

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

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TIME:

I would like to extend to each and everyone of you, gathered here this morning, a very warm welcome and "Selamat Datang" to Kuala Lumpur and in particular, to the Millennium Leaders' Summit.

2. I am indeed very proud and honoured to be here today for such an auspicious event. I take this opportunity to congratulate the Joint Meetings Industry Council and the International Congress and Convention Association for bringing together leaders of the international meetings industry from around the world to our garden city -- Kuala Lumpur. We hope our capital's conducive environment will make your stay here enjoyable, invigorate you and provide a catalyst to your creativity in your deliberations to formulate new strategies in facing the key challenges of the industry.

As industry leaders, most of you may be aware of the growing popularity of Malaysia as an attractive tourist destination in Asia. In addition, Malaysia also continues to be one of the most sought after convention and exhibition destinations in this part of the world. As the Meetings, Incentives, Conventions and Exhibitions (MICE) industry experiences positive growth worldwide, Asia is becoming increasingly popular and enjoys a good share of the market. With the increase in the MICE traffic to this region, Malaysia is positioning itself to gain from this opportunity by offering an attractive range of convention services and the necessary infrastructure. In 1999, there were a total of 1,404 hotel establishments in Malaysia, supplying a total of 109,413 rooms. Many of these hotels have adequate meeting facilities to cater for MICE activities.

Malaysia has a lot of experience in the hosting of big international events and this has been clearly demonstrated through the successful conclusion of the 1998 Commonwealth Games and the 1998 APEC Summit Meeting. This year we are hosting the Islamic Conference of Foreign Ministers, which will involve 56 countries. With such a proven track record, Malaysia

is fully capable of hosting big international conferences and exhibitions. In this regard I am proud that Malaysia has successfully won several biddings to host big international conventions in the next few years, including, to name a few :-

- \* The 89th World Dental Congress in 2001;
- \* The 50th PATA Conference in 2001;
- \* The World Orchid Conference in 2002; and
- \* The 53rd International Real Estate Federation Congress in 2002.

Currently Malaysia is also bidding to host the Asian Games in 2006, the Federation of International Gynaecological and Obstetrical (FIGO) World Congress also in 2006.

During the height of the recent economic recession in 1998, the convention, exhibition and event sub-sector of the Malaysian tourism industry continued to register positive growth of 19.9 per cent compared to 1997, despite the decline in the nation's overall tourist arrivals. At that time many organisers were sceptical on whether there would be adequate participation if there were conventions or events organised during the period of economic crisis. They have been proven wrong because of the resilience of the Malaysian meetings industry and because of the continued strong attraction of the country.

6. Now that Malaysia has made a convincing economic recovery with a rebound in economic activities, prospects for a strong upturn in the meetings industry would even be much brighter. Factors which have a positive impact on the development of this industry include a stable political situation, strong economic growth and attractive investment opportunities which would draw foreign investors and businessmen to the country. All these are evident and present in Malaysia. Contrary to dire predictions, the Malaysian economy has managed an impressive V-shaped recovery, at a speed no one would have predicted during the height of the economic crisis.

7. The recent economic downturn has shown us that, with few exceptions, the progress of the various sectors in the economy is tied closely to and move in tandem with the national, regional and global economic condition. When countries around the region, and in many other parts of the world, recently experienced declining economic growth, the tourism industry was also adversely affected and therefore was unable to make a significant contribution to overcome the country's economic woes. Nonetheless, tourism has been and remains as a major source of foreign exchange earnings for Malaysia and many other countries in the world.

8. According to the World Tourism Organisation, 635 million people traveled to a foreign country in 1998, spending some 439 billion U.S. Dollar. International tourism receipts combined with passenger transport currently total more than 504 billion U.S. Dollar -- making tourism the world's number one export earner, ahead of automotive products, chemicals, petroleum and food. In 1999 travel and tourism generated, directly and indirectly, across the global economy, 11 per cent of Gross Domestic Product (GDP); 200 million jobs; eight per cent of total employment; and 5.5 million new jobs per year until 2010. In short, travel and tourism is big business. Nevertheless, like many other industries, tourism development requires planning and investment, as well as supportive Government policies. The Government must ensure the country is safe for tourists, with minimum regulation for visitors and be politically stable. The necessary support facilities such as renowned international hotels, transportation, financial and banking systems and other essential conveniences for the making of successful conferences and exhibitions are mostly provided by the private sector.

9. The tourism industry has been fully supported by the Malaysian Government, in recognition of its important contribution to the country's economy. Even during the economic crisis, the budget allocation for tourism promotion was not affected by the Government's austerity measures. Marketing or promoting international awareness of a country involves a continuous effort from the Government, the tourist industry's people and the media.

