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**Title : KEYNOTE REMARKS AT THE U.S. - MALAYSIA COLLOQUIUM ON
"MALAYSIA-US RELATIONS – PROMOTING UNDERSTANDING
AND CO-OPERATION"**

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Distinguished Guests,

Ladies and Gentlemen,

I am greatly honoured and privileged to be here to speak to all of you at this US-Malaysia Colloquium on the theme "Malaysia-United States Relations – Promoting Understanding and Co-operation". I would like to record my appreciation to the organizers, the Institute of Strategic and International Studies (ISIS), the Paul Nitze School of Advanced International Studies (SAIS), John Hopkins University and the Asia Foundation for inviting me to this Colloquium and to share my thoughts on our bilateral relations and on promoting understanding and cooperation between our two countries.

Malaysia, as one of the countries in Southeast and South Asia that was affected by the tsunami last December, sympathize and empathize with the United States on the devastation that Katrina and Rita had afflicted on New Orleans, Southeast Louisiana; Biloxi and Gulfport, Mississippi, Alabama and Texas. In this regard, I would like to express my sincere condolences to the Government of the United States and the American people, particularly those affected by Katrina and Rita. I pray that God will give everyone, particularly the distraught communities, the strength, vigour, determination and will power to rebuild their life and livelihood. I had only this morning presented a cheque to the American Red Cross, Malaysia's contribution of USD 1 million. I sincerely hope that this small gesture would help the victims in some ways.

Distinguished Guests,

Ladies and Gentlemen,

For those of you who had followed Malaysia's progress and development since our independence would have known that Malaysia follows a principled foreign policy and that we are committed to a balanced and pragmatic approach in the conduct of our relationships with other countries and in international affairs. For countries to be able to engage in meaningful and productive manner, there are certain basic values that must form the bedrock of our cooperation. I will describe them in simple terms, eschewing legalese or diplomatic parlance, - trust, respect, justice, fairness and goodwill. It is only when we fully embrace and are guided by these noble values as the ethical compass for all our decisions and actions that we can truly hope to inspire a degree of faith and confidence which would be enduring and beneficial in the pursuit of our respective national interests. Even more so in situations which demand resolutions of difficult and intractable issues. This has been the guiding principle or philosophy of our foreign policy which has served us well and is clearly reflected by the role that we played and by our active participation both at the regional level in ASEAN, and globally at the United Nations as well as in many other regional groupings such as the Organization of Islamic Conference (OIC) and the Non-Aligned Movement (NAM). As you know, Malaysia is now the current Chairmen of the ASEAN Standing Committee (ASC), NAM and OIC.

Without a doubt Malaysia and the United States have a long and established interactions. However, like the sanctity of any marriage, sometimes it would be fraying at the seams due to some irritants, differing views, misunderstanding or misconception. Nonetheless, I believe that the fundamentals have remained strong and despite having experienced periods of ups and downs, we have remained friends, very good friends. I sincerely believe that our relations have grown from strength to strength to where we are today as reflected by the collaboration and cooperation between our two countries in many areas such as defense, security, trade and investment etc. as well as by the increasing exchanges of visits at all level, which not only promote better understanding between the leaders but would also pave the way for collaboration in new areas.

We are gratified that though Malaysia is a small country, the United States has consistently place a high regard on Malaysia and continue to engage us on a number of regional and international issues. Although situated at opposite sides of the globe geographically, the distance has not deterred us from establishing warm and cordial ties. With such a backdrop, it would seem reasonable to expect that the momentum of goodwill and experience of working together would propel both countries towards even higher level of understanding and cooperation. One can sense the optimism that regardless of whatever bumps on the way forward, the inherent resilience would conduce to keep it on track. Indeed, this is borne out by the history over the last forty-eight years. The trajectory has always been on an upward path.

In managing this, we need to ask ourselves what accounts for the sustainable equilibrium of such a relationship. And how do we seek to ensure that such positive dynamics would continue to operate for its further enhancement.

