

## **THE CONFEDERATION OF IRISH INDUSTRIES**

DUBLIN, 23 SEPTEMBER 1992

Mr. President; Distinguished Guests; Ladies and Gentlemen,

It is indeed a privilege for me to be in Ireland today to meet and interact with members of the Confederation, which represents the leading economic sector in Ireland. I thank you for this opportunity. I sincerely hope that during my short stay in Ireland, we could share and exchange ideas and experiences of common interest, which would help advance our bilateral economic cooperation.

2. Alone, neither Malaysia nor Ireland can make any significant impact in determining the future course and shape of the international, political and economic order. Our voices are too small to be heard. Nevertheless we are countries with a vision of development for our own peoples. Small economies such as ours have to find some way of ensuring that we are not left out of the mainstream of world economic activities. We can only do this if we work together.

3. Today, Malaysia is said to be one of the fastest growing economies. This apparent success can be attributed to many factors. What I would like to highlight however is the model of close cooperation and collaboration we have evolved with our neighbours in the Association of South East Asian Nations or ASEAN. ASEAN today has reached agreement on a Common Effective Preferential Tariff scheme to be implemented beginning next year, which will eventually evolve into a Free Trade Area. This is not a trade bloc. It is nothing more than enlarging the domestic markets of member countries so as to be almost as big as those of the rich countries. The markets of ASEAN countries will remain open for we are all dependent on outside trade. Groupings such as these will continue to be formed especially as smaller countries feel left out of the mainstream of world economic development. But at the same time we have to think of the large trading blocs which are also being formed.

Ladies and Gentlemen,

4. Malaysia and Ireland share a number of common characteristics. Both our countries have, towards the later part of the 1950's and 1960's, embarked on an industrialisation drive based on a market-oriented economy. This had helped transform both our nations from an agriculture - dependent economy to one that is industrial market-driven. A decade or two ago, you all would have known Malaysia only as a leading producer and exporter of such primary commodities as rubber and tin. Today, Malaysia is recognised as one of the leading exporters of a number of manufactured items. I do admit that Malaysia's industrial base is still narrow. Nevertheless, we are still proud of what we have attained. We have been successful in diversifying our economy. This success can be attributed to, among others, the inflow of foreign direct investment. Malaysia remains as an attractive investment centre in Asia. We will continue to ensure that this investment climate is maintained so that the momentum we have generated

would help to widen and deepen our industrial base rapidly.

Ladies and Gentlemen,

5. At the time when our economy was undeveloped we never had to face the problem of market access. Our primary produce only had to contend with the vagaries of market supply and demand, a feature of a free market economy which, if we subscribe to, we have to live with. We never thought that the industrial path we have chartered for ourselves will be faced with all sorts of hurdles. Only after successfully transforming our economy, were we confronted with such problems. As both Malaysia's and Ireland's economies are oriented to and dependent on foreign trade, with income from exports contributing more than half to the GDP, we share a common interest in ensuring the healthy development of a liberal international trade regime.

6. Total trade between Malaysia and Ireland expanded by about five times from US\$18.1 million (M\$49 million) in 1987 to US\$87.4 million (M\$236 million) in 1991. However, as a percentage of total trade this is still too small. In 1991, it represented 0.1 per cent of Malaysia's total trade and 0.3 per cent of total Irish trade.

7. Malaysia's main imports from the Republic of Ireland are food products, chemicals and office machinery. Malaysia's exports to the Republic of Ireland comprise mainly electrical and telecommunication equipment, textiles and footwear.

8. The economy of both countries is expanding, yet the level of existing bilateral trade remains low. To say that there is a need for greater efforts to increase bilateral trade is only to state the obvious. Opportunities for enhanced collaboration are certainly abundant. However, such opportunities could only be exploited positively through constant interactions between the governments and entrepreneurs of both countries. For this reason, I have included in my delegation, leading businessmen from Malaysia, so that they could establish contacts and identify areas of cooperation with their counterparts in Ireland. I hope both the business communities will take advantage of this opportunity.

Ladies and Gentlemen,

9. Market-access barriers, although finally erected by Governments, are not initiated by them. They have generally been instituted at the request of the industries themselves for their own protection. But for countries with small domestic markets, like Malaysia and Ireland, it would be fatal to pursue this course of action, as a retaliatory response by larger markets would be disastrous.

10. The world should be our market. To adopt an inward-looking trading policy is only to shackle our hands and limit our ability to create an economy that is vibrant and resilient. Therefore, it is imperative that industries in such countries be prepared and be confident enough to request their Governments to dismantle barriers in favour of free trade. It is the only way to contribute towards a more liberal world trading system. At the same time it is equally important for

us to promote the principles of GATT and do everything to ensure the successful conclusion of the Uruguay Round of Multilateral Trade Negotiations and reverse the trend towards protectionism through trading blocs.

11. The European Community is the largest trading group in the world. It accounts for about two-fifths of global trade. Therefore, European trade policies will have a large impact on the evolution of a liberal global trading system. The non-European trading countries have expressed concern over the ramifications of a Single Europe and its proposal to establish the European Economic Area with the inclusion of the seven EFTA member countries. Almost as a reaction to this development, we have now witnessed the establishment of NAFTA (North American Free Trade Agreement). A Fortress Europe will definitely result in a Fortress America.

