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The Prime Minister

EVENT: At The Opening Ceremony Of The Asean-East Asian Business Forum

VENUE: Dewan Tun Hussein Onn, PWTC

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Let me first of all thank the Ministry of International Trade and Industry for inviting me to officiate the opening of the ASEAN-East Asian Business Forum today.

2. The ASEAN-East Asian Business Forum and the ASEAN SMI Showcase 1997 launched three days ago are efforts jointly organised by Malaysia with support of the ASEAN Secretariat and the Japanese Government through JETRO. Such efforts are indeed commendable as they lend substance to the close relationship of ASEAN countries together with Japan, Korea and China. This positive cooperation and business linkages are the only way to ensure the prosperity and sustainability of this region.

3. The ASEAN and the East Asian economies as a region is huge in terms of land area, population, resources, markets as well as the potential for growth. At present the levels of development differ from country to country. Priorities and the abilities to transform our economies into competitive global players also differ, each pursuing its priorities and pace of development in the best possible way they know. However, combined together, the region can be a formidable force especially with the huge economic potential of this region.

4. With the onset of globalisation and the resultant borderlessness of countries, the need to collaborate and foster strategic alliances, either bilaterally or multilaterally, becomes urgent. Only by working together can a robust and sustainable growth of this region be achieved.

5. ASEAN economic cooperation appears to have contributed towards its successes but by comparison to the European Union it is minimal. What has happened is that ASEAN countries are quick to learn from each other about economic development. This success has been more through individual effort, although a peaceful environment and frequent consultations have contributed. Nevertheless they have been almost uniformly successful with Singapore, Malaysia, Thailand and Indonesia ranking among the leading top 22 trading nations. ASEAN has also been an attractive region for the flow of cross investments both from outside and within the ASEAN region.

6. ASEAN's new members, Laos and Myanmar, and perhaps the entrance of Cambodia at a later stage, would offer potential investors with an integrated region of economic opportunities. By then, there should be a more cohesive ASEAN collaboration in the areas of transport, energy and communications, infrastructure development, science and technology, agriculture as well as environmental preservation. With the new ASEAN image and a population of almost 500 million people, the region is poised to be a

strong market for investors and businesses in the near future.

7. The economic dynamism of the East-Asian region continues to make great stride, the result of sustainable growth in exports especially manufactured goods and increase in the flows of foreign direct investment. The East Asian countries in particular, Japan, South Korea and the People's Republic of China have made significant contributions to world trade.

8. Set against this scenario, it is envisaged that in a decade, ASEAN will emerge as a unified South East Asia sharing common goals and economic vision, anchored on a desire to see the region becoming a boon to investors and businesses alike. This scenario implies that adjustments need to be made in the way investors and firms operate in the region. Under new trade and industrial environment, companies are expected to locate themselves not to just serve one particular ASEAN country market only, but to look at ASEAN as one large market.

9. It is expected that under this circumstance, a major challenge to ASEAN will be to keep national trade open. As open trading system has been a key factor that supports the development of the ASEAN region, it is ASEAN's interest to ensure that this open global trading environment continues to provide a supportive and conducive framework to enable the region to sustain and further enhance liberalisation efforts.

10. In the context of dynamic economic growth, the role of small and medium sized industries (SMI) will be considerable. Worldwide, SMI constitute more than 80 percent of the economy. This sector therefore assumes an important role in the economic development of both developed and developing economies. In most countries, SMI have been the source of employment, augmenting rural income, stimulating indigenous innovation, creativity and indigenous technologies. With changes taking place globally in terms of competition, ways of doing business and changes in the trading and investment environment, SMI must be prepared to undertake changes in order to survive competition and to be an important contributor to economic development.

11. In the midst of this wave of change, the agility and ability to adjust and respond flexibly to the market needs and demands are essential to SMI. While the government can provide some assistance and facilities to spearhead the development. On the SMI, it is for the entrepreneurs themselves to use their creativity and innovative strategies to build up their market niches, both domestically and globally. Towards this end, the competitiveness of SMI can no longer be relied on cost efficiency alone, for equally important is the ability to offer products, services with higher quality and greater value added, at internationally competitive prices.

12. The SMI must not only concentrate on building up entrepreneurial expertise, but be competitive in the ever dynamic market place. This must be vigilant and be able to keep abreast of the changes in the international trading environment and be able to produce a export world-class products in order to remain competitive. In meeting these challenges, SMI in this region must adopt a global perspective of manufacturing and marketing operations, investing in the right type of technology and processes that

can contribute to efficient production, undertake R & D to develop new and improved products, as well as embark on the promotion and marketing of products and services to gain significant market shares.

13. Unlike some East Asian countries such as Japan and Korea, the SMI in most ASEAN countries are still weak in terms of inter-firm linkages with their larger counterparts. These linkages are important to ensure the strengthening of the industrialisation base of the economy in addition to providing market access as well as the opportunities for cross border transfer of technology organisations in the respective ASEAN countries to learn from these East Asian countries and to try to adopt and adapt the strategies to suit the requirement of each country.

14. As the new millennium sets in, the SMI must assume a greater and more important role in enhancing and strengthening the economy of ASEAN and the East Asian countries. The demands of market liberalisation measures, of global trade and economics provide challenges and opportunities for SMI. Indeed, the different levels of economic development of ASEAN and East Asian countries provide opportunities for developing and forging common strategies to exploit the complementarities in resource endowment and capabilities.

15. The ASEAN SMI Showcase '97 and the ASEAN-East Asian Business Forum therefore provide an avenue for those involved in the manufacturing industries, directly or indirectly, to meet, discuss and share their experiences with each other in developing the SMI in their respective countries. Most of all it is envisaged through the business matching sessions, participants of this forum will bring home meaningful and rewarding results.

16. The initial contact established should be further nurtured into concrete businesses and joint ventures. Indeed, with the staging of these events, industrial linkages between ASEAN and the East Asian countries will be further enhanced, especially with the realisation that the ASEAN and East Asian countries will indeed be the key to strengthening the global economic interlinkages in the next decade, turning the area into one of the most competitive marketplaces in the world.

17. I would like to take this opportunity to wish all the participants successful deliberations in the Business Forum. I am sure they will benefit from the experiences of the speakers and hopefully this will add another milestone in their business strategies in terms of fostering and forging new business linkages and joint ventures.

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