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**Title : ADDRESS BY THE RT. HON. DATO' SRI NAJIB TUN RAZAK**  
**DEPUTY PRIME MINISTER OF MALAYSIA TO THE UK BUSINESS**  
**COMMUNITY**

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DEPUTY PRIME MINISTER OF MALAYSIA  
TO THE UK BUSINESS COMMUNITY

WEDNESDAY 9 MARCH 2005  
SHERATON PARK LANE HOTEL, LONDON

Distinguished Guests

Ladies and Gentlemen

1. On February 9th, a quarter of humanity around the world celebrated the Lunar New Year, including many Malaysians of Chinese origin. Malaysia is a multiracial society where we share and celebrate each other's Festivals in a spirit of fraternity. This year is the Year of the Rooster in the Chinese calendar. The Rooster is the bird of dawning – associated with a fresh start to the day – a time of renewal. It was in the Rooster Year of 1957 that we ushered in our Independence from Britain. The fact that I stand on this platform today is testimony to the fraternity that has still survived and continues to bind our two countries. This is very much a time of renewal. My theme today is that we need to revisit and revitalize this long-standing relationship between my country and yours.

2. The other function of the Rooster is to provide us with a wake up call. All of us, but especially those of in my part of the world have already had a rude awakening in the form of the devastating Tsunami that afflicted many countries in Southeast and South Asia. While Malaysia was relatively spared with less than a hundred fatalities, we are involved in humanitarian efforts in other worse hit areas like Indonesia and Sri Lanka. Our efforts have been particularly focused on the people of Aceh in northern Sumatera, where Malaysian doctors, nurses, NGO workers and our armed forces are helping to run mobile hospitals, restore sanitation and clean water supplies, man relief centres and establish orphanages, all in an effort to rebuild life and livelihood for this devastated community. We owe much to the people of Aceh as the island of Sumatra lay between us and the earthquake's epicenter, thus shielding us from the brute force of the ensuing tsunami.

3. May I also take this opportunity to thank the people of Britain for your concern and your heartwarming generosity in donating to the Asian Tsunami Disaster Relief Fund. If this particular "ill wind" blew with overwhelming force, it also blew "good will" in uniting humanity in compassion for one's fellow men. We have been preoccupied with the Coalition against Terrorism. This was a Coalition of the Giving. On behalf of Malaysia and our neighbours, I thank you.

4. Now that the storm has subsided, we turn our attention with even more resolution to the hope of renewal. We are into the 5th year of the new Millennium that is

increasingly shaped by the twin forces of globalisation and technology. The threshold of opportunity should be raised. For millions around the world, the new Millennium brought with it hopes for a period of good governance, happiness and prosperity. Where technology and science would deliver us from hunger and disease. Where globalisation and an inter-dependent world would make us better friends, fairer trading partners, less belligerent adversaries, and more socially responsible investors.

5. The reality unfortunately falls far short of this. It is a troubled world – and an ugly one. The events of September 11 traumatised us. We now live in an environment of violence and fear. Terrorism can strike anywhere. Risk and uncertainty have risen alarmingly. It has entered many Board Rooms and even up to the Cabinet, taking a toll on the cost structures for many businesses and inflating country risk factors for investment. In 1997, we in Asia suffered a synchronized recession that spread like a contagion around the world. It was, if you like, a financial Tsunami. Then came the real thing – a salutary reminder of human folly and of man's temporal nature.

6. We turn in times of crisis to our friends. We might now take a reality check on the current state of British Malaysia relations, our anchor to the past. To be sure, our ties are still strong and anchored in our long history with all its shared traditions and values, replenished by the latter-day injections of healthy trade and plentiful investment.

7. But if on the surface things appear much the same, these calm waters may hide more troubling under currents. Allow me to speak frankly. There is an underlying uneasiness – a concern that the special relationship we once prized between our two countries is, in reality, no longer special. Picture if you will a magnificent rose garden left unattended as we come to the end of a glorious summer. Like a good marriage of many years standing, we need to guard against taking each other for granted and avoid a midlife crisis.

8. If this perception is indeed reality, we might ask how we ended up here. Allow me to offer a view. Both countries appear to have redefined their strategic priorities. The UK is now fully engaged within the European Union and with the demands of its special trans Atlantic relationship. The Commonwealth is no longer a grand platform for common understanding and a source of shared wealth. We ourselves in turn tend to look more these days to ASEAN, beyond this to East Asia and the possibility of a wider regional grouping that will bind much of Asia. The Chairmanship of NAM and OIC brings additional responsibilities that take precedence.

