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Bismillahir Rahmanir Rahim

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Your Excellencies,

Distinguished Guests,

Seminar Participants,

Ladies and Gentlemen,

Assalamualaikum Warahmatullahi Warabarakatuh

Introduction

1. Let me begin by saying that it is indeed a great honour for me to be given the opportunity this afternoon to deliver the keynote address on "Smart Partnership for Development in this Seminar on Challenges in International Cooperation Among Developing Countries. I am delighted to know that despite the constraints of distance and time, so many of you were able to make it to this seminar. Your commitment and cooperation to make this seminar a success is very much appreciated. It is another fine example of smart partnership in action. I would like to take this opportunity to congratulate the organisers for initiating this inaugural program, which I believe will further strengthen cooperation and collaboration among the developing countries in general and MTCP countries in particular.

Distinguished Guests, Ladies and Gentlemen,

Nations in Crisis

2. It is ironic that the largest and the biggest can also be the weakest. In terms of membership in the United Nations, majority of the members are from the developing countries. In terms of land size, developing countries occupy more than half of the world's total land area. In terms of people, a large majority of the world's population is found in the developing countries. Therefore it is not surprising that developing countries are extremely rich in terms of social, cultural as well as natural diversity. Yet, a majority of the one billion people in the developing countries are living in extreme poverty, i.e. living on less than one US dollar a day. In Africa alone, the number of people living in extreme poverty is about 300 million. Likewise, 11 million children in the developing countries die annually before their fifth birthday from causes that are preventable. And a large portion of the 300 million children who will go to bed hungry every day, are also from the developing countries.

3. As we gathered here to discuss the future of international cooperation among developing nations, destitution, disease and ignorance continue to prevail in many parts of the developing world. According to the Millennium Project Report, in some parts of Asia, the developing countries are expected to record slow progress in attaining the Millennium Development Goals. Some parts of Africa will not achieve some of the goals by 2015. Technological transformation and globalisation have not eliminated extreme poverty. In fact, many people believed that both of these factors have accentuated the asymmetries that characterized the multilateral system. For instance, during the Asian Financial Crisis of 1997-98, some countries experienced a devaluation of their currencies by as much as 50 to 600 percent, millions of their workers lost their jobs, and thousands of companies were forced to close due to bankruptcy. In 2003, it was reported that 54 nations were much poorer than before as compared to 1990. In fact, in his keynote address during CAPAMs Fourth Biennial Conference, the late Gordon Drapper contend that While globalization has brought economic reward to some, in many countries it has been characterised by economic and financial crisis, widening of the gap between the rich and the poor, and social instability. It is therefore not an understatement to say that a majority of the developing countries today are actually in a state of crisis.

4. Much of the resources of the developed world that could be used to help the developing countries have been diverted to support the so-called "war on terrorism" and to protect certain domestic industries whose products could be produced much cheaper by developing countries. There is also too much pre-occupation with the profits of pharmaceutical companies than the medical and healthcare needs of the poorer nations. With the overall lack of progress on global poverty initiatives, developing countries can no longer depend on the assistance of the developed world alone to pull themselves out of the trenches of poverty. Developing countries will have to seek new and innovative approaches through smart partnerships among themselves to help transform from being nations in crisis into vibrant emerging economies where their citizens can enjoy a much better quality of life and a higher standard of living.

Distinguished Guests, Ladies and Gentlemen,

Smart Partnerships

5. Partnerships are common features in all societies throughout the human history. Unless one chooses to live the life of a hermit, one cannot avoid the need to form partnerships, whether in political, economics, technological or socio-cultural arenas. The advantage of partnerships is that it allows us to attain benefits way beyond what we can achieve as individuals. However, partnerships do not guarantee that benefits are shared equally. Often, due to unequal strengths, contributions, or distribution of information, one party may derive more benefits than the other. For instance, the partnerships between developing countries and developed countries do not always result in a fair distribution of benefits. The dominant partner tends to impose its will on the weaker partner. In the Malaysian context, this type of partnership cannot be defined as smart partnership. In smart partnership there should be no dominant partner and any gains should be fairly shared between the partners. It must be a partnership of win-win for all parties.

6. Let me elaborate a little more about the Malaysian concept of smart partnership. According to our former Prime Minister, Tun Dr. Mahathir Mohamad (1997), smart partnership refers to the concept of maximizing and balancing the benefits for both parties and for all, regardless of an unequal contribution towards the partnership. This concept was first introduced in 1995 during the First Langkawi International Dialogue (LID) held in Malaysia and is based on the idea of win-win and prosper-thy-neighbor policy guided by the universal values of trust, respect, understanding, good faith and fair play.

Win-Win Approach

7. The win-win approach seeks to build a solid foundation for pursuing mutual peace and prosperity based on common interests and shared values; emphasizing on economic, social and cultural cooperation. The win-win approach recognises national interests and the reality that these interests do differ and sometimes even collide. Therefore it seeks to find compatibility in seemingly conflicting interests. It does not seek to resolve differences or advance national goals through the exercise of power or through the employment of force or coercion. It seeks to resolve differences through dialogues and peaceful negotiations and de-emphasizes threats or power-based resolutions.

Prosper-Thy-Neighbor Policy

8. Smart partnership also means that we should seek peace, prosperity and harmony not only for ourselves but also in our relations with other nations and regions of the world. This is the fundamental premise of our prosper-thy-neighbor policy. Therefore we must seek to build our economies and prosper our people through maintaining the strongest of trade, investments and financial links with the other nations and regions of the world. It is all about creating social and economic capital and not military powerhouse.

