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Excellencies,

Ladies and Gentlemen,

I am very pleased to be invited to this function this afternoon and wish to convey my deep appreciation to AMCHAM for the opportunity to address all of you today. I wish to congratulate AMCHAM for continuing to play a significant role in the development of trade relations between Malaysia and the US.

2. All of you are no strangers to Malaysia, having lived and worked here, some of you for years! Indeed we want all of you to continue to enjoy working in Malaysia. If I may suggest, please share your experiences with fellow Americans who are not familiar with Malaysia so that they could also help promote and strengthen trade and economic relations between our two countries.

Malaysia's Foreign Policy

3. I wish to share with you this afternoon Malaysia's Foreign Policy Perspectives, with particular reference to Malaysia-US relations.

4. As an Islamic country with a multiracial, multi-cultural, multi-linguistic and multi-religious population, Malaysia has pursued an independent, principled and pragmatic foreign policy. I would characterize Malaysia's foreign policy as "principled" which rests on the values of humanity, justice, and equality. It recognizes the diversity and pluralism which makes up the mosaic of the international community. It promotes tolerance and takes into account different points of view, reflecting the rich variety of countries that make up the fabric of international community. Admittedly, as a small, developing country, it is not always easy to promote and protect these values. At this juncture in the history of the international community, there is an erosion of tolerance for differing points of view. At the same time, the hopes and aspirations of the international community for a world at peace, progress and prosperity cannot be ignored nor sidelined.

5. International peace, stability and a just world order are critical to our common well being. Though a small developing country with our own national needs and interests, we have made numerous contributions to the international community including taking part in UN peacekeeping activities and in helping to build our own immediate region, ASEAN, as a region of peace, growth and stability. As a trading

nation, we have continued to advocate a rule-based global trading system which promotes and safeguard the interests of all countries. We have also advocated a prosper-thy-neighbour policy so that prosperity will beget prosperity.

6. Let me take this opportunity to state categorically that Malaysia is not anti-American. I wish to dispel this notion among certain quarters. Malaysia has always maintained that friends should be able to speak freely, even if they expect to disagree on certain issues. This trait is in fact a reflection of the maturity of our long-standing ties. Malaysia values its relations with the United States. As all of you well know, Malaysia is now the US' tenth largest trading partner, a clear indication of the importance of bilateral ties between our two countries. Our cooperation in combating international terrorism has been at the forefront of global-wide efforts to wipe out this menace. While Washington and Putrajaya may not see eye-to-eye on every issue, which happens even to the closest friends, please be rest assured that both countries remain in constant dialogue. Since perceptions and realities more often than not get entangled with each other, it is important, especially for members of the business community, not to be misled by sensational journalism which would suggest otherwise.

7. Although both countries have had important differences of opinion on certain issues, such as Iraq, Malaysia does not view such differences in isolation and takes into account the diverse and long-standing relations as well as shared values between our two countries. Malaysia-US relations cover a wide spectrum including education, defense cooperation, trade, economy and transport.

8. Viewing our bilateral relations from trade and investments aspect, we cannot deny that the bilateral relations have been most beneficial to both countries. We believe that in relations we have provided a very conducive environment for foreigners to feel welcome, be it for economy, trade, investments, social and cultural interactions. The government has always been business friendly and responsive to the needs and demands of the business community. This can clearly be demonstrated in our trade and investment policies. In fact our officials and Ministers are easily accessible to our local and foreign investors and visitors. It is also true for us to say that we have been very transparent and strive towards achieving good governance.

9. This does not however mean that Malaysia's foreign policy as a sovereign and independent state would be in line with those of other governments. We would continue to exercise our independence in the conduct of our international relations at the bilateral and multilateral levels taking into account our national and strategic interests.

