

## **On The Occasion Of The US - ASEAN Business Council Dinner**

Washington D.C, USA 14 May 2002

I am pleased to be in Washington, and to be here with you tonight. I am thankful to President Bush for extending to me an invitation to meet with him at the White House. We had a very good discussion on many issues of importance both to Malaysia and the United States. This was our second meeting. We also had a good discussion last October, in Shanghai, at the APEC Senior Leaders' Conference.

2. I am pleased tonight to address such a distinguished gathering of movers and shakers: US Government officials, Members of Congress, corporate executives, prominent academics and think tankers, representatives of important non-governmental organisations, and the media.

3. I want to thank the US - ASEAN Business Council for organising this dinner. I especially want to thank my good friend, Ernie Bower, the President of the Council. As President, Ernie has spent most of his time in the region, including Malaysia, bringing with him delegations of US businessmen and women, and working to promote trade and investment. He has spent so much time with us, and done such an outstanding job. Thank you Ernie.

4. The United States and Malaysia have many things in common, much more than most people realise. We share a common history, language, many of our values, goals and even challenges. It is appropriate, therefore, that our two flags should be so much alike that, many mistake one for the other.

5. To begin with, we both achieved independence from the same colonial power, from whom we inherited the same language, common law system, and principles of representative government. What you may not know is that America's success in freeing itself from British rule led directly to the colonisation of what is now Malaysia, by the very same colonialists. In 1786, only five years after the Continental Army led by General George Washington defeated the British at Yorktown, the same British commander who surrendered to Washington, Lord Cornwallis acquired what is now the state of Penang, as a British colony. Thus began the British colonisation of the Malay states.

6. The American Revolution had an even more profound impact on Malaysia, however. The Founding Fathers of this country -- Jefferson, Madison, Franklin, Adams and others - gave Malaysia its model of governance -- based on regular,

democratic elections, separation of powers, and the protection of fundamental civil liberties.

7. America's welcome mat for the oppressed people of other countries has made it a melting pot of multiethnicity and multiculturalism upon which you built a prosperous, powerful and forward-looking nation. Malaysia too attracted immigrants to our shores. And today our people is made up of indigenous Malays, descendants of Chinese, Indians and other migrants living together in peace and a climate of tolerance and mutual respect. Our diversity, like yours, is the basis of our strength.

8. With all of this in common, it is natural that we should see eye to eye on many things affecting us and the world. Besides some 150,000 Malaysians lived and studied here and are now helping to shape the mores and policies of the country.

9. Since Malaysia's industrialisation the U.S. has become Malaysia's largest trading partner and export destination. In year 2001 the U.S. accounted for 18.3 percent of Malaysia's global trade, 20.2 percent of exports and 16 percent of imports. Total trade with the U.S. last year amounted to US\$ 29.6 billion with exports valued at US\$ 17.8 billion and imports US\$ 11.8 billion, most of which is made up of manufactured goods.

10. While 75.3 percent of Malaysia's total exports to the U.S. is made up of electrical and electronic products, we also export textiles and apparels, optical and scientific products and rubber products to the U.S.

11. U.S. investments in Malaysia have been growing consistently and the U.S. remains the largest source of FDI, both cumulatively and on an annual basis, over the last few years. Cumulative U.S. investments amounted to US\$10.5 billion in 2001, mainly in manufacturing, petroleum-related and service-based industries. U.S. investments are particularly significant in the electrical and electronics industry. More than 30 of the Fortune 500 companies have operations in Malaysia. Among them are Intel, Motorola, Dell, Agilent, Dow Chemicals, Exxon Mobil, Hewlett Packard, Sollectron and Goodyear. U.S. companies are comfortable in Malaysia, where the business climate is safe, secure and very positive and profit - especially for U.S. companies - have been exceptionally high. We do not begrudge you this. To us profit is not a sin and you are welcome to it.

12. Malaysia has continued to attract a significant amount of FDI despite the intense competition for FDI worldwide.

Foreign investments in the manufacturing sector over the five year period of 1997–2001 amounted to US\$ 19.7 billion and accounted for over 58 percent of total approved investments. The major sources of FDI were from the US, Japan, the EU, Singapore and Taiwan.

13. As I said earlier, the United States and Malaysia have also faced, and continue to face, common challenges. During the post-World War II era, the United States confronted the challenge of an expansionistic Communism. For over 42 years, Malaysia fought against militant communism which we eventually defeated, at a great cost in blood and resources.

