorporated approach too has largely been inspired in the same manner.

14. Based on this background and history of cooperation between Malaysia and Japan, I am certain that the future is full of rewarding opportunities for both sides to engage in profitable business alliances.

15. The Government of Malaysia continues to welcome the Japanese business community to participate in the economic development of this country. You can help Malaysia achieve its target of becoming a fully developed nation by the year 2020, and share in the benefits of growth and prosperity.

16. On that note, I would like to conclude by wishing all participants a very fruitful and productive Seminar.

Thank you.