10. On the issue of Iraq, the Malaysian Government has always maintained a principled position. We have no intention of compromising our continued support for values of paramount importance in the promotion of a just and equitable international community. These values would include mutual respect, dignity, the sovereignty of the nation-state and the sanctity of international law. Malaysia's stand on Iraq also arises from our deep concern that the military action in Iraq has greatly damaged multilateralism and the multilateral system so carefully put in place in the

aftermath of World War II by the US. Both President Delano Roosevelt and President Woodrow Wilson helped to shape a multilateral system and international law which allows all countries, big and small, rich and poor, North and South, to negotiate as partners and not having to resort to power or force as a primary means of resolving inter-state problems. Any erosion of international law and the multilateral system would not benefit any country, big and small. In fact, it is this multilateral system which allows business communities to benefit from reduced tariffs and open trading systems established through internationally recognized agreements. Military intervention in Iraq has brought in its wake serious repercussions to inter-state relations and the multilateral system. The notions of regime change and pre-emptive action have caused deep concern within the international community as it is perceived as another demonstration of unilateralism. There is also deep unease at what is clearly seen as a resort to the application of military might without the approval of the United Nations.

11. Malaysia maintains friendly diplomatic, and trade relations with many countries throughout the world. We will continue to enhance our bilateral relations with countries in the region, the countries of the Islamic world in the context of the OIC as well as to continue to promote the interests of the developing world. It is our belief that with the increasing loss of state sovereignty due to globalisation and the attendant rise in powerful non-state actors, such as Multinational Corporations (MNCs), non-governmental organisations, and a variety of transnational groups, it has become even more necessary for nation-states to work even more closely together.

12. Let me underscore in categorical terms the vital importance which Malaysia attaches to having good working relationship with countries in our own Southeast Asian region. Bilaterally, cooperation continues to expand in areas such as trade and investment, education and human resources development, science and technology, culture and tourism. We are most fortunate that countries in this region are all members of ASEAN, which allows us to better discuss issues which affect the region as a whole. ASEAN and our regional ties have and will continue to be the cornerstone of our foreign policy. ASEAN remains relevant as it continues to serve its purpose of promoting cooperation with countries in this region, as well as maintaining peace and stability through intra-ASEAN dialogue and cooperation. Our efforts have focused on enhancing ASEAN as a grouping, and bridging the technological and developmental gap between the newer and older ASEAN members. And although we will continue to experience irritants from time to time in our ties with our immediate neighbors, we will continue to deepen and nurture the important bilateral relations Malaysia has with these countries. We understand only too well that we cannot choose our neighbors. As neighbors, we have to learn to live and work together which is in all our common interests. It is the challenging task of my Ministry to manage these relations so that this region remains attractive, in every sense of the word, to the outside world, especially the business community.

13. While we continue to address the concerns of our neighbors, without compromising our own laws and national security, we remain equally pre-occupied with critical issues on the international horizon, such as combating international terrorism. Following the rise of terrorism, Malaysia has been working closely with all countries to ensure that not only is terrorism eradicated, but that the root causes

which motivate people to resort to terrorism are addressed. It is here where we find that global inequalities and inequities play a major role in encouraging the spread of terrorism, and other forms of asymmetrical security threats. The September 11 attacks had served as fresh impetus for the international community to address the root causes of terrorism, without which the international community cannot hope to eliminate this scourge.

14. Let me again, reiterate that both Malaysia and the US continue to collaborate in addressing global terrorism. Malaysia was in fact one of the first countries to sign a bilateral document on counter-terrorism during the Prime Minister's Washington's visit last May. You are no doubt fully aware that Malaysian security forces are constantly working round the clock to address threats posed by terrorism. As part of our long-term programme, we are in the process of setting up the Southeast Asia Regional Center for Counter-terrorism. I am dwelling on this issue so as to emphasize once again that the Government will do all within its means to counter terrorism. We will continue to do our best to maintain Malaysia as a safe haven for business and tourists.

15. Whilst the fight against global terrorism is given a high priority, other major issues are not being put aside. Within the region, focus would continue to be given to ASEAN, ASEAN+3 and ARF and the settlement of disputes in the South China Sea. Like other countries, Malaysia is also concerned with continued tension and conflict in the Middle East. We do hope that the roadmap, can be a workable basis to achieve a durable and just peace and the aspirations of the Palestinians to have an independent and sovereign Palestinian State is realized.

16. Other international political and economic issues would also continue to occupy us at the international level. These include issues pertaining to the environment, WTO, transnational crimes, the role of women, the reform of the UN Security Council and disarmament. Let me explain the issue of disarmament in light of the debate over Iraq and weapons of mass destruction. Malaysia has consistently advocated the total elimination of all WMDs including nuclear weapons.