But before getting into this aspect of the discussions, I thought it is pertinent at this stage to set my thoughts down on the key operative words "understanding" and "cooperation" that we are resolved to promote. In my view, understanding and cooperation can only be realized if both parties are securely anchored to the core values I referred to earlier. In some respects, reaching an understanding could prove to be a more difficult process as it implies not only a readiness to be appreciative of, to compromise, to accommodate, to tolerate, to change one's views and ultimately to agree to the proposition advanced by the other side; but also a real willingness to agree to disagree. It makes possible for continual discourses without the dangers of any one issue holding the entire relationship hostage to it. This will only be possible if we do not lose sight of the big picture and are able to frame the issues in their proper context. To put it in another way, you must not lose the woods for the trees.

Co-operation on the other hand could only be effected if both sides are able to meet a higher threshold, namely reaching agreement on common goals or outcomes and the operational framework for implementation of such co-operative endeavours. It is premised on recognition of mutual interest and shared goals enabling the active engagement of the parties concerned. Quite clearly, before one can hope to achieve cooperation, the groundwork of understanding must be its precondition.

Having underscored the primacy of the core principles for genuinely meaningful bilateral ties between our two countries, and treated to the etymology of the words "understanding" and "cooperation", as I understand them, I shall proceed to outline the reasons for my sense of optimism for our future direction. They rest upon a set of factors, which I believe bind them together.

The first relates to legacy issues. Ours are not burdened by the baggage of historical legacies, which often times fuel deep-seated antipathies, complicating contemporary state of relations. We have never been colonized, invaded, occupied, administered or subjected to sanctions by the U.S. Being so far apart, we are not bedeviled by disputes relating to land and maritime borders or territorial claims.

Second - is the practice of a democratic system of government by both countries. As vibrant, functioning democracies, the defining features of our political processes and institutions are broadly similar. Our written constitutions provide for the separation of powers between the various branches of government and between the federal and state governments. Political legitimacy is derived from the free exercise of the constitutional rights and freedoms of the people expressed through the conduct of regular elections, contested by multiple political parties. It has been our good fortune to have had a succession of enlightened democratic leaders and we have been spared of the unwelcome experience of one-party rule, military, totalitarian and dictatorial government.

The third aspect is that both our countries are melting pots for the ethnic diversity of our nation. As multi-ethnic, multi-religious and multi-cultural countries, both societies embrace and celebrate our unity in diversity. Our defining ethos and values are strongly rooted in the moderation and spirit of mutual tolerance of the mainstream population. While Islam is the official religion of Malaysia, and the

separation of church and state is strictly observed in the United States, it is noteworthy that there is discernible religiosity amongst a sizeable number of Americans, something that we in Malaysia are familiar with.

Fourth, we are both free market economies. It may come as a surprise to those who are not familiar with US-Malaysia relations that Malaysia is the tenth largest trading partner of the U.S. with total trade peaking at USD38.9 billion in 2004. Amongst the ASEAN countries, Malaysia also stands as the biggest trading partner for the U.S. This definitely speaks volume where Malaysia is concerned. I am also pleased to note that for the first seven months of this year, our two countries have recorded total trade amounting to USD 23.8 billion and this trend is undoubtedly moving upwards. Since we signed a TIFA with the U.S. in May 2004, there had been two rounds of discussions with the third scheduled for the first week of October in Kuala Lumpur. As we move forward with the TIFA process, we would have a better sense of where we stand in relation to the question of concluding a FTA with the U.S.

The strength of our economic system comes, among others, from the assured protection of the law, security of investments, sanctity of contracts, clear supervisory and regulatory regimes and serious commitment to enhancing transparency, accountability, and good governance. To enhance our competitiveness and sustain the momentum of our economic development, we have readily embraced the compelling need for renewal and revitalization of our economy by pursuing timely reforms vigorously through pragmatic and innovative policy initiatives of the government. The resulting impact of a greater degree of economic liberalization and deregulation, I believe, would translate into bigger opportunities for both our private sectors to take to an even higher level.

The foregoing are just fundamental building blocs that invest inherent stability into our relationship. Nonetheless, you would agree that there are obviously many other factors and determinants, both at the regional and global levels that also impact on it.

I shall now turn to share with you our perspective on the areas of engagements, which have served to promote understanding and cooperation between our two countries.

