

POSITIONING MALAYSIA



in the **INTERNATIONAL ARENA**



PERDANA
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PERDANA DISCOURSE SERIES NO. 5/2006

**POSITIONING MALAYSIA
in the INTERNATIONAL ARENA**



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LEADERSHIP
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YAYASAN
KEPIMPINAN
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Perdana Discourse Series No. 5/2006

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Preface

Positioning Malaysia in the International Arena was the theme for the fifth Perdana Discourse Series. The discourse was an interactive platform where participants had the opportunity to share and discuss issues relating to policies, strategies, and possible models and achievements accomplished during the tenure of Malaysia's previous Prime Ministers. Participants comprised of university students, academicians, senior civil servants and members of various youth associations.

The discourse started with a keynote address by Tun Dr Mahathir sharing his thoughts and ideas on the topic. This was preceded by a moderated discussion session chaired by UiTM's Assistant Vice Chancellor, Associate Professor Dr Mustaffa Mohamed Zain. The panel discussants were Dato' Harun Siraj, Professor Azman Awang, Professor Zulaiha Ismail and Mohd Rifa'i Mohd Tahir. Each presenter took the opportunity to reiterate, list and illustrate several key decisions, and the contributions of the past four leaders on Malaysia's position in the international arena.

More than 60 participants took part in the group discussion session to further deliberate on the issues and to reaffirm on the three aspects of the topic discussed: the past, the present and the future of Malaysia's position in the international arena. Students from various tertiary institutions played key roles during the sessions. They took up the roles as facilitators, scribes and presenters. The outcome of the group discussion session was presented as a closing remark for the discourse.

Editors

Acknowledgements

We would like to thank the Board of Perdana Leadership Foundation and the Deputy Vice Chancellor of UiTM, Professor Rahmat Mohamad (Research and Commercialization/Innovation) for their continued support and confidence in InQKA (formerly known as INKA) to again come out with this publication. In this fifth series, we are very honoured to have Tun Dr Mahathir Mohamad who shared his ideas and forthright opinions with clarity and intelligence on the topic of Positioning Malaysia in the International Arena. We are also very grateful to have with us personalities, each distinguished in his/her own particular field, such as Dato' Harun Siraj, Professor Azman Awang, Professor Zulaiha Ismail and Mohd Rafa'ei Mohd Tahir, who have further contributed to our knowledge on the topic. Our appreciation also goes to all the participants who have much contributed during the group discussions. The results of the discussions have further enriched the information gathered for documentation. Last, but not least, a special thanks to the transcribers of Perdana Leadership Foundation and friends of InQKA who have helped us with this fifth issue of the Perdana Discourse Series.

Prologue

Some Points on Positioning Malaysia in the International Arena

The international system stems from a stream of relationships amongst world's state and is structured according to certain rules and patterns of interaction. This modern international system has existed for less than 500 years. Malaysia, as an independent state is a part of the international system, and as a middle-income country has come a long way in transforming itself from the producer of raw materials (in the 1970s) into an emerging multi-sector modern economy (in the 1990s).

In the last two decades, Malaysia has undergone tremendous growth and prosperity, and has paved its way into the international arena. The continuing effort of positioning Malaysia started as early from its independence in 1957 and was personalized by its previous premiers. In retrospect, every policies in positioning the country involves the aspect of nation building, economy, politics and diplomacy issues, regional and international community, and many aspect of political and securities realities.

In positioning itself in the international arena, Malaysia has focused its policies and strategies in areas relating to international trade, international relationships and memberships.

- **International Trade**

Trade with outside countries began around the first century BC where Malaya, as Malaysia was known at that time, had regular trading contacts with India and China, and with it brought the Hindu and Buddhist religions. It was during the 13th century, that she began trading with Arab traders, and with it brought the spread of Islam.

After independence, Malaysia successfully positioned itself as an attractive investment, business and tourism destination, and in building markets for its exports. Currently, Malaysia is one of the world's most globalized economies, with its trade 2.8 times greater than its gross domestic product. Her export-led economic growth is made possible through attractive foreign investment policies accelerated with the open markets resulting from The General Agreement on Tariffs and Trade (GATT) and The World Trade Organization (WTO).

- **International Relations and Membership**

As a developing country, Malaysia attaches high priority to the security and stability of South East Asia. Such priority is made clear by Malaysia, being an active and supportive member in ASEAN. As a member of ASEAN, Malaysia has adopted several declarations with the latest being the Kuala Lumpur Declaration on the establishment of the ASEAN charter.

As Chair of the ASEAN Standing Committee (2005/2006), Malaysia hosted the 2005 ASEAN Summits in Kuala Lumpur on December 2005. Subsequently, she hosted the first East Asia Summit (EAS), bringing together the leaders of ASEAN, Australia, China, India, Japan, New Zealand and South Korea. The EAS was the first significant addition to the framework of institutional architecture in the region since the establishment of ASEAN+3 in 1997, and only one of two forums, besides APEC, where Heads of Government from other Asian regions and Australasia can meet on a regular basis.

Under Tun Dr Mahathir, Malaysia looked increasingly outward beyond South East Asia to its relations with Islamic states and also with the Non-Aligned Movement (NAM). Malaysia holds the Chair of the Organization for Islamic Conference (OIC) until mid-2007 and the NAM until September 2006. Malaysia takes part in the G15, a group of

developing countries interested in promoting greater South-South economic cooperation. She hosted the inaugural G15 meeting in 1990. Malaysia is also active in United Nations' and the Commonwealth.

Below is, the a list of Malaysia's involvement in the international arena during the tenure of her past Prime Ministers.

- Close political relations with Her Majesty the Queen, during Tunku Abdul Rahman's premiership (before Independence);
- The establishment of Malaysia after the separation of Singapore by mutual understanding with Singapore;
- Established good relations with the Middle East during Tun Razak's premiership;
- Member of ASEAN;
- Antarctica as the common heritage of mankind;
- The Look East policy (LEP);
- Reverse investment;
- East Asia Economic Caucus (EAEC);
- Group of 15 (G15) - ASEAN Mekong Basin Development Co-operation;
- Islamic Unity; and
- The championing of the cause of developing countries on major issues such as environment, human rights, and democracy.

For the future, the challenge for Malaysia is to continue on the growth path in the context of increasing globalization and regionalization. In particular this will entail greater investments in human capital development for the knowledge economy, as envisaged in the Ninth Malaysia Plan, 2006-2010, with an emphasis on knowledge, innovation and ideas.

The following are points for discussion:

1. What is the understanding or definition on positioning Malaysia in the international arena?
2. What are the strategies in positioning Malaysia in the international arena?
3. What are the differences in strategies to position Malaysia from the various time frames?

4. What role does globalization play in positioning Malaysia in the international arena?
5. What role does political stability play in positioning Malaysia in the international arena?
6. What are the country's foreign policies in relation to positioning Malaysia in the international arena?