17. Malaysia would continue to adopt a proactive role at the international level. Having successfully organized the NAM Summit in February this year, we are now busy preparing to host the OIC Summit in October 2003. These are organizations which seek to safeguard the interests of developing countries. Admittedly, their achievements at best are mixed, but clearly developing countries have common problems and do need to work together. We will also continue to make our presence felt in other international fora like APEC, FEALAC, G15 and the Group of 77.

18. Let me say that Malaysia is happy to be able to defend the position of developing countries on major issues even if it has to take lot of heat, if not pressure, for it in the process. Contrary to general perception, we are not being anti-western when criticisms are made by Malaysian leaders against western countries. But we believe that some things have to be said in the interest of developing countries particularly with regard to sensitive issues like human rights, democracy and the environment. The vast majority of countries are deeply concerned over selectivity and double

standards when these issues are raised. It is perceived as designed to promote a larger self-serving vested agenda.

## Trade Relations

19. The Malaysian Government's policy is to promote Malaysia as a haven for foreign investment. Foreign investors are welcomed with open arms to do business in Malaysia, and to continue to stay and invest in the country. Various incentives have been offered through the establishment of the necessary legal, administrative and infrastructural framework. Clear policies have been laid out and a one-stop agency has been established for foreign investment.

20. One of our greatest advantages includes a highly professional administrative and political establishment. Political power is in the hands of civilians in Malaysia with the political leadership subjected to free and fair elections at regular intervals. Malaysia today is gearing itself to join the developed world whilst maintaining its cultural traditions and way of life. The civil service continues to improve their performance and efficiency in tune with the ICT revolution. Effective partnerships between the bureaucrats and the politicians and between the public and private sectors have indeed been a key factor in allowing the private sector to continue to invest and do business in Malaysia.

## Economy

21. Has Malaysia fully recovered from the 1997 financial and economic crisis? Are we back on track in terms of policy formulation and implementation? Can Malaysia's economy continue to be the model for other developing countries? Will the recent SARS incident have a profound, long-term effect on the country's economy?

22. I believe that you all share my view that Malaysia is now well on the way to recovery. We have handled the SARs issue in a very transparent and responsible manner. Malaysia is able to contain this disease from it becoming a problem.

23. Malaysia will continue the sound management of its trade, fiscal and foreign investment policies. The focus on moving from a manufacturing-based economy to a capital-intensive knowledge-economy, based on information technology as well as services will continue. Malaysia has been fortunate to have the right leadership-astute in maintaining internal peace and stability at all cost. Malaysia's leadership transition has been smooth since independence. And it will be the same when Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi takes over from Prime Minister Dato Seri Dr. Mahathir Mohamad in October 2003. The pro-business and investor-friendly policies of the Malaysian Government, which has been a hallmark of Malaysian policy, will continue when YAB Datuk Seri Abdullah Ahmad Badawi assumes the post of Prime Minister. As highlighted by the recent Annual Dialogue hosted by MITI last month, we are always keen to hear how to improve to make Malaysia a more attractive destination and other investors.

24. As a multi-ethnic and multi-cultural country, Malaysia's diversity is its strength, notwithstanding the challenges of managing a multiracial country. We realize the complexities and the challenges that we have to face in order to enjoy peace and social harmony. The Government has not taken any chances whatever we instituted it is carried out in a way that will enable us to prevent the breakdown of law and order and to ensure peace and security can be maintained at the times. We do not have to use the ISA in order to diffuse our political opponents. This we could easily do as by a clear vision and sound management and policies that allow and people can live in peace and prosperity. No Malaysian citizen need to fear the ISA if his conduct is not detrimental to the peace and security of the country. Developed countries now appreciate the wisdom of having preventive measures to safeguard national security in the aftermath of 9-11. The Government has always stressed the importance of maintaining stability and national unity as key ingredients for the country's development. It is heartening to see Malaysians of all races appreciating the need to evolve a Malaysian identity. The tourism catch phrase "Malaysia is truly Asia" is not simply a political gimmick but rather deliberately conceived to foster national unity and harmony. This in a way is what racial harmony is all about.

