

By : DATUK SERI SYED HAMID ALBAR
Venue : UNIVERSITI UTARA MALAYSIA
Date : 20 – 21 JANUARY 2001
Title : "ENHANCING MALAYSIA/SOUTH PACIFIC UNDERSTANDING"

YBhg. Prof. Ir. Dr Mohamed Noor
Hj Salleh
Vice Chancellor
Universiti Utara Malaysia

YBhg. Tan Sri Musa Hitam
Special Envoy
Government of Malaysia

Distinguished Panel of Speakers

Representatives of the High Commission of Australia, New Zealand, Papua New Guinea and Fiji in Kuala Lumpur

Senior Officials of Universiti Utara Malaysia

Distinguished Guests,

Ladies and Gentlemen.

At the outset, I would like to thank the organisers of this International Seminar, namely Universiti Utara Malaysia, Victoria University of Wellington and the Institute of Diplomacy and Foreign Relations, for inviting me to speak this morning, on the subject of "Enhancing Malaysia - South Pacific Understanding".

2. I am glad to see the participation of many prominent scholars, academicians and distinguished personalities including those from the South Pacific nations in this Seminar. Your presence here is a clear manifestation of the importance that you attach to developing closer ties between Malaysia and the South Pacific.

Ladies and Gentlemen,

3. Taken as a whole, the South Pacific is an important part of the globe. With a total land area of 8,465,493 sq km and a huge maritime area, the South Pacific is indeed a region rich in both living and non living resources. Though relatively small in population size of 29.01 million, the South Pacific remains an area of great potential for mutually beneficial collaboration with neighbouring countries.

4. Developing relations with the South Pacific is an important dimension of Malaysia's foreign policy. Close geographical proximity, historical and cultural links, and economic and security imperatives have made it necessary for Malaysia to engage

with the South Pacific either bilaterally or through the common membership of the relevant regional and international organisations.

5. In developing close and friendly relations with the countries in the South Pacific, Malaysia appreciates the different levels of economic development enjoyed by the countries concerned. Whilst Australia and New Zealand have successfully secured for themselves the status of developed countries, other states like Fiji, Solomon Islands, Nauru, Federated States of Micronesia, Kiribati, Niue, Palau, Cook Islands, Marshal Islands, Tonga, Tuvalu, Vanuatu, Independent State of Samoa continue to remain as developing countries if not least developed countries. All these states are members of the South Pacific Forum. The huge gap in economic development between the developed and the developing members of the Forum has become a significant characteristic feature of the South Pacific that continue to shape the pattern of relations that exist between Malaysia and the countries concerned.

6. It is indeed significant to note the somewhat unique position enjoyed by Malaysia vis-à-vis the countries in the South Pacific. To Australia and New Zealand, Malaysia is still a developing country, notwithstanding the impressive economic progress that we have achieved. To the other island states, Malaysia is considered a relatively more developed country that could very well contribute to the economic development of the countries concerned.

7. The pre-independence period saw Malaysia, Malaya then, forging contacts and interactions essentially with Australia and New Zealand. The older generation of Malaysians in particular, still remember the role played by soldiers of the two countries and Fiji in helping Malaysia during the Second World War and in facing communist insurgencies. Effective interactions with the other island states, however are more recent following their own attainment of independence.

Ladies and Gentlemen,

8. Developing substantial relations with all countries of the South Pacific represents a major challenge and opportunity for Malaysia as we move into the era of globalisation. It is inevitable perhaps that relations with Australia and New Zealand continue to dominate Malaysia's relations with the South Pacific. This is attributed to the following factors: -

- i. Education: Beginning with the Colombo Plan, Australia and New Zealand remained the preferred destination for the pursuit of higher education for Malaysians. More than 150,000 and 12,000 Malaysians have completed their education in Australia and New Zealand respectively.
- ii. Trade : Two-way trade between Australia and Malaysia recorded an encouraging 4.5% increase from RM 11.6 billion in 1998 to RM 13.2 billion in 1999. Australia is presently Malaysia's eleventh largest trading partner. Similarly with New Zealand, Malaysia is currently the largest market for New Zealand's export amongst South East Asian countries. Total trade volume grew by almost 22% from RM 1.8 billion in 1998 to RM 2.2 billion in 1999.

