

SPEECH BY: DATO' SERI DR. MAHATHIR BIN MOHAMAD
(PRIME MINISTER)

EVENT: THE STATE BANQUET HOSTED BY HIS EXCELLENCY
THE PRESIDENT OF THE REPUBLIC OF KOREA

VENUE: SEOUL, KOREA

DATE: 12 SEP 1990

TIME:

His Excellency President Roh Tae-Woo;
Madam Kim Ok-Sook;
His Excellency Prime Minister Kang Young-Hoon;
Madam Kim Hyo-Soo;
Distinguished Guests;
Ladies and Gentlemen.

On behalf of my wife and members of my delegation, I would like to first of all thank you, Mr. President, and the Government and people of the Republic of Korea for the very warm welcome and hospitality that has been extended to us since our arrival in Seoul. It is a great pleasure for us to be here in Korea among friends.

2. Two years ago, I had the pleasure of welcoming Your Excellency in Kuala Lumpur. We had a very useful exchange of views on a number of important issues. Much has happened since then. The world today is a very different one and we need to take stock of the changes that have taken place and develop new strategies for enhancing our relations in the next decade.

3. In reviewing our bilateral relations over the last few years, I am struck at how much progress we have achieved. In terms of agreements alone we now have in place an extensive network that has proven conducive to the rapid development of relations. We have concluded agreements covering trade, avoidance of double taxation, scientific and technical cooperation, investment guarantees, air services and maritime transport.

4. Both Korea and Malaysia have made great strides in the area of bilateral trade. The Republic of Korea is today Malaysia's sixth largest Asian trading partner and our fourth largest export market. Total trade last year stood at almost M\$5 billion. I am happy to note that Malaysia has emerged as a major supplier of commodities for Korea's industries. Malaysia currently accounts for 74% of Korea's rubber and latex requirements, 95% of Korea's palm oil imports, 42% of Korea's sawn log requirements and nearly 15% of its crude oil needs. Korea can continue to depend on Malaysia as a reliable and competitive source of these important commodities. At the same time, Malaysia's exports of manufactured goods to Korea have also increased and now

account for more than 15% of total exports.

5. In the other direction, the Republic of Korea's exports to Malaysia have also risen significantly, registering a growth of over 27% in the first few months of this year alone. As the pace of Malaysia's industrialisation gathers momentum and with a growth rate of over 10% forecast for this year, I expect Korea's share of the Malaysian market to rise even further.

6. Apart from trade, Korea is particularly well known in Malaysia for its expertise in the construction industry. Korean companies have been, and are major participants in the construction of highways, bridges, industrial plants and office and residential complexes. I want to take this opportunity to reiterate that Korean companies will always be welcomed in Malaysia under our open economic system. Our trade and economic relations are therefore mutually beneficial and we complement each others economies well.

7. If there is one area where more can be done it is in the field of investments in the manufacturing sector where Korea continues to lag behind Taiwan, Singapore and other Asian economies. Up till the end of 1989, only some 76 projects with total capital investment amounting to M\$302 million had been approved. This compares with M\$3.3 billion from Taiwan alone. I would therefore like to invite more South Korean investors to Malaysia. They can be assured of a conducive and profitable business environment.

Mr. President,
Ladies and Gentlemen,

8. A very important aspect of our relations is the "Look East Policy" that was initiated by my Government in early 1982. From our perspective, the results of the programmes thus far have been impressive. Where once there was none at all, now nearly 600 Malaysians have been trained in Korea in engineering, management and other disciplines at Korean universities, private corporations and government institutions. These Malaysians are now contributing effectively to our development effort as well as carrying forward the relationship between the private sectors of our two countries. I wish to record here my deep appreciation to you, Mr. President, to your Government and to the many Korean corporations that have made this program and its success possible. I believe that the Look East Policy has become an important bond in the overall relationship between our two countries and we hope it will be maintained.

9. These are, by any measure, substantial achievements which we can all be proud of. The challenge ahead is how to maintain these mutually beneficial ties in the light of the changes that are taking place both regionally and internationally. Europe, for example, is awash in change and new opportunities seemingly abound. Trade orientated countries like ours must of course always be alert to possible new ob-

stacles and opportunities wherever they may occur. There are also political imperatives that we all must consider. Korea has undertaken several new initiatives relating to Europe culminating in Your Excellency's historic meeting with President Gorbachev only a few months ago. Malaysia views these as positive developments and we wish you every success in these endeavours. On our part, we too are re-viewing our relations with Europe and we believe that there is much to be gained by closer ties. Our private sectors might even want to consider linking up and jointly exploiting business opportunities in Europe. Perhaps a three-way partnership between Korean capital and technology, Malaysian capital and raw materials and local interests might come in useful and profitable.

10. We hope however that Korea-Malaysia relations will continue to enjoy an important place in your strategies as it is in ours. Ours has been a long and mutually beneficial relationship and it must not be neglected.

Mr. President,
Ladies and Gentlemen,

11. An area that is very close to our heart is South-South cooperation. Malaysia together with other like-minded countries have taken the initiative to expand and deepen the scope of South-South cooperation. In June this year the leaders of 15 South countries met in Kuala Lumpur to discuss practical ways to expand South-South cooperation. The Summit was in many ways a landmark event in the history of the South. Several new initiatives were launched which I believe will quicken the pace of South-South cooperation. We are convinced that South-South cooperation is not simply an ideal but a very viable and mutually beneficial economic proposition.

12. I am happy to note that Korea shares Malaysia's commitment to South-South cooperation. The financial support extended by Korea to the work of the South Commission testifies to this. The developing countries of the South can learn much from Korea. As I mentioned earlier it was this realization that led to Malaysia's own Look East Policy. Indeed your economic success is an inspiration to all of us in the South.

13. On the political level, we have to be constantly alert to the challenges as well as to the opportunities which have emerged in the light of recent events. While the direction of detente has been fairly set in the West, the impact of these changes in the Asia Pacific is less clear. It is our hope these changes will result in a general lessening of tension that could make for a more stable situation particularly in Northeast Asia. We support the peaceful reunification of the Korean Peninsula, an objective that is greatly cherished by the Korean people and shared by the Malaysian people.

14. Malaysia and its ASEAN partners are committed to regional peace and stability through cooperation and close consultations. We are happy that the Republic of Korea's relationship with ASEAN has now been institutionalised at the sectoral dialogue level. It is our hope that this will now lead to closer economic collaboration between the ASEAN countries and Korea and that it will also contribute to the process of consultation and cooperation in the wider Asia-Pacific region.

15. While we continue to search for ways to enhance the security of the Asia-Pacific region, it must not be forgotten that protectionism and economic and trade frictions pose an even greater danger to our region. If no agreement is reached on causes and solutions, the free trade system upon which the region's prosperity has been premised will suffer. Managed trade or purely bilateral approaches are not viable solutions. It is therefore necessary for us to help sustain a free and open trading system both at the bilateral and regional levels.

16. Before I conclude, may I once again thank you Mr. President and Madam Kim Ok-sook for the warm welcome you have extended to us and for the exquisite dinner in our honour this evening.

Excellencies,

Ladies and Gentlemen,

17. May I now invite you to join me in a toast to the continued good health of the President of the Republic of Korea and Madam Kim Ok-sook, to the continued prosperity and well-being of the Government and people of the Republic of Korea and to the friendship and cooperation between the Republic of Korea and Malaysia.

Thank you.