

## **THE MANILA DIALOGUE**

SHANGRI-LA MAKATI, MANILA, 23 NOVEMBER 1996

First and foremost, let me thank the organisers, the Asian Strategy and Leadership Institute (ASLI), Pacific Basin Economic Council (PBEC), Malaysia Member Committee and the Makati Business Club for inviting me here today to officiate the Manila Dialogue and to launch the Philippines-Malaysia Business Council. Indeed, I am very happy to be back here in this vibrant city to meet up with old friends and to renew acquaintances.

2. The Philippines like Malaysia is currently undergoing tremendous economic development. As such, this Dialogue is appropriate, not only because Manila will host the forthcoming APEC Summit which will bring together 18 Heads of Governments from all over the Pacific Region, but also because bilateral ties between our countries' have improved so much. I have high hopes that this Dialogue will further enhance business and economic cooperation between our two nations.

3. Both Malaysia and the Philippines share many common experiences as well as cultural influences. Not only are our people of common stock and practise Asian values, both our countries have also been colonised by Western powers in the past. Since our independence, we have also actively pursued efforts to establish regional organisations such as ASA, MAPHILINDO and of course, ASEAN. The fact that the Association of Southeast Asian Nations (ASEAN) will celebrate its 30th anniversary next year, serves as a vivid example to the world community that unity and close friendships can exist in a region of diverse interests if the countries involved are seriously prepared to work together for the good of the region despite their differences. On this basis, Malaysia as host to the 1997 ASEAN Ministerial Meeting (AMM) is hopeful of bringing all the ten Southeast Asian countries together, thus realising ASEAN's original aspiration of becoming an organisation which truly represents the interests of the whole of Southeast Asia. Without the membership of Cambodia, Laos and Myanmar ASEAN would not be complete. With the ten Southeast Asian countries together we will form a community with a combined population of 500 million, bigger in fact than Europe or North America. We may not be as rich, but the potential will be tremendous. We will be a significant player in Asia and in the world.

4. As for Malaysia's relationship with the Philippines, it has not always been smooth-sailing or without hiccups. We have our differences but I am happy to note that as both our Governments try to understand each other's viewpoint, we are able to maintain a firm control on the situation, not allowing any misunderstanding to hamper the relationship. The reverse in fact has happened whereby our bilateral ties have not only grown stronger but we have also developed a better understanding and respect for each other. We cannot change the past but we can work together to shape our countries' future direction to bring our two nations even closer.

5. Apart from diplomatic ties, the Malaysia- Philippines economic relationship has also improved vastly. Many analysts say that the Philippine economy is not only

gaining strength but is also likely to join the league of the Asian tiger economies before the end of this century. Malaysia agrees with this perception. Given the country' s gross national product growth of 2.8 percent in 1993, 5.3 percent in 1994, 5.7 percent in 1995 and expected to reach 7.5 - 8.0 percent in the next two years, the Philippines is indeed a country to watch. All of us are aware that the Philippine economy has undergone landmark changes during the leadership of President Corazon Aquino and President Ramos. Under their tenure, tariff reforms were implemented, foreign-exchange restrictions lifted and foreign investment laws liberalised. As a result, foreign investors, including those from Malaysia, felt encouraged to venture more extensively into the Philippines economy.

6. Malaysia is well aware of the many advantages of doing business with fellow ASEAN members, including the Philippines. The Malaysian Government encourages its business community to undertake more joint-ventures and investment projects with their Filipino counterparts. The setting up of the Proton assembly plant in Pangasinan and other economic endeavours by Malaysian investors in the Philippines are a clear demonstration of Malaysia' s sincere commitment to be involved in the country' s economic progress. Data from the Philippines Board of Investment (BOI) showed that Malaysia was the biggest Southeast Asian investor in the country with 4.23 billion pesos or RM423 million invested in 1994. The bulk of these investments went to power generation and property development. Today, Malaysian investments in the Philippines have increased further to cover areas such as insurance, banking, transport, telecommunications, aviation and energy. Our investments are driven mainly by the 'competitive cost' of investing, skilled and comparatively lower cost manpower as well as incentives offered by the Philippine Government. Furthermore, the country has also drawn up a blueprint - the Philippines 2000 Plan - for creating an industrialised nation by the end of the decade. Malaysia applauds Manila' s vision and we believe it will create an ideal environment to attract foreign investors. In this connection, it is indeed opportune for the Philippine Government to host the APEC Summit as foreign corporations need to see for themselves the remarkable progress Manila has made in the past few years and to note the country' s efforts in upholding APEC' s goals of trade promotion and investment liberalisation.

