

Keynote Speech by **Dato' Sri Najib bin Tun Abdul Razak**
Prime Minister of Malaysia to the
Seminar on **“U.S.-Malaysia Relations: Looking Ahead at Key Pillars of Cooperation”**
Organised by the Centre for Strategic and International Studies, Washington DC &
Institute of Strategic and International Studies (ISIS) Malaysia on
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1. I am very pleased to be able to have this opportunity to speak to you today. I commend the Centre for Strategic and International Studies (CSIS) and the Institute of Strategic and International Studies (ISIS) for your initiative in organising this seminar and the untiring efforts to further strengthen U.S.-Malaysia bilateral ties. I am made to understand that your two institutions have a history of collaboration and I am heartened that this spirit of cooperation and friendship is strong and it certainly augurs well for the bilateral relations of both countries. Additionally, Track 2 or non-official exchanges such as yours are invaluable for gathering rich insights, exchanging perspectives, and to iron out differences that are inevitable in any relationship. I am also pleased to note that our two prestigious institutions – the Institute of Strategic and International Studies (ISIS) and the Centre for Strategic and International Studies (CSIS) – are formalising a Memorandum of Understanding that will set into motion a dynamic and fruitful dialogue process.

2. Indeed, there is much to look forward to. There are many complementarities and synergies to be harnessed. As you know, Malaysia is located in the fastest growing region in the world. We are a founding member of ASEAN, one of the factors responsible for achieving peace in our part of the world. ASEAN is striving to be more coherent and integrated in years to come. Malaysia has actively served as a bridge between Muslims and the West. Muslims make up slightly less than a quarter of all humanity, over 60 per cent of which live in Asia but are still

misunderstood. I encourage CSIS and ISIS to endeavour toward correcting these misperceptions, and to explore ways to bring about common prosperity, peace and stability to the international community. I would like to spend my time to outline some of the more recent initiatives that Malaysia has taken to strengthen peace and security within its own borders, in the region and the world.

Ladies and gentlemen,

3. The post-Cold War era has presented important opportunities for regional and global security initiatives. With the crumbling of ideological divides between the East and the West, there have been greater occasions to cement constructive engagement and cooperation on pressing issues of regional and international security. The conflict and distrust that marked relationships during the Cold War has now given way to close friendships – not only among Southeast Asian nations, but also between the major powers and ourselves.
4. Southeast Asia places such a premium in America's engagement in Asian multilateral processes. Malaysia, in particular, welcomes the Obama Administration's endorsement of multilateralism as the preferred route to problem-solving. We also welcome its endorsement of ASEAN's centrality in regional processes. Important initiatives such as active dialogue between the United States and regional leaders and the recent signing of the Treaty of Amity and Cooperation (TAC) are an affirmation of the close ties between the United States and ASEAN. Initiatives such as these go a long way towards strengthening the security architecture of the Asian

region. We therefore look forward to building upon the efficacy of our existing security institutions with our American counterparts, in order to advance our mutual security interests at both the regional and global levels.

Ladies and Gentlemen,

5. The proliferation of nuclear weapons and related materials represents one of the most pressing challenges for the international community. It brings the terrifying prospect that more countries could acquire or develop nuclear capabilities. The possibility that terrorists could gain control of nuclear weapons poses a fundamental threat to us all, irrespective of which nation is targeted. That is why the leaders of over 40 nations and I responded to President Barack Obama's invitation to the recent Nuclear Security Summit. I believe that the Summit has advanced the crucial goal of cultivating a global consensus on the severity of the threat from nuclear terrorism. It has emphasised the need to confront that threat with all the means at our disposal.

6. In this regard, I would like to reiterate that Malaysia is committed towards ensuring that nuclear materials and technologies do not fall into the wrong hands. This commitment is clearly demonstrated by the recent passage of the 2010 Strategic Trade Bill through the lower house of the Malaysian Parliament. It provides for severe criminal penalties for those involved in the illicit export, transshipment and brokering of weapons of mass destruction, their delivery systems and related technologies. This legislation will enhance Malaysia's ability to contribute to global counter-proliferation efforts. However, establishing a legal framework is only the first step. The Malaysian Government therefore intends to see to it that

this legislation is strictly enforced and that our law-enforcement agencies are provided with the necessary resources to do so.