25. As we continue to enhance investor and customer confidence, we have been able to learn to reinvent ourselves in the face of uncertainty or change. We have not been afraid to throw away the old measures and embrace the new, untried and radical though it may be.

26. Within the framework of the above observations, I would like to make some comments on the nature and trend of Malaysia-US relations.

27. Since achieving independence on 31 August 1957, Malaysia has developed a profile as a responsible member of the international community in facing numerous challenges to international peace, order and stability. In this context, Malaysia has actively collaborated and cooperated with the United States in fostering regional peace and stability through ASEAN and international order and stability through the United Nations system.

28. Malaysia's development in economic, political and legal terms has very much been influenced by American ideas and ideals. Notions such as free enterprise, a federal structure of government, the rule of law and democracy have been influenced and inspired by the American experience.

29. Malaysia has had a dynamic, interactive bilateral relationship with the United States that is often forgotten by many critics and commentators. The full richness, plurality and diversity of these bilateral relations in terms of its history and evolution has not been studied or documented fully. AMCHAM could look into the possibility of sponsoring a serious study in this direction.

30. Today, American ideas and influence in the entire spectrum of human life in terms of economics, politics, business and culture continue to inspire and influence Malaysians from all walks of life. If there is a single bilateral relationship that affects Malaysians more than any other as a totality, it is that with the United States. And I believe that this relationship will continue to grow and be enhanced in the future. Here, I would like to say that the American Diplomatic Mission here have indeed played a role.

31. Global terrorism and America's war on terrorism, both in terms of policy and execution has put enormous pressures and strains on an international system of collective security that was carefully crafted in the wake of the Second World War by primarily the United States and its allies. The U.N. system was very much the creation of the United States in terms of thought and generosity. I believe that the land on which the UN is sited was donated by the Rockefeller family.

32. There has been a difference of opinion between Malaysia and the United States over the issue of Iraq. Differences of opinion are bound to emerge in any bilateral relationship especially if they impinge on issues concerning vital interests relating to national security and international peace and stability.

33. Malaysia's articulation of its position in relation to international peace and security have no less critical than those voiced by distinguished Americans and policy makers such as Patrick J. Buchanan, Arthur Schlesinger Jr, Senator Robert Byrd, Senator Ted Kennedy and Paul Findley amongst others. Dissent is an integral part of the American democratic tradition. This dissent and difference of opinion is inevitable given the different perceptions of the international geo-strategic landscape from the viewpoint of the world's first hyper-power the United States in terms of military and economic strength and that of a relatively small and developing country like that of Malaysia.

34. However, it has to be borne in mind that in the world of today, unilateral action has limitations. The United States is fully aware of this. It is critical that the United States takes into account the plurality of the international community. Within this plurality, Malaysians sought to be bridge for moderation and caution voicing the interests, fears and aspirations of much of the developing world and the international Islamic community. Malaysia is well positioned to do this given its leadership roles in the Non-Aligned Movement, the Organization of the Islamic Conference. Indeed, Malaysia can be bridge between the United States and the members of NAM and the OIC in a positive manner to enhance international peace and stability.

35. Beyond this difference of view that has currently blurred the clarity of the US-Malaysia bilateral linkage, there is a longer term and more deeper abiding commitment to a number of shared aspirations and ideals. Both Malaysia and the United States are committed to a representative and democratic form of government, the rule of law and free enterprise combined with responsible corporate governance. In this milieu of shared goals and commitment to peace, stability and progress it is important that the traditions of plurality, diversity and dissent be

upheld within societies and the wider international community. AMCHM as an institution can foster and enhance the Malaysia-US bilateral linkage in this direction.

36. Today, we live in a highly complex, complicated, diverse and dangerous world. We are continually also reminded that it is a highly borderless world. The most effective, powerful and toxic demonstration is the SARs virus. It has been observed by John Donne, England's greatest metaphysical poet that "No Man is an Island". In the context of today's world, it can be modified to the fact that "No nation is an Island". We have to overcome our short term differences for longer term goals and ideals, without forgetting existing realities.

37. Let me end by drawing on the observation of the Greek historian Thucydides, who in his History of the Peloponnesian War stated that "of all the manifestations of power, restraint is the most impressive".

Thank you.