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(PRIME MINISTER)

EVENT: THE INAUGURATION OF THE 30TH COLOMBO PLAN CONSULTATIVE
COMMITTEE MEETING

VENUE: HILTON HOTEL, KUALA LUMPUR

DATE: 05 NOV 1984

TIME:

Mr. Chairman;
Excellencies;
Distinguished Delegates;
Ladies and Gentlemen.

It is indeed a great pleasure for me to be able to deliver the inaugural address on the occasion of the 30th Colombo Plan Consultative Committee Meeting. I would like first of all to extend a warm welcome to all delegates and observers attending this Meeting in Kuala Lumpur.

2. In the thirty-three years since its launching in 1951, the Colombo Plan has provided a framework for international cooperation in support of countries in Asia, particularly South and Southeast Asia, and the Pacific in their development efforts. In the process this organisation has also brought about closer cooperation between donor and recipient countries.

3. The Plan has provided a focal point and an important channel for technical cooperation which is not limited to the provision of assistance from developed to developing countries but include cooperation among developing countries in order to promote self-reliance through the exchange of relevant experience, pooling and sharing of resources and development of complementary capabilities.

4. I am pleased to note that the Plan was one of the forerunners of the concept of Technical Cooperation among Developing Countries or TCDC. I am also pleased to note that member countries recognise that the Plan should continue to promote such activities as TCDC in view of the major objective of fostering economic cooperation among developing countries and thus reduce their dependence on the developed countries.

5. In this regard, Malaysia, while still requiring technical assistance in a number of fields is prepared to share its development experience by providing technical assistance on a modest scale to other developing countries.

As an expression of our desire to cooperate in this direction, the Malaysian Technical Cooperation Programme was launched in 1980. This Programme includes the provision of fellowships and scholarships for studies and training at various institutions in Malaysia, study visits and practical attachments at various Government agencies and also the secondment of experts.

Ladies and Gentlemen,

6. As we are all aware, human resources development either through training, educational exchange or sharing of experience is the major concern of developing countries. The Colombo Plan has traditionally attached the highest importance to this area and accordingly this aspect has been made one of the elements to be discussed in the Special Topic Paper. Developing countries feel that there is an urgent need to move quickly towards improving efficiency in mobilising their resources and acquiring skills to achieve a higher level of economic and social advancement. It is hoped that such mobilisation would enable developing countries to achieve greater self-reliance and resilience to prepare themselves to meet the challenges of the post-recession era.

7. It is disheartening to see that sometimes, under pressure of national, social, economic or political conditions, some Governments make decisions within a domestic framework which consciously discriminate against developing countries and also undermine international cooperation. We are deeply concerned that some developed member countries are practising this undeclared antagonism when formulating their education policies. The charging of high tuition fees and imposition of restrictive quotas for students from abroad are examples of this short-sighted trend. I would like to remind the affluent members that their short-term gain in terms of fees etc. cannot offset their long-term loss of goodwill. I would urge developed member countries to give due attention to these considerations when formulating policies on training and educational exchange.

Ladies and Gentlemen,

8. This Meeting is being held at a time when there is a great deal of uncertainty in the world's economic environment. Although there are signs of an upturn, we are not sure whether it can be sustained. Here I would like to draw attention to the metamorphosis that is going on in the developing countries.

9. For decades and even centuries they have been the producers of raw materials which were exported to the developed countries for processing and final manufacturing. A fair amount of these products are then reimported by the developing countries. Now the developing countries have the

knowhow to process some of their own raw materials so that they can export them with greater added value.

Unfortunately the great advocates of free trade among the developed countries have now decided that free trade is not so good after all. Not only that, some of them have ganged up into economic communities whose sole intention is to deny access to goods from developing countries. And all the while the trading in primary commodities is still controlled by them through exclusive marketing clubs.

10. The mere production of primary commodities will never ever transform developing countries into developed countries. The metamorphosis can only come about if they go into processing and manufacturing. But the measures taken by the developed countries will prevent early metamorphosis and condemn developing countries to permanent poverty.