9. At the Government level, here too we seem less energetic – if reciprocal visits are anything to go by, we are now reduced to a trickle from your side. Invariably business relations also follow by default. Bilateral trade and investment between the UK and Malaysia has been rising but not as fast as others. In 2004, total two way trade stood at 2.3 billion Pounds. In the last 5 years, approved investments from the UK totaled US\$1.3 billion. The most prominent in recent years to carry the torch is Dyson – with a very successful manufacturing concern in the state of Johore.

10. However, other countries have moved ahead faster and more aggressively. New players and business partners are capturing emerging opportunities. Last year you were our 14th largest trading partner – ten years ago (1994), you were our 6th. Twenty years ago, you were the 3rd largest investor in Malaysia after Japan and the United States. Today you are in 5th place. It is Germany – Germany without

anywhere near the same political or social capital with Malaysia, that has emerged as our biggest investor from Europe in the last five years.

11. People to people ties also appear to be fraying. Malaysian students, once among the largest foreign contingents in the UK, have gone down from 30,000 to some 10,000 in the last few years – many of whom have been deterred by the punitive fees they have to pay. As a result, you yourselves miss out on the life long ambassadors for Britain amongst returning Malaysians – and what has traditionally been a very effective constituency and lobby. Malaysians are now classified as foreign whilst the “Johnnies come lately” from the EU get preferential treatment. It’s a classic case of off with the old, on with the new.

12. In short, and in the final analysis, I would suggest that our relationship today suffers not from any major discord, but appears to be a matter of seemingly benign neglect. We have become two ships passing silently in the still of the night.

Ladies and Gentlemen

13. I said at the start that my intention this morning is to revitalize. We must heed the often repeated advice to keep friendships in good repair. There is light at the end of this tunnel. If we want a new start – to rebuild our special relationship, then it is some comfort to know that the foundations are already there and securely in place. I have said many times that the first choice of any free peoples is not to be colonised, but if it were indeed the case, then we have been fortunate that it was from the British that we gained our Independence. The greatest legacy was probably the institutional framework we inherited from you and still share - the Rule of Law, a functioning Westminster Parliamentary system, an efficient Public Service, a standardised Education system, a disciplined force of law and order.

14. There are also other important legacies. The traffic drives on the left. For business, this means you can sell us made-in-UK mini coopers and we made-in-Malaysia Protons, without modification. Some Malaysians, including myself, still enjoy afternoon tea with scones. You introduced us to your world of titled nobility – to lordships and knighthoods. In this area, we have probably outdone you on two counts: firstly, our titles are much longer than yours (and I might add, harder to pronounce), and secondly, on a per capita basis, we definitely have more people with honorifics and titles than you. So to those of you who have yet to visit Malaysia, I am certain you will find yourself in familiar surroundings.

Ladies and Gentlemen

15. Malaysia has built on this strong legacy to achieve an enviable track record of political stability and social cohesion. We have our own unique form of sustainable politics. We happen to be the longest serving, freely elected democratic Government in the world. Our National Front coalition has been voted to power in unbroken succession for 48 years ever since Independence. Our success is because we are a truly populist and responsive government. Elections have been peaceful, free and fair. We have lost states to the opposition but we have always held federal power.

16. Last year was a crowning achievement. Under the leadership of a new Prime Minister, Malaysia achieved a stunning, best ever General Election result. Our coalition party won an overwhelming 90% of Parliamentary seats. We are the only country to have pushed back the green line of Islamic radicalism and extremism

through the ballot box. This was an important demonstration to the world at large, that Islam can be right at the heart of a multi-ethnic and multi-religious society, and yet be a genuine force for modernity, social harmony, economic progress and political stability. Many in the Islamic world today are moving in this positive direction, but Malaysia has been leading the way for nearly half a century.

17. The benefit of stable government to business is predictability. This kind of extraordinary political stability confers the luxury of long range strategic planning – witness our Five Year Plans and our Vision 2020 where we are working towards fully developed status within what is now a decade and a half. In Malaysia, political continuity brings policy continuity.

18. Britain and Malaysia also share similar business culture and ethics. Our professional standards and practices converge. The likes of PriceWaterhouse Coopers in Malaysia will see to that. The British newcomer will find himself again in a familiar world of Shell, the Sime Darby, Unilever, Glaxo, HSBC, Standard Chartered Bank in Malaysia. The chances are today, the CEO and senior management will be British educated or British trained Malaysians.

