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Ladies and Gentlemen,

Allow me at the outset to express my sincere appreciation and gratitude to Datuk Paddy Bowie for inviting me to speak here this morning at the Malaysia Regional Forum. I understand that this is a forum that brings together public and private sector decision makers.

2. I would like to speak on a subject that I am familiar with as Minister of Foreign Affairs and that is "Global Challenges: Malaysia's Perspectives". In the context of tremendous changes that had taken place in international relations and politics, it is imperative that Malaysia is able to relate and understand the global environment and the challenges that affect our position as an independent and sovereign nation state. Moreover as a trading nation we have to take into account the various interplay of forces that shape the current global affairs.

THE CHANGING WORLD – NEW TRENDS IN INTERNATIONAL DIPLOMACY

Ladies and Gentlemen,

3. We cannot deny the fact that since 9-11, there had been so much changes that affected us in the context of international affairs. All these changes have been pondered, analyzed and deliberated by academics, bureaucrats, politicians and political leaders alike and even the man on the street has become interested to know what is happening around the globe. We can make predictions and hypothesis, which may be correct or wrong concerning the issues and problems influencing us today, but these are really the challenges that we need to manage.

4. Following the end of the Second World War, questions of global challenges were centred on the ideological battles of the Cold War between the two main protagonists. An era of decolonisation that followed brought with it the need for these newly independent states to survive the challenges and demands that sovereignty brings. Malaysia was amongst the many of such states. At that time also, the spectre of communism was rising, threatening to destabilise countries everywhere. A 'red tide' was feared and which would see South East Asian countries falling like dominoes.

5. Superpower rivalries compelled countries to take sides, or choose the alternative of neutrality. But, as countries began to develop their economies, their societies, and their methods and systems of governance, they were able to reassert the sovereignty they gained following independence. Over time, these developing nations, as they improve their standards and quality of lives, began to reassert themselves and resent any attempt to marginalize them on the international stage. They want to take their rightful place in the community of nations. Whether these newly independent nation states are able to do so or not would be very much dependent on their ability to maintain and sustain the economic development and growth and the political stability within their own individual country. Malaysia, as all of you are aware at the time of independence was inundated with a high level of poverty, illiteracy, disparity between urban and rural areas together with the absence of cohesive ethnic integration, we were also very much dependent on primary commodities for our economic growth. We had to make some hard choices and went through trials and tribulations in order to reach where we are today. We had indeed made the diversity within us as our source of strength. The rest are all history for us to reflect and build forward and take our place on the world stage, confronted with new challenges and yet not forgetting our heritage and history.

6. It was during the last quarter of the 20th Century that the Asia-Pacific countries proved their potentials. The region led the world in economic growth at rates that were unmatched by anyone anywhere else. From the dragons of China and South Korea, down to the tigers of Malaysia, Thailand, Singapore, and Indonesia, Asia-Pacific countries were pursuing development with vigour and single-mindedness to ensure our survival and economic prosperity.

7. The 1980s and 1990s, saw the region attracting the majority of the world's Foreign Direct Investment (FDI), demonstrating to investors and critics alike the fundamental strengths of Asian economies. Trade between Asian countries grew, binding us in a web of interdependence and cooperation. A common good was created, and that was maintaining prosperity and development for all countries alike. Throughout it all, Malaysia was an active and important player.

8. Yet, out of all the shifts and transformations which Asia experienced during the dynamism of the 1980s and 1990s, one of the more important ones, I feel, was that it dawned upon us that our destinies, and our prosperity, were interconnected in a way unprecedented in history. We can say this now with hindsight, without the need to find justification, and without a need for apology.