14. Today, militant Communism is no longer a threat. But, we now face another common threat, which constitutes a greater challenge -- terrorism. Terrorism is a crime, a crime against humanity as a whole. It is a crime against the whole world no matter who or what or which country has been or is being targeted. The attack on September 11 affects the whole world and damages not just buildings in a particular country and the people in them. It has shattered the confidence of the world and has left an atmosphere of fear.

15. Let me be perfectly clear about one thing. Malaysia has no tolerance for terrorists. Whether people are fighting for what they consider a noble cause or not, there are certain acts which they may not perpetrate. Exploding bombs in public places and killing innocent civilians cannot be accepted. Holding people to ransom or as shields cannot be accepted. Poisoning food, medicine or water supply cannot be accepted. Deliberate killing of civilians even when sanctioned by legitimate Governments is equally unacceptable. These are acts of terror and anyone committing these acts must be regarded as terrorists by everyone irrespective of the causes they are fighting for, irrespective of their religion, race or creed. And once they are defined as terrorists it is the duty of everyone, every country to hunt them down and bring them to justice. There must be no discrimination on any basis.

16. The attack on the World Trade Center on September 11, the human bomb attacks by Palestinians and the Tamil Tigers, the attacks against civilians by Israeli forces, in Jenin and elsewhere, the killings of Bosnian Muslims and others are acts of terrorism and the perpetrators must therefore be condemned as terrorists. Where states are behind the acts of terrorism, their governments must stand condemned. But no race or religion should be condemned or discriminated against simply because people of the same race or their co-religionists have been involved in terrorist activities.

17. In Malaysia, we have been very successful in our own fight against terrorism. The Communist insurgents whom we defeated practised widespread terrorism. We defeated them, and eradicated terrorism from our country not only by military means, but also by addressing the root causes of the terrorism that plagued Malaysia. Terrorism can never be justified, under any circumstances. However, if we are to prevent it, we must not only hunt down all the terrorists but also remove the root causes that make some people angry and bitter enough to commit or support acts of terror. By addressing the grievances of our Chinese community, from which most of the terrorists sprang, we were able to put an end to terrorism in Malaysia.

18. Recently, Malaysia has had to deal with another source of terrorism; extremist Muslim groups who claim that our government is not Islamic and want to replace it with a Taliban-style state spanning Malaysia, Indonesia and the southern Philippines. They are opposed by the overwhelming majority of Malaysians, including Muslim Malaysians, who want to preserve our democratic, multi-religious, multi-ethnic and multi-cultural society and the spirit of religious and ethnic tolerance that underlies it. Malaysians want to preserve our commitment to modernisation, development, and openness to the outside world, which have played such an important role in our unprecedented economic growth and prosperity over the past two decades.

19. We studied the causes for extremism among Muslims and their resort to terror but found that they were misled by the situation in other Islamic countries and their wrong perceptions of Islam. We have taken measures to ensure the spread of the true teachings of Islam as espoused by the majority of Malaysian Muslims. Fundamental Islam proscribes suicides and the killing of innocent people and Muslims should not resort to indiscriminate violence, but should seek peace instead. As to the situations in other Muslim countries, in Palestine for example we will try to alleviate them, to help overcome their problems. Accordingly we have been able to act against the world be terrorists in accordance with our laws with the full support of our people.

20. We are firm when dealing with terrorists whether they be Chinese, Indians or Malays, Muslims or non-Muslims. If anyone plots terror in Malaysia he will be arrested under the laws of the country. As one of your newsmagazines recently wrote, Kuala Lumpur is a modern and attractive city, an outstanding place to do business, but also to rest and relax. But this is not so for terrorists. We do not tolerate their presence. We give them no rest, no quarter, and no place to

hide. We have adequate laws and capacity to deal with such threats. And we have had much experience in this field.

21. Malaysia is willing to support neighbouring countries within ASEAN, the international community, and the United States in the fight against terrorism. Long before September 11 we have shared information with the United States and acted against suspected terrorists.

22. We are still doing so with regard to suspected Al- Qaeda members. If they are Malaysians then we take action against them ourselves and this includes putting them back on the right path.

23. President Bush has acknowledged Malaysia's support in the fight against terrorism. He expressed these sentiments in both of our face-to-face meetings, in Shanghai last October and again today at the White House. We see eye to eye on this important issue of terrorism and that the United States can count on Malaysia's continued support in the fight against terrorism.

24. Thus far, I have talked about what the United States and Malaysia have in common. There is certainly a lot. But we also have important differences. Malaysia is, as you know, a majority Muslim state. Unfortunately, many people in the West unthinkingly and disparagingly identify Muslims with terrorism. This is not only wrong, it is counter productive. Discriminating against people who are ethnically or religiously similar to the terrorists only angers more people and perhaps contributes to the breeding of new terrorists.