12. For smaller countries like ours with high dependence on foreign trade, it is important that those within and outside these groupings ensure that these groups do not degenerate into inward-looking economies. Therefore, Ireland as a member of European Community (EC) with a significant vested interest in the growth of an open and liberal international trading environment, has an important role to assume in the EC decision-making process to ensure that the domestic policies of EC are positive, trade-enhancing and consistent with the principles of GATT and more importantly send the right signals to build confidence among the international trading community. As the historical leader, the EC carries the primary responsibility of setting the tone for the world trading environment.

13. Negotiations on trade liberalisation in agriculture have reached an impasse. This has put an obstacle to the progress of the Uruguay Round. I am certain that Ireland, being a component member of EC, can make a positive contribution with a view to bringing the Uruguay Round to an early and successful conclusion. The Uruguay Round is critical to maintaining an open and free trading environment.

Ladies and Gentlemen,

14. In the last ten years we have witnessed the centrally-planned economies switching to market economies. As the basis of relationships between countries shifts away from purely political to a more economic one, we will see the liberation of those smaller economies willing to become productive and competitive. In this new relationship, power can only be realised within a framework of mutual respect and trust but never through force or coercion in any form.

15. With the democratic liberation of countries and economies, what will happen if the Uruguay Round fails and various trading blocs are formed? I expect a chain reaction of protectionism worldwide. More groups and blocs will form a defensive posture. But we must remember that a fortress not only protects but also cuts off the occupants from the outside world. In trying to exact a price from the outside, those inside will have to pay a price too. Protectionism will therefore impoverish everyone.

Ladies and Gentlemen,

16. There is an alternative -- that of trade liberalisation. The Uruguay Round seeks it and we should all work hard to realise it. Regionalism or the formation of regional trading areas need not become protectionist. Trading groups can become trade-liberalising to enhance a region' s competitiveness. This is our vision for the Asean Free Trade Area. It is intended to reduce trade barriers and make ASEAN a more competitive trading partner in the world. This is the only alternative that the world can adopt to safeguard the trading environment.

17. Economics cannot however be divorced from politics. While money has no loyalties, the hand that holds the money has loyalties. Therefore, while we all preach and promote a freer trading environment, there is another side of life that needs equal attention. Poverty, starvation and hunger are still very real in our modern world. Let us not become a world, where in the same city people wine and dine in splendour, there is stark poverty and homelessness. In many ways the modern world has allowed such contradictions. But is that what we want?

18. At least, on behalf of all Malaysians, I can confidently say that we have rejected this. We have opted for a developed society where we are also a caring and shar- ing people -- a nation where there is no abject uncared-for poverty. We believe justice should have an equitable face.

19. But, can we expect that in our New World Order? Can we truly dream of a New World Order where every human being has his place under the sun? Is this too much to dream? Is this too much to ask? We do not think so. In Malaysia we have a vision called "Vision 2020", i.e. we expect to be a developed country by 2020. We will work hard to achieve our vision. But much depends upon the world community and the attitudes of the powers that be towards us. If at times we speak strongly it is because we feel concerned over our own fate. If that concern coincides with that of others, it is not by design. It is because we belong to that category of nations which are the have-nots of this world.

Ladies and Gentlemen,

20. I am happy to note that the relationship between Malaysia and Ireland has always been cordial. We have had a long-standing relationship in the field of education and training. Many Malaysians have lived and studied in Ireland. I am sure they have benefited greatly from this education and training and I see no reason why collaboration between us should stop there. With our similar economic histories, I am positive that there are many areas in which our two countries can collaborate for our mutual benefits.

21. Malaysia is currently embarking on a strategy to broaden and deepen the industrial base by moving into more capital-intensive, high technology and skill-intensive in- dustries. For this we need to upgrade the absorptive capa- bility of our work force. We would thus welcome any assistance and cooperation that Ireland can provide in the field of Human Resource Development in key technical areas that could upgrade the technical capability of the work force. Many multi-

national corporations that have operations in Ireland, are also operating in Malaysia. These commonalities could be capitalised for mutual benefits by encouraging Research & Development capability especially in industrial technology. Ireland has expertise in such areas as automotive components and pharmaceuticals and we could develop some areas for collaboration here. Although Irish investment in Malaysia is currently negligible and Malaysian investment in Ireland is unheard of, it is still not too late for us to work out strategies and programmes for cooperation in both trade and investment.

22. I do recognise that Ireland is also promoting more foreign investment. There could be potentials for Malaysian companies to invest in Ireland under our Reverse Investment Policy recently introduced. In this regard perhaps the Industrial Development Authority of Ireland could come to Malaysia to look for Malaysian joint venture partners for Irish businessmen.

Ladies and Gentlemen,

23. The Governments of both countries could only provide the moral leadership to enable entrepreneurs to practise their vocation productively and profitably. In the final analysis it is the courage and resourcefulness of entrepreneurs that could transform latent opportunities to real business gains. With this concluding remark, I wish all of you success in your endeavours.