Ladies and Gentlemen

19. We are also appreciative for something which as Minister of Defence I personally can attest – our seasoned, British trained security forces which help to guarantee the defence of the realm. They were seasoned and battle hardened by the 12 years of Emergency when we fought the Communist insurgency. World leaders today speak of the need to “win the hearts and minds” of those who support terror out of desperation, frustration, poverty and injustice. It was in Malaysia some forty years ago that this term was first coined and we hold the distinction of being the only country that has ever claimed victory over the Communists.

20. In more recent times we are further joined by a common threat and the need for security. Our proven competence in intelligence and counter-insurgency is one of the reasons why Malaysia was chosen to locate the Southeast Asia Regional Centre for Anti-Terrorism and to train others in what is a critical element in our common fight against terrorism. I am also greatly reassured by the longstanding Five Power Defence Agreement of which Malaysia and the UK are signatories. This treaty and other bilateral defence arrangements have afforded us mutual protection and assistance in times of need. They have formed the basis of much collaboration and cooperation between our two defence establishments as we now deal with new, unconventional threats to our common security. Part of my visit here this week has been to further strengthen these already excellent ties to encompass new areas such as maritime security and industry collaboration.

Ladies and Gentlemen

21. If we look carefully for opportunities where we can truly tap on the reservoir of goodwill between our two countries, education is probably at the top of the list. The pool of talent you will find in Malaysia today are products of an education system much informed by British academic tradition. The demand for English-speaking managers, engineers, scientists, accountants, doctors, and lawyers has never been greater as we seek to compete in the new Knowledge Economy. We have 33 public and private universities, more than half of which are in the scientific and technological disciplines. Foreign universities such as Nottingham from Britain and

Monash from Australia have set up branch campuses to tap on this insatiable demand for quality education, not only in Malaysia but around the region.

22. We have now set our sights on attracting the very best academic and research institutions to use Malaysia as a hub for Southeast Asia and beyond. We have appointed a Special Envoy for this specific purpose and as Deputy Prime Minister, I have been tasked to directly oversee this effort. We are already talking to top universities in Europe and North America. With a rising cost structure in the UK, it makes perfect economic sense for British universities to branch out to Asia, and Malaysia is the most attractive place for a second home. And if Britain prides itself with its historical relations with much of Asia, and if Asia is the future, might it not also make sense for British students to study in Asia and become your ambassadors in turn?

23. If there is any doubt that Malaysia is an ideal partner, let me share one additional fact. The Times Educational Supplement recently ranked the top 200 educational institutes worldwide. Two of our local universities are in this list (UM #89 USM #111). We are also the only Muslim country represented, which is why we may lay claim to being a role model in the Islamic world, not only as a moderate progressive Muslim country but an enlightened and successful one. Not only does Malaysia lie at the crossroad of a dynamic Asia, we are also at the heart of a progressive, modern Muslim world.

24. On the business front, it is clear that much more can and should be done to contribute to each other's economies. Malaysians, long exposed to the merchant tradition set by the East India Company, and to Muslim traders from the Gulf of Arabia, have found it easier to go global. Malaysian companies are beginning to head westwards. And where else but Britain. YTL's Wessex Water, Petronas, Proton and its subsidiary, Lotus, as well as Genting are in the vanguard. We have introduced Malaysian batik to Bond Street and shoes from Jimmy Choo to the world – stamping a Malaysia footprint on high fashion.

Ladies and Gentlemen

25. It would be a pity to lose all this great tradition and miss out on the rich opportunities before us. I look now for the silver lining in the cloud. Generational change on both sides presents new opportunities for renewal. The young are more adventurous, less risk averse, more ready to embrace change.

26. Let me cite an important factor in our mutual favour which I made reference to earlier – a strong core of UK educated Malaysians in all spheres of social, business and public life. My own generation and the ones immediately after have now reached their prime and moving into positions of authority and leadership. In today's Britain and Malaysia, sentimentalism no longer sells – only good hard commercial logic. But logic needs to be complemented with local knowledge and Malaysians have a head start in understanding the British. We speak the same language, literally as well as metaphorically. We approach the new issues of common concern from a similar set of values.