We share similar views and cooperated on many regional and global issues such as in the fight against terrorism, halting the proliferation of Weapons of Mass Destruction and in preventing the spread of diseases like the bird flu (avian influenza)/SARS. Nonetheless we also have our differences on others issues such as disarmament, Iraq and the Middle East, and the United Nations reform reflecting the differences of approach and perspective between the US and Malaysia. For example, on the campaign against terrorism, while Malaysia is committed to helping the US in the war against terrorism, we are however very much against the unilateralist action of the US and other countries with regard to Iraq and we also object to the marginalizing of the United Nations in breaching the national sovereignty of Iraq. Though we did not support the war, Malaysia would now like to see the expeditious reconstruction of Iraq. Malaysia is happy with the recent progress in Iraq where the

people have been able to sign their new Constitution on 28 August 2005, albeit without the endorsement of the Sunni representatives on the Drafting Committee. I hope that the referendum on the Constitution would provide positive outcome to all Iraqis. As with the US, Malaysia and the rest of the world would like to see peace and stability return to Iraq as soon as possible so that it can regain its place in the community of nations.

Another example is the Korean Peninsula issue, which is undoubtedly vital to peace and stability of the East and Asia region. Though we may have our differences, Malaysia nonetheless appreciates the leadership role played by the US and other countries in pushing forward the Six Party Talks and is heartened by the decision of the North Koreans to drop its nuclear program in return for US assistance with regard to its energy needs. We certainly welcome this development, as it would pave the way for peace and stability of the region.

Distinguished Guests,

Ladies and gentlemen,

I am also pleased to note that ASEAN and the United States realized the importance of further enhancing its relations as this close engagement has contributed to regional peace, security and prosperity. As a dialogue partner of ASEAN for the last 28 years, the United States has developed links with the people, businesses, organizations and governments of the region. This process could develop into strategic partnership in the future, as the US is without any doubt an important economic partner for ASEAN countries, including Malaysia.

Being the largest trading partner for the region, ASEAN's total trade with the United States in 2004 was at USD 128 billion, compared to USD 111.3 billion the previous year. The United States is also one of the largest investors of ASEAN, with cumulative investments of USD 35.7 billion for the period between 1995 to 2003.

The US' Enterprise for ASEAN Initiative (EAI) of 2002 has opened doors for individual ASEAN countries which are WTO members to negotiate with the United States for bilateral free trade agreements (FTA), including Malaysia. As I said earlier, I hope that in the course of the consultations under TIFA, both sides would develop better understanding and appreciation of the respective positions which would undoubtedly go a long way towards concluding the bilateral agreement, paving the way for an even more enhanced trade and investments between our two countries.

As you are aware, ASEAN and the United States are currently working together to enhance political and security cooperation in the Asia Pacific region through the ASEAN Regional Forum (ARF). The active participation of the US has contributed to the promotion of greater transparency and mutual understanding on the issues pertinent to regional peace and stability. The expression of willingness by the US at the last June US-ASEAN Dialogue to provide continued support to ASEAN to enhance their efforts to promote maritime security, including plans to conduct confidence

building measures under the framework of the ARF are very much welcome by us in ASEAN. As you know, ASEAN also emphasized the importance of the Treaty of Amity and Cooperation in Southeast Asia (TAC) and to date, 7 countries namely China, India, Japan, Korea, Russia, New Zealand and Pakistan have become signatories to this treaty. It is our hope that the United States would accede to this treaty as it serves as a symbol of political and security commitment of the United States to the region.

We also look forward to the U.S. deepening its engagement with ASEAN to be in the words of the Prime Minister of Malaysia "an important strategic, economic and development partner as much as it is an important diplomatic partner". It is important for the U.S. to be cognizant of developments that are taking place in ASEAN. The major Asian powers such as China and India are actively courting ASEAN for greater cooperation. It is therefore crucial for the U.S. to remain engaged with ASEAN as a regional organization of growing importance even as it builds up closer bilateral relations with countries in the region. We want to see the U.S. continue to be a factor for growth and stability in South East Asia.