10. As a sub-sector or segment of the tourism industry, the meetings industry also has a significant role in the economy. I understand that the meetings, incentives, conventions and exhibitions industry is relatively young but its value on a worldwide basis has already been estimated at 280 billion U.S. Dollar. It is a rapidly growing industry which provides significant economic and employment benefits to the city and country that hosts the meeting. Meetings or conferences often promise new trade potential and they are often accompanied by exhibitions. In the competition for international tourists, meetings or conference travelers are amongst the most sought after target groups. The conference delegate spends three times as much as the tourist. Meetings represent one of the primary communication vehicles and constitute a critical component of an organisation's or an industry's success. It provides and facilitates gatherings of professionals and of people in a similar trade or with common interests, for exchange of information and views. The face-to-face or interpersonal relations enable networking, the building

of trust, the expansion of the frontiers of knowledge and the fostering of friendly relations between peoples of different nationalities and cultures.

11. Currently, the tourism sector, including the meetings industry, has reached a high level of sophistication. Now high technology has found its way into the industry. In the new millennium, advances in telecommunications and information technology have provided the 'virtual meetings' in cyber space as an alternative to the personal or face-to-face meeting. Meetings in the form of desktop video-conferencing or a virtual seminar through the Internet are now possible. The Internet could be used to research meeting sites or to collect registration from attendees. Many companies or organisations recognise the communications potential that might be attained through 'virtual meetings' or 'virtual seminars'.

12. While the benefits and advantages of a high tech virtual meeting are obvious and while such meetings are appropriate in some circumstances, the human element or personal touch possible in face-to-face meetings cannot be discarded altogether. Even in a knowledge-based economy of the near future, the human resource or people remain as one of the most important or key factors. Interacting with people is an art, that needs to be nurtured for the betterment of society and enrichment of the nation, through the promotion of understanding between people of different nationalities and exchanges of information for mutual benefit.

13. The five major issues facing the global meetings, incentives, conferences and exhibitions markets, namely globalisation versus regionalisation, industry recognition, education, e-commerce strategies as well as standards and best practices, which you have chosen as the key items in your Summit agenda, are among the main issues also of concern to other industries and national Governments.

14. I had spoken on several occasions and in various domestic and international forum about globalisation, liberalisation, as well as other issues listed in your summit agenda.

15. Globalisation is now a fact of life. It became a term of reference only a decade ago but it has rapidly crept into our consciousness and proceeded to claim our attention across the whole spectrum of issues in our lives. Globalisation is the term used to describe the profound and rapid impact that events in one part of the world has on the social, political and economic institutions and the lives of people in countries elsewhere in the world. Globalisation happens when barriers to interactions across borders fall.

One clear and obviously bad encounter with globalisation was the recent Asian financial crisis. With capital rapidly crossing and re-crossing borders bringing along exchange rate instability, countries lost money, business was destabilised and masses of people became poor. The so-called contagion effect brought down even the economies with very sound finance. Countries situated thousands of miles away were not spared. The world's economy went into a tailspin. About the only people profiting from this particular manifestation of globalisation were the currency manipulators. Other than this group of very, very rich people, no one really gained. Millions of people lost their jobs and billions of dollars of hard-earned wealth vanished.

17. The question that begs to be asked is whether globalisation must result in periodical and massive economic turmoil for the whole world. Cannot there be a way to design and regulate globalisation so as to benefit the poor while not impoverishing the rich? Indeed cannot the rich further enrich themselves without causing economic turmoil and impoverishing the countries targeted?

18. We think that globalisation is not inherently destructive. What is destructive is the abuses which globalisation make possible.

19. For a long time currencies were traded and capital flowed across borders. But the destabilisation was minimal. Hedging make it possible to reduce the risks and the cost of exchange rate fluctuation.

20. But the hedge funds discovered that they could actually influence the fluctuations in exchange rates. Since they have access to very large capital through leveraging they can push down or push up the values of currencies simply by going through the motion of selling or buying the particular currency.

21. While speculation is a form of betting with all the risk involved, manipulation of exchange rates by huge hedge funds through their own buying and selling involve hardly any risk. A return of 30 per cent is promised to the very rich investors in the hedge funds.

22. The reason for the economic and financial turmoil is entirely due to manipulations by the hedge funds. They have made use of the free unregulated markets to make money for themselves alone. In the process real businesses, including the tourist business were strangled. Large amounts of money were lost through no fault of the businesses.

23. If we are prepared to recognise the culprits then we can prevent economic turmoil by regulating their

activities. But apparently the world is not yet ready to name the culprits and to act against them. Until then we have to apply home-grown remedies in order to provide a stable financial and economic environment for business to be done. In the case of Malaysia, we have fixed the exchange rate and people doing business in Malaysia can be sure that their budgets can be quite precise and free from the need to make adjustments every now and again. They will not be burdened by the cost of hedging. As you may have noticed the cost of visiting Malaysia is not only low but they are predictable.

24. Before I end, I would like to wish you a fruitful conference and a pleasant stay in Malaysia. After the Summit ends, you will be able to see more of the country through the post-conference tours that have been arranged for you. I hope you will take this opportunity to see for yourselves the real Malaysia which promotional brochures and audio-visual shows cannot do justice to. Certainly the real Malaysia is not quite what you expected when you landed at Kuala Lumpur International Airport.

25. Once again I wish you "Selamat Datang" to Malaysia and a successful conference. On that note, I hereby officially declare the Millennium Leaders' Summit open.