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"Moving towards Greater Security and Prosperity
into the New 21st Century"

Exactly 31 days from today we will be entering a much awaited year, a year that marks the beginning of a new century and millennium. Malaysia for one, has prepared itself and is ready to welcome it. This is made possible through the underlying guidelines of Vision 2020 a vision to be a fully developed country by that year. Indeed, to be a fully developed country has always been our dream, a developed country in our own mould and perception. But living in a world where mutual dependence is necessary, Malaysia cannot afford to ignore its neighbours, neighbours which have given undivided support in times of need, and neighbours who share happiness and glory in times of achievement. Therefore, mutual cooperative partnerships to enhance shared interests and well-being has always been on our agenda.

2. As a close-knit community with amazingly similar cultures, values and thoughts, we in Southeast Asia are well aware that happenings in a neighbouring country will affect us and the rest of the region. Taking this into account and realising how important it is to secure and maintain peace in this region, Malaysia has undertaken to participate in peace keeping in East Timor which, whether we or they like it or not, will be our neighbour. It is vital to note that the peace-keeping force is not intended to interfere in another country's domestic or foreign affairs or to show one's military might; the intention is to bring about sustainable peace and harmony. Any attempt made by any country to demonstrate its military might by actively supporting or undermining the political or economic well-being of another nation in the region is something to be deplored.

3. In view of the critical importance of keeping peace and harmony in this area, I would like to call for a refined regional security structure that would involve every nation in Asia. A clear and definite

security structure can help save tremendous resources, minimising unnecessary duplication and at the same time fostering closer cooperation among the nations. China and Japan can together help ensure peace and stability in this region, something that will not only reduce wasteful expenditure on arms but will enhance intra-regional trade and investments.

4. I believe it would help if research into peace keeping needs should focus not on the possibility of military conflicts between nations but on keeping the sea-lanes and air space free of piracy and hijackings, on better search and rescue equipment and drills, on cross-border fire fighting, on how to rescue the innocent hostages of hijackings and piracy, on making ships manned by small crews safe from boarding by unauthorised people, and on many other things which can make transportation of goods and passengers more safe. We already have enough sophistication in the weapons of destruction to wipe out millions and destroy this planet. What we need now is sophistication in the equipment which can make life safe for everyone, especially when they travel.

5. 'Security' takes on many forms. Governments have the responsibility to provide security and the well-being of all its citizens. Within the Asian region, one cannot separate security from economics. We know for certain that as developing countries, our security foundation is, in many ways, built upon economic prosperity. With this concept in mind, the Malaysian Government has adopted several measures that are considered extreme and unreasonable to some quarters in our effort to overcome economic problems caused by the deliberate devaluation of our currency, the Ringgit in 1997. When a currency is devalued it impoverishes the affected country and people. We need more of the local currency to purchase goods from abroad. Since we cannot conjure up the money needed, we have to reduce or forego certain imports. Certainly our purchases of defence equipment and other foreign manufactured products and even foods have to be reduced. This must affect our foreign suppliers and must reduce world trade.

6. Frankly we do not see anything good about currency devaluation brought about by trade in currency. When they sell the currency traders are supposed to be saving their money from the possibility of devaluation due to an economic collapse in a country. But by selling off the currency they are supposed to be holding, they not only precipitate the collapse but actually ensured that it would happen to the degree they plan. In fact they are not holding any currency which is in danger of losing its value. They merely

borrow the currency from the banks when they want to sell. The banks do not have this currency either. There was never such money issued by the Central Banks. If such an amount of currency is issued, it would certainly depreciate in value merely because there is too much of it in circulation. The money that the banks have which they lend to the traders are basically fictitious, created by rather shadowy and tricky banking practices. Yet the effect of this non-money being traded can be disastrous for the countries concerned and for the world generally. Against the amount of wealth destroyed by currency trading, the profit made by currency traders is actually minute -- although it may run into billions of dollars and is worthwhile for the currency traders.

7. Malaysia believes that a steady exchange rate is good for business. There will be no need to hedge -- an unnecessary cost which only benefits the hedge funds. Certainly there will not be currency and economic turmoil caused by unpredictable, rapid and steep falls in the value of currencies. And because international trade would be facilitated when exchange rates are steady, exporters from every country would benefit. The demand for such things as aircrafts, ships, manufactured goods, defence equipment and even services would be high, benefiting the manufacturers and suppliers worldwide.

8. Malaysia had urged the IMF to take steps to control currency trading. The world can actually do without currency trading. Just because in the context of free trade and globalisation it can be done does not mean we should allow it to be done. There are many things we can do in this world but we are not allowed to do because they harm others. Unfortunately the IMF is not inclined to do anything that will deprive the currency traders of their opportunities to make huge profits, or even to render it transparent. Mr Camdessus promised us but he did nothing.

9. Malaysia therefore had no choice but to keep our currency, the Ringgit, from getting into the hands of the currency traders. We also imposed restrictions on short-term speculative capital which had been instrumental in the collapse of our stock market. The restrictions on short-term capital flows have since been lifted for all practical purposes.

10. The results of taking these measures have been much better than we expected. Despite vociferous condemnation by practically the whole world, our selective controls have resulted in much faster economic recovery than the other countries affected by currency trading. While other countries in the region

have also recovered, it must be remembered that they are burdened with huge debts with International agencies which they now have to repay. Also the damage to their economies caused by the standard IMF remedies is severe and will take much time to be repaired.

11. Nevertheless the fact remains that the region as a whole is now much more healthy economically than in 1997-1998. This means that we are in a position once again to do business, to buy things and to trade generally. We are not out of the woods yet. There is still fear that the currency traders will be back. New funds are already being set up by such greats as Merriwether who apparently has not done enough damage with the LTCM debacle.

12. Malaysia will not put down its guards until a new international financial regime that is safe for emerging economies is devised. We are not doing our 22 million people any harm, nor are we hurting our trading partners through our controls. Indeed we are doing ourselves and our partners and suppliers a lot of good. The only people who have and will continue to lose out are the unconscionable money traders and fly-by-night investors. We really do not care for them.

13. Malaysia loves stability and predictability. We think the business community likes them too. They will be more sure of the success of their business. There will be no sudden turns and twists in the policies, laws and practices in the Malaysian environment. If at all we will improve on them for the good of business.

14. We believe passionately in the partnership between the private and the public sectors. We know that the public sector can only do well if the private sector does well. We tax their profits, if I may be so blunt. Obviously if they make more profits we collect more. We in Malaysia believe that the proper way to increase revenue is to help the private sector make profits and to increase their numbers. Raising taxes is one sure way of reducing Government revenue. So you can expect us to reduce taxes or even abolish them, if they will help stimulate business.

15. Malaysia is a great place to do business. We hope that the aerospace and maritime industries worldwide will always consider Malaysia when they want to invest, to relocate and to set up regional servicing, manufacturing and operational centres. We will make sure you will never regret your choice.

16. The ASEAN region is set to boom again. We will ensure security for the region and we will prosper each other. We have learnt a lot from the recent

currency and economic turmoil and we have all emerged wiser and stronger. We believe we can help prosper not only each other but also our partners from other parts of the world.

17. As we move into the new century and the 3rd Millennium let us resolve to cooperate for a better and more prosperous world where wealth and the good things in life are shared fairly by everyone everywhere.