Distinguished Guests,

Ladies and Gentlemen,

Both countries have also cooperated extensively in combating terrorism. Picking up on the suggestion made by the United States, Malaysia established the Southeast Asia Regional Centre for Counter Terrorism in Kuala Lumpur in July 2003. We would like to express our appreciation to the United States for its continued support in sponsoring many of the Centre's programmes and courses. The numerous courses offered by the Centre on counter terrorism and crisis management have benefited both Malaysians and others in the region. This is a clear manifestation of our close cooperation. Malaysia and the United States also cooperated well on other related areas such as information sharing, dismantling terrorist activities, organized crime, narcotics, trafficking, human smuggling, money laundering and fraud. Having experienced and fought with insurgents and terrorists before, we think we could share our experience with the United States in this regard. In our view a counter terrorism strategy to be effective over the long term must incorporate the vital necessity of addressing the root causes, which feeds and sustains such blinding rage and militancy.

We must also acknowledge that there is a negative side of the war against terror - that terrorism is linked to Islam. This has much to do with stereotyping by irresponsible media and interest groups and is unfortunate. It is our earnest hope that the U.S. would play a leading role in correcting this misperception and lie. As a moderate, democratic and progressive Muslim country, Malaysia is increasingly being regarded as a role model for moderate and progressive Islam. My Prime Minister has recently articulated Islam Hadhari or civilizational Islam – an approach towards progressive and humanistic Civilisation. It is an approach that promotes the true teachings of the religion which values development, moderation, tolerance and democracy. Malaysia not only as a country but also as the current Chairman of the OIC hopes that we would be able to act as an interlocutor and in some small ways

contribute to bridging the largely Christian West and Muslim East in our efforts to promote greater peace, understanding and civilizational dialogue. In this context, the US should also endeavour to be 'partners in development' and assume greater responsibility in the economic development of developing countries, particularly the poorer members of the OIC. There should be a continuous engagement between the US and the OIC member countries. This would go a long way in the cultivation of understanding and respect between the two divides, when there should be none in the first place.

I believe today's colloquium offers us another opportunity to assess and take stock of the state and direction of our bilateral relations. I also believe that this endeavor not only would help develop better understanding between our two countries but would also bridge the differences of opinion in the areas that we do not have in common. I hope we could look into areas and resources that both our countries have or are strong at and find ways on how these strengths could be complemented or optimized. As it is, we have close bilateral relations that encompass a broad spectrum of areas.

Needless to say, economic activities have been the strongest pillar of our bilateral relations. With TIFA and the possibility of an FTA in the future, I hope and believe that our bilateral trade will continue to rise and in the process create opportunities for our business people to interact and identify with. I strongly believe that the threshold of opportunities and inter-dependent should be raised, as it would make us better friends, fairer trading partners and more socially responsible investors. Based on the good co-operation Malaysian private sector has with counterparts from other countries in general, and the United States in particular, I am proud to say that Malaysia is now producing high quality goods and services. Hence, I am confident that we would also see our trade and investment increasing in both directions, especially given our enviable track record of political stability and social cohesion. We have our own unique form of sustainable politics, and we continue to provide a conducive and business-friendly environment for Americans to do business in the country.

If we really look for the opportunities where we can truly tap on the reservoir of goodwill between our two countries, education is probably at the top of the list. In the 1980s and early 1990s, the United States has seen more than 20,000 Malaysian students annually throughout the country. Some of the pools of talents you find in Malaysia today are products of an education system much informed by American academic tradition. Today, I regret to say that the figure has dwindled to about 7,000 only. As a result, USA has missed out on "Educational Ambassadors" who will help to enhance the close relations between the two countries. This field certainly needs to be revitalized and for both sides to find new areas of collaboration. We could think of establishing an American Chair at one of the local Malaysian universities and having a student exchange programme, which would contribute to better understanding and appreciation of different cultures and social values much like the impact that the Peace Corp programme of the 1960s had on Americans and Malaysians. As you know, there is already a Chair of Malay Studies at Ohio University. Such outreach should be incorporated into our public diplomacy program. I am proud to say that Malaysia is now embarking on being the educational hub for the ASEAN region as well as to enable us to compete in the new Knowledge

Economy, and the demand for English-speaking engineers, lawyers, scientists, doctors and accountants has never been greater. Malaysia has now set out sights on attracting the very best academic and research institutions to use Malaysia as a hub for Southeast Asia and beyond. 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.

Distinguished Guests,

Ladies and Gentlemen,

With this, I wish to conclude my remarks and I certainly hope what I have said would contribute to the discussions at this colloquium. Once again, I would like to thank ISIS, SAIS and the ASIA Foundation for the warm reception accorded to me.

Thank you.