- iii. Investment : Malaysia is the second largest ASEAN investor in Australia after Singapore. A total of 43 companies with Malaysian interest are currently operating in a wide range of sectors in Australia including aircraft development and manufacturing, the construction of natural gas pipeline and property development. Australia on the other hand remains among the major foreign investors in Malaysia with an accumulated investment amounting to RM 3.3 billion for the period 1990 to 1999. Australian companies are actively involved in a wide variety of activities covering both the manufacturing and non-manufacturing sector. New Zealand's investment in Malaysia is also on the rise with a total investment of RM 78.9 million in the production of electric and electric products. In the non manufacturing sector, a total of 27 New Zealand companies are operating in various areas in Malaysia such as deep sea fishing as well as information and communication technology. On the other hand, Malaysia's investment in New Zealand has expanded to a broad range of areas comprising real estate development, manufacturing, forestry and the technology sector. Malaysia is currently focussing on encouraging Australian and New Zealand investors to establish their business foothold in a number of other important areas especially biotechnology, research and development and information and communication technology. With the strong recovery of the Malaysian economy, Malaysia's trade and investment cross flows with Australia and New Zealand are expected to see further growth in the years ahead.
- iv. Defence : Australia and New Zealand are important partners with Malaysia within the framework of the 5-Power Defence Arrangement (FPDA).
- v. Regional Cooperation : The common association and active coordination on issues of common interest within the cooperative framework of major regional and international organisations such as ASEAN, APEC, the Commonwealth, WTO and the UN have also served to further consolidate intensive exchange and interaction between Malaysia and Australia and New Zealand.

Relations between Malaysia and Australia and New Zealand have also gradually expanded to encompass other areas like science and technology, tourism, youth, culture and sports.

9. Malaysia's foreign policy orientation in respect of " prosper thy neighbours", reverse investment and the promotion of South-South Cooperation have brought about a positive influence on its relations with the South Pacific Island States. These apply in particular to Fiji, Papua New Guinea and the Solomon Islands. Trade and investment have also seen an increase. Although relatively lower in figures as compared to Australia and New Zealand, Malaysia has emerged as one of the largest investors in Papua New Guinea, Fiji and the Solomon Islands with total investment of around RM 1.5 billion, RM 34 million and RM 30 million respectively.

Ladies and Gentlemen,

10. Malaysia recognises the various constraints or impediments that exist in further developing relations with the countries of the South Pacific. Such constraints apply, albeit differently, to both Australia and New Zealand as well as the developing small island states. With regard to the island states they can be categorised as follows:-

- i. Access and communication. Promotion of regular exchange of high level visits and people-to-people contacts are difficult on account of lack of direct transport and communication facilities between Malaysia and the island states. The Malaysian Airlines (MAS) does not fly to any of the island states and neither does the airlines of the states concerned to Malaysia.
- ii. Perception of political instability and internal security problems : The island states continue to suffer a negative image vis-à-vis the question of internal peace and security thereby discouraging somewhat the interest of the Malaysian private sector to explore the various potentials for mutually beneficial collaboration that exist.
- iii. Infrastructure facilities: Absence of adequate infrastructure facilities including good roads, modern banking, hospitals and schools make the island states rather unattractive for potential Malaysian investors to stay and work over a long period of time. Such investors too, are not familiar with the language and culture as well as the nitty gritty of doing business in such island states.
- iv. Negative influence of other countries. Malaysian investors and businessmen, particularly those involved in logging activities have been subjected to hatred as well negative campaigns conducted by certain third parties bent on preventing Malaysian participation in the economic development of the island states. This could be due simply to plain jealousy against Malaysia on account of Malaysia's success in securing contracts and projects that have long been the monopoly of the third parties concerned.

11. Constraints in respect of developing closer relations and understanding between Malaysia, Australia and New Zealand on the other hand, are more peculiar. Access and communication is not a major problem. Both countries enjoy political stability with no serious internal security problems to contend with. Being developed countries, the infrastructure facilities are well developed to ensure no impediments to doing business. However, negative reporting on Malaysia including continuing harping and criticisms by certain quarters in Australia and New Zealand, pertaining to human rights, democracy, environment and the judiciary in Malaysia have not created a conducive environment for the development of warm bilateral relations at the highest political level. Whilst such a situation brought no significant negative impact on bilateral trade, investment and cooperation in the field of education, defence, tourism and science and technology, an air of uncertainty has prevailed with regard to the political direction that need to be pursued so as to further strengthen bilateral relations.

Ladies and Gentlemen,

12. As a developing country pre-occupied with the process of nation-building, Malaysia recognises the universally accepted values and concepts pertaining to human rights, democracy, environment and justice. We also share the need to place a high premium on the concept of accountability, transparency and good governance. Our views on all these have been made loud and clear. We believe that the application of such noble concepts and values should take into account the reality prevailing in a multi racial, multi - religious, multi-lingual and multi-cultural country like Malaysia. It is our considered view, supported no doubt by a large majority of Malaysians, that rights should always be accompanied by responsibility. Democracy

should not necessarily be based on the Western model. Environmental protection should be the responsibility of all developing and developed countries alike. And judicial practises and judgement in developing countries are not necessarily biased and less fair than those seen in the western Court of Law.