Ladies and Gentlemen,

9. Greeted with much joy and fanfare, the end of the Cold War was predicted to herald an era of capitalism, democracy, and liberalism where countries would collectively benefit. Internationalism would dominate, and institutions such as the United Nations (UN) and the World Trade Organisation (WTO) would become stronger and able to take the lead in the main areas of global politics and global economy. All of you needless to say are too familiar with this often repeated statement. However, there has always been a sense of nervousness especially

among the big powers that the UN would become a supranational body dominated by small and developing countries. Thus the creation of the Security Council with 5 Permanent Members, possessed with veto power would create the necessary comfort level and balance that the big powers wanted after the Second World War to maintain peace and security in the world. Today the UN, as a body whilst honourable in its Charter and vision has merely become a forum, where its effectiveness is very much dependent on the dictate of the P5 members of the UN Security Council. In recent years, conflicts that have regional and international dimensions and ramifications had really challenged the authority and mandate of the UN. Nothing much can be done except to express our sense of dismay, frustration and disappointment on matters of international law and legitimacy where the UN is perceived to be helpless. There had been so much debate on the question of restructuring of the UN system and other multilateral process including its democratization so as to reflect the wishes and visions of the majority of its membership. I believe the UN would remain unchanged, as we do not foresee the birth of an alternative world body that is representative, transparent and democratic to fulfill the wishes of the majority of countries. Nevertheless, we are going to continue to witness on going debates of multilateralism versus unilateralism, multipolar against unipolar, hegemony and diversity without any satisfactory resolution.

10. From the perspective of a developing nation like Malaysia, it would be fair to say that we see the world today as that where one set of standards exist for developing countries, and another for the rich ones. At the same time, there is one standard by the world's most powerful country, and smaller countries are expected to toe the line.

11. I am proud, however, to state that under the pragmatic leadership of our Prime Minister, Malaysia has stood tall and had been able to speak with conviction and courage and to stand by our principles. We became more vocal and we realised that unless our concerns and that of the South in general are highlighted at the international fora, only the will and demands of the rich nations will prevail. Some had difficulty accepting our views, but being right and fair has only one standard and our independent stance enabled us to rally the South to not give in to the excessive demands of the North. We do recognise, however, that for many countries, external pressures and interference can limit the ability of countries from airing fully their views. Therefore, it became clear and all the more necessary for us to join other like-minded countries to promote and enhance South-South cooperation. Nevertheless, this should not in any way be misunderstood or misinterpreted as being anti rich nations, or the market economy based on capitalist system or that we want to see confrontation between the North and the South. Our propagation has always been to see a world community that is based on shared wealth, just and fair for big and small nations alike.

12. Coming to the present, allow me to focus on only three main areas of global challenges that we have to face. Firstly, globalisation and its effects on developing countries. Secondly, the reality of living in an increasingly unipolar world. And last but not least, the threat from the scourge of terrorism. There are indeed many more but these three will prove sufficient for our session this morning.

13. I believe that all three issues must be managed well in order for Malaysia and the world at large to achieve peace, stability, and national development. All three are further inter-related in that they all depend on the political will of countries to work together to overcome them.

GLOBALISATION

Ladies and Gentlemen,

14. Globalisation is a phenomenon that carries many possible definitions but perhaps it would not be too far off the mark if one was to limit the scope to only include it as a process of the intensification of economic, political, social and cultural relations across borders. It is a process that encourages interdependence and the creation of a global village where the traditional definition of boundaries are broken down basically to that of a uniform world. It is sort of a catchphrase used to describe the confluence of the world, and just about everything in it.

15. As a rapidly developing country and a trading nation, Malaysia is very much a globalised economy. The Economic Planning Unit reported that Malaysia's exports for 2002 totaled RM 355 billion or USD 93 billion. Imports, on the other hand, were worth RM 303 billion or nearly USD 80 billion. And I dare say that our target of achieving a developed country status by the year 2020 depends, to a considerable extent, on how successful we anticipate and meet the challenges and opportunities that globalisation brings. As a trading nation, Malaysia needs to maintain good relations with all the countries of the world and to this end, Government policies in general, and foreign policy, in particular, have made clear this imperative.

16. Through Dato' Seri Dr. Mahathir and the Prime Ministers before him, the Government has embarked on a development strategy that emphasised an export-oriented economy, attracting FDI to achieve our developmental goals in the shortest time possible. Lest we forget, Malaysia, in fact, has always been active in the global economy as we were, at one point, the largest producers of rubber and tin.

17. Seen in its extremes, globalisation can either be perceived as a process that brings the possibility for prosperity and tremendous wealth or that of a scourge bringing exploitation, impoverishment and even neo-colonialism to the developing world. The negative effects of globalisation were all too clear during the dark days of the Asian Financial Crisis. The Ringgit then lost almost 80 per cent of its value and the stock market plummeted, erasing in the process close to USD 300 billion in market capitalisation. The volatility of the exchange rate and the economic slowdown following the attacks of 9/11 (and we are not even discussing the impact of the US invasion of Iraq as yet) all points to the fact that the traditional understanding of borders has been rendered obsolete.