Ingredients for Successful Smart Partnerships

9. In our context, smart partnership is not rooted in the rigidity of rules and procedures but in a pragmatic mixture of formal and informal relationships, working together in synergy for long-term mutual benefits that contribute towards global peace, harmony and cooperative prosperity. We have much to gain by forging a partnership of equals in facing multifaceted challenges posed by today's world and much to lose by going apart. For smart partnership to be successful, several critical success factors must be present. These include: (a) a shared vision, (b) clear understanding of each partner's strengths and limitations, (c) trust, (d) willingness to compromise, (e) patience and tolerance, and (f) attaining real results or value-add.

10. The development and continuing refinement of a shared vision of the work to be accomplished is key to a successful partnership. Therefore smart partnerships must have a common vision of what they are seeking to accomplish. The shared vision is a compelling but realistic picture of what the partnership could achieve by working synergistically together. It helps to provide direction and motivation for people to work together. For instance, the common vision of the 29 leaders of the Bandung Conference in 1955 was to build a country that is free with pride and dignity as well as able and willing to contribute for a better world, based on the principles of solidarity and self-reliance.

11. For smart partnerships to be successful, it is also essential for the partners to have a clear understanding of each other's strengths and limitations. It helps the partners to develop a more realistic expectation of each other's potentials and contributions as well as minimising the possibility of unreasonable demands. Furthermore, by taking into consideration the relative strengths and weaknesses of the partners, special programs can be developed to speed up the development process and reduce the gaps between them. For instance, the Generalized System of Preferences (GSP) can help hasten the graduation of developing countries to non-GSP status.

12. Trust is an essential ingredient for successful partnerships and enables meaningful collaboration and contribution. Trust creates a bond that avoids unnecessary dependence on complex legal structures, thereby facilitating and easing decision-making. In the knowledge-based economy where speed is the essence, trust could lead to a very significant competitive advantage to the partnership. Nevertheless, trust among smart partners cannot be imposed but must be earned through demonstrated actions because trust can only be built through the consistency and integrity of action over time. A single betrayal can destroy the trust that has been built over a long period of time and it would be difficult to regain the same level of trust between partners. Trust eroding behaviors such as independent action by one partner, grandstanding at the expense of another partner, not honouring one's word, commitment or confidentiality; will create suspicion in terms of one's motives, or acting in any way contrary to the best interest of the overall partnership.

13. The willingness to compromise is another critical success factor for building smart partnerships. Smart partnerships demand that we sometimes have to make some sacrifices in the short-term for long-term benefits. For instance, under the New Economic Policy (NEP), the economically advantaged ethnic group supported fully the redistributive efforts of the government so as to ensure long term political stability and prosperity. Partnerships based on immediate sharing of the spoils will most likely result in dissatisfaction once the immediate benefits of the partnerships wear off.

14. Patience and tolerance are also critical factors for successful smart partnerships. Respect for sovereignty and equality among states must be insisted upon. They mean more than just

non-interference in one and another's affairs. The ideas and opinions, the hopes and the fears, of all countries must matter, and their views must be given full consideration. For instance, in the Malaysian context, decision-making within the ruling party is based on consensus building. The dominant party will not impose its views on the other partners just to gain immediate political mileage. It is willing to listen to the views of other partners and respects the differences that each of them brings to the coalition. The voice of all its members is heard and given full consideration. Sometimes, the dominant partner has to postpone certain decisions when no consensus has been reached so as to preserve the partnership.

15. Last but not least, smart partnerships should provide value-added benefits to all its partners. Successful partnerships begin and thrive with a clear understanding that mutual benefits will accrue to the partners involved. Each partner may not benefit equally, but each must realise a value-added benefit. Without concrete results, sustained commitment to the partnership is not possible. Without real benefits, no one is going to sacrifice their time, energy and money to sustain the partnership. In the Malaysian context, the benefits of continuous economic growth and the equitable sharing of the expanding economic pie provide the motivation for sustained support of the consensus-based framework of political partnership.

Distinguished Guests, Ladies and Gentlemen,

Opportunities for Smart Partnerships

16. I have elaborated in great depth on what smart partnership is all about. Allow me to share with you some of my thoughts as to the areas where opportunities for smart partnerships are abound. Areas where we must work together as smart partners or we run the risk of being overwhelmed by the waves of globalisation within an environment where large and powerful nations impose their will on small nations.

Smart Partnerships in South-South Cooperation

17. Malaysia has, and continues to be, in the forefront of South-South cooperation, consistent with its commitment to the development of countries in the South and in line with its philosophy of international cooperation for development. We strongly believe that capacity building partnerships are essential in nation building and national development. This commitment is explicitly manifested in the establishment of the Malaysian Technical Cooperation Program (MTCP) since 1980, where we actively share our development experiences with other developing countries and provide technical assistance in areas where we have the expertise. Furthermore, as current Chairman of the Organization of Islamic Conference Summit, Malaysia has also initiated the Capacity Building Program for O.I.C. Countries involving the participation of seven member countries hosting projects and at least seven other member countries as external contributors. We believe that international and regional cooperations through long-term and short-term training programs as well as through enhancing networking among individuals from member countries will complement the other development strategies taken by the respective developing countries.

Smart Partnerships in International Dialogues

18. The last decade was marked by an unprecedented amount of international dialogues, in which it was increasingly recognized that the problems of the developing countries are global problems for which all countries and people bear a shared responsibility. Awareness grew in all corners of the world that our natural resources are not inexhaustible