13. Malaysia appreciates the position of Australia and New Zealand on all their issues in consonant with the position of other developed western countries. We also noted the support given by a number of South Pacific Island states in keeping with the need to be in tune with the position taken by Australia and New Zealand. We believe however, that the interest of Malaysia and the South Pacific would be better served by accepting the differences in position that exist on such issues so that efforts could be devoted towards pursuing those areas that bind rather than divide us.

14. Despite all the above constraints, the South Pacific region has its own strength. And it is such strength that has enabled Malaysia to continue to engage with the region. The traditional ties and close collaboration which exists between them has provided a solid basis for fruitful and mutually rewarding relations. The nations in the region have acted cohesively towards addressing their common concerns both politically and economically, through the Pacific Islands Forum in which Malaysia is a dialogue partner. Through the Forum, the South Pacific Island nations have worked closely and collectively towards strengthening relations and co-operation among them with the objective of developing their respective economies and maintaining peace and stability in the region.

15. The agreement reached by all Forum member countries in 1999 to develop a Regional Free Trade Area was a significant step forward towards creating a single market. Whilst this would bring enormous economic benefits to the 6 million people in the island states, it would also effectively serve to generate and encourage greater growth and regional co-operation as well as the inflow of foreign direct investment from other regions including Malaysia.

16. Malaysia's relations with the South Pacific nations has been further strengthened since it became a dialogue partner of the Pacific Islands Forum in 1996. Malaysia has since then, participated actively in all the annual meetings of dialogue partners, with the most recent being held in Kiribati, in November last year. Malaysia is the first ASEAN country to be associated with the Forum.

17. Malaysia's participation at the Forum has enabled us to consult and exchange views on a wide range of bilateral, regional and international issues of common interest with the member countries. We have also taken advantage of our presence at the Forum to strengthen bilateral relations and to reiterate our full support to the Forum in its endeavour to maintain peace and security in the region.

18. In line with Malaysia's role and commitment as a dialogue partner of the Forum, the Government of Malaysia has accordingly embarked on several initiatives towards broadening the areas of co-operation with the developing South Pacific Island nations. These include the following:

- i. Continuing the extension of technical assistance to these countries under the Malaysian Technical Co-operation Programme (MTCP). Since 1980, a total of 649 public officials have participated in various short and medium term courses in various areas such as public administration, rural development planning and management besides other activities, including study visits and attachment in the relevant Malaysian Government agencies. It is hoped that the participants of the various courses would be able to contribute significantly to the overall economic development of their countries besides helping to promote greater networking and understanding of each other.
- ii. studying the possibility of developing a comprehensive exchange programme involving, among others, students, youth leaders, academicians and journalists from the South Pacific countries.
- iii. studying the possibility of establishing sports, culture and information co-operation programmes to provide for the exchange of sports instructors and cultural figures as well as opportunities for Malaysians and the people of the developing South Pacific countries to gain access to information and news materials on among others, socio-economic development and cultural activities in each other's country.
- iv. Evaluating the prospect of concluding economic co-operation and protection of investment agreements besides establishing appropriate bilateral mechanisms to provide and promote regular and direct exchange of information regarding business opportunities between the Malaysian private sector and their counterparts in these countries.

19. Towards complementing these initiatives, the Malaysian Government is hopeful that the Chair of Malay Studies, Victoria University of Wellington, New Zealand, besides initiating more studies and research papers on the affinity between the races in each other's country, should consider expanding its research activities to include other South Pacific countries. These efforts, I believe, could further motivate the people of South Pacific countries and Malaysia to establish and develop greater contacts and interactions which could be mutually rewarding.

20. At the same time, Malaysia would remain firmly committed to maintaining a constructive and mutually beneficial engagement with the developing South Pacific countries within the cooperative framework of the relevant regional and multilateral organisations as well as the future meetings of dialogue partners of the Pacific Islands Forum.

Ladies and Gentlemen,

21. In conclusion, I wish this Seminar, all the success in its deliberations. I am confident, through a gathering of this nature, all of us will be able to contribute towards enhancing Malaysia-South Pacific understanding thereby helping us to build a better future for our peoples. On this note, it gives me great pleasure now to officially declare open this "International Seminar on Enhancing Malaysia-South Pacific Understanding".

Thank you