7. Having stated this, the Malaysian Government and business community would also like to extend a warm invitation to the Filipino businessmen to invest in joint-ventures with local companies in all sectors of the Malaysian economy. In 1995, approximately RM11.5 million was invested by the Philippine business community in various economic sectors in Malaysia. We expect the figure to be much higher this year as the Malaysia-Philippines Business Council was launched in July 1995 and following upon this the Philippines-Malaysia Business Council will be launched. Malaysia entertains high expectations of the ability of the two councils to promote greater awareness among the private sector concerning the many potentials which exist in the areas of commerce, trade, investment and tourism. Furthermore, the Philippines-Malaysia Joint Commission for Bilateral Cooperation which meets biennially is also expected to

be able to assist Kuala Lumpur and Manila to focus on improving certain areas of cooperation such as trade and investment, air services, fishing, shipping, agriculture, tourism, other basic industries as well as consular, political and cultural matters.

8. Malaysia' s Vision 2020 and the Seventh Malaysia Plan will provide business and investment opportunities for both Malaysian and foreign investors. Malaysia continues to maintain open, transparent and market-oriented systems with a business-friendly Government. Our concept of Malaysia Incorporated is a proven winner and a key factor behind Malaysia' s economic transformation. Filipino and other foreign investors will find a conducive operating environment in Malaysia.

9. Within the ASEAN context, there are also ample opportunities for mutual economic development between Malaysia and the Philippines. For example, the East ASEAN Growth Area (EAGA) which links Malaysia, the Philippines, Indonesia and Brunei, aims to create an environment of borderless trade and investments and to develop the region as well as individual country' s economy through business partnerships. While the development of cross-border trade will be the thrust of this partnership, other economic sectors such as tourism, shipping and land development can be promoted to enhance the growth area. In this regard, Malaysia looks forward to be more involved in trade and investment activities in Southern Philippines, in particular in Mindanao which is fast developing into a major international trade, agro-industrial and service centre. The EAGA is destined to be a new regional power house. There is scope for greater business collaboration and economic cooperation.

10. Apart from the EAGA, Malaysia and the Philippines are also involved in the setting up of the ASEAN Free Trade Area (AFTA) with our other ASEAN partners. The creation of a free trade area in ASEAN would make the member countries more attractive to foreign as well as local investors. However, to make AFTA a success, we must be committed to meet deadlines set for tariff reduction and trade liberalisation. While Governments can provide a conducive environment for enhancing trade and investment, it is the private sector' s initiative that will ensure the success of AFTA. I strongly believe that if the AFTA concept can be successfully implemented, it will undoubtedly usher in a greater trade flow among the ASEAN members as well as from countries outside the grouping. We should take advantage of the different competitive advantage which each has in order to complement each other and share the benefits.

11. In the midst of rapid development, both our countries must seize the opportunities to establish a stronger and deeper relationship. In the field of trade, Malaysia offers the Philippines vast avenues for the exportation of goods into Malaysia, in line with our intention to diversify import sources. Similarly, the Malaysian business community is also keen to invest more in the Philippines which offers a large pool of skilled manpower as well as a large market for Malaysian goods. As such, we should collaborate and work together more closely to develop our bilateral ties, benefiting from the partnership through the sharing of our strengths and uniqueness. I am confident this Dialogue will bring about concrete discussions on investment opportunities among our two business

communities and that further action will be taken to translate potentials into actual business transactions. Let us look with optimism at our relationship and continue to build upon a firm foundation for a better and closer partnership in the future. What is important is that we meet regularly to improve communication and exchange views. Such dialogues will foster better understanding and allow the relationship to move forward towards the 21st Century. The New Southeast Asia that will emerge in the 21st Century will be enriched by such interchanges. I do hope that as we look towards the new millennium, we in Southeast Asia will have renewed confidence and faith in our abilities to become global players in the economic as well as other fields. No longer should ASEAN be a mere bystander. We have arrived and we in ASEAN should stand up to be counted.

12. On this note, I take great pleasure to officially declare open the Manila Dialogue.