11. This fear and consequent discrimination against developing countries should stop. The developing countries will never ever displace the role of the developed countries as the major producers of manufactured goods. They are going to be confined to the less sophisticated, mainly labour-intensive industries. As such they will complement the industries of the developed countries. But there is a chance that they will become richer and will most certainly become better customers of the developed countries. Therefore the developed countries should not only accept the metamorphosis that is going on in the developing countries but should actually assist in the process.

12. There must be a substantial increase in the resources devoted to scientific and technical education and training. By increasing the level of 'absorptive capacity' of developing countries through vigorous scientific and technological manpower training programmes, I am convinced that even as late starters, it is possible for developing countries to 'leap frog' a few stages of the development process and apply some of the latest technologies in their industries. This will help them to become more competitive and will in fact contribute towards lower living costs even in developed countries where wage levels and other costs have made the production of certain items no longer economic.

13. I would also like to stress the importance of developing an indigenous R & D base as a necessary pre-requisite for successful assimilation of technology from the industrialised developed countries. In the absence of such a base, I strongly believe that imported technologies cannot be effectively utilised, adapted and improved to suit the requirements of developing countries.

14. In the developed countries, most of the R & D activities are financed and conducted by the private sector, especially in the research laboratories of their multinational corporations. The position is reversed in the

case of many developing countries. Whatever little R & D activities that take place in some developing countries occur in research institutions of the public sector, and in many instances are devoted to basic research, limited in their scope and industrial applications. It may be a step in the right direction if governments of developing countries work closely with the private sector to gear their R & D activities in areas where there are extensive potentials to be commercially applied.

15. In addition, it is perhaps useful to make it mandatory for joint-venture agreements in specific industries to include R & D. The advantages of such an approach is well illustrated by the experience of some countries. Indeed, in these countries, successful transfer of technology in many of the industrial fields such as the electronics, ship building, and the chemical industries were accomplished through ensuring that joint-venture agreements contained mandatory conditions on the establishment of R & D facilities.

Ladies and Gentlemen,

16. While still on the subject of technology development, I would like to stress the need for forward and backward integration in our development strategy. As we are aware, many of the developing member countries have abundant supplies of natural resources. To increase their earnings they have gone into processing up to various stages in order to add value. Their efforts can be frustrated by developed countries through the imposition of higher tariff on processed raw material, as for example palm oil, and also through the control of freight rates, shipping and insurance or through quota. Despite this unfair trading practices the developing countries must persist and reduce their cost as much as possible in order to compete with the products processed in developed countries.

17. I am happy to note that the primary-secondary sector linkage is also an important aspect contained in the Special Topic Paper.

Ladies and Gentlemen,

18. While much has been achieved, much more remains to be done and on a larger scale than in the past. There still exist wide disparities in the economic situation of the Colombo Plan developing member countries, with some countries having per capita GNP below US\$100. Besides this there is a substantial gap between the developed member countries and the very poor developing ones. As long as there are large disparities in the levels of socio-economic development between nations, the work of the Colombo Plan cannot be deemed to be over. While each member country sets its own priorities in achieving economic and social development, all member countries I am sure, recognise the

need for close cooperation and sincere sharing of the responsibilities involved in the creation of a more equitable economic and social order.

19. In concluding I would urge that all member countries should endeavour to create a favourable international environment for rapid and sustained economic growth. Such an environment should, amongst others, seek to provide continued access to markets by developing countries, relatively stable and remunerative commodity prices, stable international monetary conditions, facilitation of capital and technology transfer, and an effective process for international adjustment.

20. Malaysia reaffirms its commitment to the Colombo Plan and its spirit of international friendship, mutual cooperation and understanding. Malaysia is convinced that this cooperation for economic development is as necessary and as beneficial today as it was when the Plan began thirty-three years ago. We pledge continued support of the objectives of the Plan.

Ladies and Gentlemen,

21. I hope that in the spirit of cooperation and informality that has always characterised the Colombo Plan Consultative Committee Meetings, you will have a most fruitful Meeting. I believe that through a frank exchange of views and drawing from your invaluable wealth of experiences, the Meeting will be a success. With these words, I now declare the 30th Colombo Plan Consultative Committee Meeting open.

Thank you.