18. In globalisation where rules are being relaxed to allow easier accumulation of capital, those that benefit are not the poor and displaced in many developing countries, but individuals in rich countries who have the ability, power, and resources to take advantage of the global system.

19. As such, Malaysia has been consistent in calling for an equitable rules-based international system that takes into account the special needs of developing countries. The Economic Crisis of the late 1990s were eye-openers to the damage that can be caused by unregulated capital access and movement. We implemented domestic reform of our economy, while at the same time implementing rules and regulations to strengthen our economy and currency. At the international level, Malaysia continued to call for a restructuring of the international financial architecture to protect all developing countries from the dangers of a globalised economy. Given Malaysia's dependence on the open market, it is even more crucial that we have a more level playing field for both the developed and developing countries.

20. In recent years, the accession of the Peoples Republic of China to the WTO has further added a large economy into the regional and global economic system. China attracts a large chunk of global FDI, dwarfing the amounts received by other developing countries. We, however, see China as a welcome and strong economic partner and are confident that our bilateral trade and economic cooperation will continue to expand. For 2001, we were China's 8th largest trading partner while China was our 4th largest trading partner. Malaysia ranked second as China's largest trading partner among the ASEAN countries.

21. We cannot turn back the tide of globalisation. And it would be short-sightedness on our part to expect that the process will bring about equality for all nations. But to remain at the margins while others surge powerfully ahead would be suicidal. Malaysia's utmost national priority remains our development, and we intend to achieve this through making our country competitive and attractive to investors. The recent economic stimulus package is a prime example of the importance that the Government of Malaysia places on a stable economy. In this information age, we need to keep pace with the changing technological advancement. Investing more on education and human resources development will help us prepare. Forging strategic international alliances as in enhancing South-South cooperation and at the same time working on a stronger North-South dialogue (and our recent participation at the recent G-8 Summit in Evian, France, is a welcome move by the North) is crucial as we tread our way to the point when we are more ready and capable of competing openly with other developed nations.

UNIPOLAR WORLD

Ladies and Gentlemen,

22. Let me now draw your attention to the increasingly important subject of the unipolar world which is in essence a political matter, but one that is very much

interrelated and influential in shaping and determining the direction of the whole process of globalisation.

23. We have no pretensions. Malaysia is but a small country. And for others like us, the practice and rules of conduct enshrined in the international system, such as that in the Charter of the United Nations is of utmost importance. In the global political system, there is no supra-territorial authority to regulate the behaviour of countries. For comparison, the WTO is meant to evolve into an entity that provides rules for economic behaviour. No such political entity, however, exists for countries.

24. While the United Nations exists as an organisation bringing together countries of the world, it can only be as strong as its member states want and would allow it to be. The United Nations itself cannot dictate what countries can or cannot do. Instead, it is an organisation that brings legitimacy to international actions through the will of its members, and the principles and conduct that it represents. In a wider scope, the international political system has historically been balanced by a number of powers that acted as checks-and-balances to possible domination by any single country. Many would agree, however, that recent developments has put paid this theory.

25. Now, one country alone is stronger than any other. Its defense budget, on its own, is double that of the four permanent members of the UN Security Council combined. Its economic power is unparalleled. Its military might unmatched, backing a political power which shows little concern for defined international norms.

26. While Malaysia is a strong partner with this 'hyperpower', we feel that it (the United States) should not use its power to dictate countries to bow to it, and that it needs to see the world in greyer terms – not solely black-and-white. It is common for countries that have a close relationship to also have differences. We differed over Iraq and Washington is aware of our position. That, however, does not make Malaysia anti-US.

27. Malaysia is realistic. We readily admit that not many in the world today could match or challenge the economic and military power of the United States. But US too needs friends and we will continue to voice our concerns and hopes for a more rationale and fair approach to global politics that takes into account the realities of the diversity of the world. In other words, we seek the mutual respect of all countries, big and small, for international laws and treaties, international norms, and the sovereignty of nations. The current policy of pre-emption (by the United States) is a dangerous precedent in international affairs, and is one which has been made possible due to a country being so dominant.