27. What can we do? Issues management is a crucial skill for a turbulent 21st century. An issue ignored is a crisis invited. Together Malaysia and Britain can make a valuable contribution in confronting issues that threaten to have global repercussions. We need to better understand the post 9/11 world and the fight

against terrorism. Malaysia as the voice of moderate Islam can promote better understanding and honest dialogue. The dawn of a new era in Palestine promises new hope. We would like to be seen as collaborating with Britain in this constructive engagement. I'm proposing a partnership of minds and an exercise of will.

28. How do we begin? Well, I suggest that we start by dealing with the perception gap. There is a low awareness of what I have just outlined. Malaysia is hostage to world opinion and world ignorance. I would appeal here to those British companies who have had a long and good experience doing business with Malaysia – and I quote a familiar proverb :

“A bird in hand is worth two in the bush”

29. If the bird in the hand sings sweetly the two in the bush will join him. We would like you to sing loud and clear and bring your testimony to the British business community that Malaysia is a good place in which to invest.

30. You can also help close the perception gap by bearing testimony that the outside view of Malaysia is not consonant with the facts. We may be wrongly stereotyped as a Muslim country equated with extremism and a potential terrorist haven. We ask you to tell them, because as you well know, we are a showcase of moderation and tolerance. Our multi-racial diversity obliges us to cohabit. We have gone beyond religious tolerance towards a sense of mutual respect and appreciation for our respective faiths. As a nation, we officially celebrate each other's religious festivals. Mosque, temple and church sit happily side by side. The Imam's call to prayer mingles with church bells and temple gongs. For the man in the street, the interfaith dialogue is not an abstract concept. It is a daily conversation.

31. What should you tell them? You should tell them about the wide-ranging opportunities that are opening up. You cannot afford to ignore ASEAN – with its already huge market of 550 million people. A new era is upon us. This region will inherit its place as the next epicenter of business and politics. Here you can establish a production base to tap into the regional market. China may be the irresistible magnet but the springboard into ASEAN and the region for Britain can and should be Malaysia.

32. You should tell them that Malaysia is on track again after the Asian Financial crisis of the late 90s. We achieved 7.1% GDP growth in 2004 and are looking to achieve 6% this year. We have low inflation, low unemployment, a high savings rates, a strong current account surplus, large international reserves and a resilient banking sector. We are a conducive, business friendly, cost competitive environment. We are blessed with abundant natural resources and land.

33. You should tell them that we are the second largest contributor to regional trade. Current priorities target the agro-based sector and biotechnology. We are developing our services sector in diverse fields such as information technology, outsourcing, back office operations, aerospace engineering. We are poised to become a world leader in Islamic financial services and a regional hub for halal food products and ingredients.

34. And finally, you should tell them that we have a deep reservoir of talented people. Our multi-racial, multilingual diversity has special significance for the new era. With Malaysians of Arab, Chinese, Indian, Sikh and European ancestry, we are a

microcosm of the global world of the future. We can communicate in Hindi or Tamil to the Indian subcontinent, in Mandarin and other dialects to greater China, in Malay to Indonesia, Arabic to the Arab world and in English to the rest.

Ladies and Gentlemen

35. As leaders, if we truly believe in the promise of British-Malaysia relations, where then do we start? At the top. May we first put the onus on my own kind. Political leaders need to spearhead change – and send out the right signals. The political roosters must crow first. This is why my Prime Minister has been here twice since he assumed office less than 18 months ago. And this is why I am here today. On the domestic front, we are putting out the welcome mat. Prime Minister Datuk Seri Abdullah Ahmad Badawi has led the charge with a new administration and a clear reform agenda. This includes a commitment to ensuring greater efficiency in delivery of public services, an outright war on corruption and red tape, a focus on the performance of government linked companies entrusted with the commanding heights of our economy and an emphasis on talent and on providing the widest educational opportunities for all Malaysians.

36. The purpose of my visit to the UK this week is to deepen our defence and security links and expand our educational ties. But on a personal level, I am an old boy returning to his alma mater. This has been for me another sentimental journey. I am a regular visitor to the UK, but as I return on each occasion with heavier responsibilities on behalf of my country, I am deeply aware of what we have in common and the tremendous scope for meaningful partnership between our two countries.

37. Malaysia looks forward to welcoming old friends and making new ones. A Brit will always be special. Given the warm and longstanding ties between our two countries, so ably represented and evident in this room, I appeal for your support in the task of revitalising the British Malaysia axis, and to set it off on a fresh and rising trajectory. Now is the time to start making things happen.

Thank you.