25. Muslims do have serious grievances. The Palestinians in the occupied territories are subjected to oppression and humiliation. Israeli troops attack and kill Palestinian civilians, including women and children, who have nothing to do with suicide bombers; they bulldoze their homes and demolish their businesses; they destroy airports, water and electricity supply. In Bosnia-Herzegovina, more than 100,000 Muslims were massacred in full sight of television viewers and for a long time nothing was done. Elsewhere Muslim countries are subjected to attacks and economic sanctions resulting in many deaths from deprivations of all kinds. Because of all these there is a great deal of bitterness and anger among Muslims.

26. We would like to see Muslims and their countries express their anger and frustrations in a rational way. They should defend themselves with conventional methods. By and large they do or try to do. But when these are futile, invariably there will be elements who cannot contain their anger and who

resort to unacceptable ways not so much to prevent their own humiliation and oppression but merely to vent their anger and frustrations. While we must never excuse them for their counter productive acts, we must nevertheless try to defuse their anger and the causes for it. I am afraid the world is not doing this. Indeed with the events in Palestine, with Jenin, the anger has become worse. The fight against terrorists who are Muslims will therefore take longer. Fighting against terrorists is not like fighting against a country. You can defeat a country and end the war with a military victory. But terrorists do not operate from within a country. They can be anywhere. They can be anybody. They can act in concert or alone. They can destroy buildings or kidnap, snipe or kill individuals, individuals who may be completely innocent. The technique of fighting terrorists cannot be the same as fighting a country. It has to be different. Our view is that we must remove the causes of their bitterness and anger also.

27. Islam, in its true essence, is a religion of peace, tolerance, and respect for human life in all its variations. When it is properly understood, and its true precepts are followed, it offers a path to enlightenment, to harmony, to stable and responsible government, to progress and to prosperity. Malaysia is an Islamic state. At the same time, and without contradiction, it is democratic, diverse, tolerant, peaceful, economically and politically stable, progressive and forward-looking. There is no inherent conflict between Islam and any of these achievements. In fact, we believe that the way we adhere to the essential or fundamental teachings and practice of Islam in Malaysia has contributed to our success as a nation. We see no contradiction between Islam and women's equality, for example.

28. Our economic and business climate is outstanding. You all know about the success of Malaysia Inc., so I don't need to tell you about it. But I want to tell you about some things you may not know. We have no intention of resting on our laurels. We are proud of what we have accomplished, but we intend to do much more. Our external reserves may have reached US\$ 32.5 billion, which is 5.3 times the short-term external debt and enough to finance more than five months of retained imports, but we will try to do even better. We may have a strong fiscal position, with outstanding debt contained at 37 percent of GDP and a debt service to GDP ratio of 2.8 percent, but we will do better. Inflation remains low at 3 percent, while our savings rate is nearly 40 percent, but we will still strive to do better.

29. How, you might ask? By aggressively modernising our banking, financial and corporate sectors. We are implementing new financial reforms to bring greater transparency and accountability to our banks and other financial institutions. We are, at the same time, reforming our corporate and securities laws to improve corporate governance, and assure transparency in our capital markets. Our government is fully committed to privatisation, restructuring and reforms. We are committed to modernisation and continued growth.

30. Your investments are safe and secure, and they will continue to give good returns. We hope you will continue to demonstrate your confidence in us with new and even larger investments.

31. We also hope, and we urge you as well, to invest in the other countries of ASEAN. Nothing will contribute more to the stability of our neighbours, and the region as a whole, than their economic growth and development. And one of the best ways to stimulate growth and development is with direct foreign investment. Malaysia long ago adopted a philosophy which we call "prosper thy neighbour". We believe in enlightened self-interests. We believe very strongly that what benefits our neighbours also benefit us.

32. ASEAN is a good investment location. And it is getting better all the time. Take, for example, the creation of the ASEAN Free Trade Area, or AFTA. This will result in the creation of a community of 500 million people, which is almost 10% of the world's population. They are relatively poor now but AFTA will increase their GDP and purchasing power.

33. We see Malaysia, and we invite you to see it as well, as a regional hub for this extremely and increasingly important economic region of the world.

34. We all strive to live out our dreams. The American dream has been the lode star for generations of people in this country. In Malaysia, we too have a dream for a better life. We call it Vision 2020, and it inspires us to work harder, to constantly make things better, to fully develop Malaysia's potential over the next two decades. Our goals for peace and security, for tolerance and mutual respect, for economic and political stability, for ending poverty through growth and development, are in essence very similar to yours. It behoves us -- Malaysians and Americans -- to work together to accomplish our shared goals for our common good.