28. A unipolar world represents a serious challenge to all countries. A unipolar world, with a superpower unwilling to show restraint, is inward looking and cannot be benevolent. Such a world will result in poor countries being pressured and adds to further global instability, inequality and much resentment. It is important, therefore, for the rational voice of the many to be heard and for countries like Malaysia to

remain cautious yet strong and confident in our foreign policies and in putting forth our opinions.

TERRORISM

Ladies and Gentlemen,

29. I wish to emphasise that apart from the onset of the Economic Crisis in the late 1990s, another event that was to fundamentally alter the perception of governments and people the world over was that of the attacks of 9/11. During the opening of the 13th Summit of the Non-Aligned Movement last February, Prime Minister Dr. Mahathir, inter alia, stated:

"The world now lives in fear. We are afraid of everything. We are afraid of flying, afraid of certain countries; afraid of bearded Asian men, afraid of the shoes airline passengers wear; of letters and parcels, of white powder. The countries allegedly harbouring terrorists, their people, innocent or otherwise are afraid too. They are afraid of war, of being killed and maimed by bombs being dropped on them, by missiles fired from hundreds of miles away by unseen forces.."

These words echo true and reflect a general feeling among many countries, especially developing ones, that the promises made for a better world are being reneged.

30. Terrorism is a serious global challenge and Malaysia views it as a major threat to the countries and societies throughout the world. We have seen from events in New York and Washington, Bali, Riyadh, Casablanca, as well as Oklahoma City and the Atlanta Olympics that terrorism is not a new phenomenon. In fact, Malaysia has been apprehending and thwarting terrorists long before the onset of 9/11.

31. Most importantly though, terrorism is not confined to any specific racial or religious groups. In fact, more Muslims were killed in the Riyadh and Casablanca attacks, and hundreds of Muslims lost their lives with people of other religions at the World Trade Center. Unfortunately, the global war on terror is making Muslims feel that they are under siege and becoming the targets of the the powerful countries.

32. As the common foe of the global community, global cooperation is required in combating this menace. International efforts in combating international terrorism should be carried out in an impartial and objective manner, in accordance with the principles of international law. Malaysia has called for the convening of a world conference of leaders to address the issue of international terrorism in a comprehensive manner including its root causes, in addition to any military or law enforcement means.

33. We continue to believe that a universally accepted definition of terrorism is important to enable the international community to take concerted and targeted action against those who have been defined as terrorists. The definition of terrorism should include a clear distinction between acts of terrorism and the legitimate struggle of peoples for national liberation from colonial and other forms of alien domination and foreign occupation, including state terrorism. Malaysia also believes that measures against international terrorism should not infringe upon the sovereignty and territorial integrity of countries.

34. Malaysia already plays an integral and important role in combating terrorism. Our law enforcement and security services maintain continuous and active cooperation with their foreign counterparts. Our Customs and Immigration services monitor people and goods entering and leaving the country to ensure that they are not terrorists or involved in terrorism. On the financial front, Bank Negara has developed and implemented measures to cut funding for terrorists activities.

35. I am sure you are aware that Malaysia has established the Southeast Asia Regional Centre for Counter Terrorism (SEARCCT), which will be in operation soon. This Centre will be fully funded and run by the Government of Malaysia. It will work towards capacity-building in combating threats from terrorists throughout the region, and will include a research and database unit to monitor and analyse this issue. The Centre will be open to officials from this region, but participants can include those from outside Southeast Asia.

CONCLUSION

Ladies and Gentlemen,

36. I hope what I have just described as the major issues would give us the insights and perspectives of events and incidents that shapes, Malaysia's global view and the views of many other countries of the world. Globalisation, a unipolar world, and terrorism are, admittedly, only three of the more major ones. But, I believe that, together, we can make a difference and that in our quest to achieve developed country status it should not be at the expense of losing our independence and sovereignty. Malaysia will continue to stand tall and firm in defending our national interests and we will not hesitate to articulate our views and principles when and where required. I have full confidence that we will be able to deal with all the global challenges as best as we can, on our own, and with our friends around the world.

Thank you.