7. At the centre of the international community's efforts to prevent the spread of nuclear weapons is the Nuclear Non-Proliferation Treaty. As most of you are aware, the NPT Review Conference will be convened in New York next month. The 2005 Review Conference showed the difficulties inherent in arriving at a global consensus on how the non-proliferation and disarmament agenda can be moved forward. It is important that we do not go back to our capitals the way we did in 2005. For this year's conference to succeed where the previous one failed, it is crucial that the nuclear-weapon states demonstrate their commitment to nuclear disarmament. Malaysia therefore welcomes President Obama's vision of a world without nuclear weapons, as articulated in his speech in Prague in April of last year. This is an aspiration that is close to the hearts of Malaysians and Southeast Asians, as evidenced by ASEAN's establishment of the Southeast Asian Nuclear-Weapon Free Zone (SEANFWZ). We are also encouraged by the 2010 Nuclear Posture Review, which reduces the role of nuclear weapons in US security policy. The declaration that the United States will not use nuclear weapons against NPT-compliant non-nuclear weapon states is, I believe, a step in the right direction.

Ladies and gentlemen,

8. The interests of Malaysia and the United States intersect in many areas, and none more so in the struggle against terrorism. Admittedly, we do not always agree in our approaches in addressing the threat posed by terrorist groups. But we don't always have to—not when we fundamentally agree on the seriousness of the threat itself. The unprecedented levels of cooperation between Southeast Asia's security

forces—particularly those of Malaysia, Singapore and Indonesia—have eroded the ability of the Jemaah Islamiyah network to terrorise the people of our region. But we cannot afford to be complacent. Just when some thought the days of major terrorist attacks in Southeast Asia were behind us, we were gravely reminded why we can never let our guard down. The United States has played a positive role in building the capacity of Southeast Asia’s security forces in the struggle against terrorism. Indeed, cooperation between Malaysia and the United States in this regard has never been stronger. It is my hope that this cooperation will be sustained long into the future.

9. Securing Southeast Asia’s maritime environment represents another area where the interests of Malaysia and the United States converge. Both countries wish to ensure the safe, secure and free passage of vessels through major sea-lanes of communication. The best way to achieve this is by building the capacities of the region’s maritime forces. The figures for piracy incidents in Southeast Asia over the last decade bear this out. In 2000, there were 242 incidents in regional waters. Last year, that number had dropped to 45. This has been the result of collaborative efforts by Southeast Asia’s maritime forces. And the capacity to do so has been achieved in no small part due to the assistance of countries from outside the region, including Japan and the United States. For example, through the annual Cooperation Afloat Readiness and Training exercises, or CARAT, the United States Navy has shared its expertise with the maritime forces of Malaysia, Brunei, Indonesia, the Philippines, Singapore and Thailand. Malaysia regards such exercises as valuable opportunities indeed. And I hope Malaysia and the United States could explore ways to further expand our collaboration in the maritime domain.

10. Malaysia's location means that it is largely protected from natural disasters. But because our security and prosperity is inextricably linked with our neighbours, Malaysia cannot afford to ignore the need to prepare for such contingencies. The Indian Ocean tsunami in 2004 and Cyclone Nargis in 2008 showed that assistance from outside the region would be critical in the event of exceptionally severe disasters. The people of Southeast Asia appreciate America's assistance in our moments of need. There is significant potential for collaboration between Malaysia and the United States in responding to natural disasters, and I hope this could be explored between the two countries.

Ladies and gentlemen,

11. Malaysia, along with other ASEAN countries, is cognizant of the changing dynamics of international security in the 21st century. In this day and age, the global security agenda is no longer exclusively defined by traditional security issues. International security has now expanded to include non-traditional security issues such as human trafficking. Malaysia recognises the need for such issues to be included within national and regional security efforts. If non-traditional security issues are left unaddressed, they can pose severe and significant security implications. Human trafficking has emerged as both a regional and global security issue in recent times. Global statistics indicate that around 2.7 million people are being trafficked worldwide annually, the majority of whom are women and children.

12. Malaysia has undertaken several important initiatives to address the problem of human trafficking. First, the Malaysian Parliament passed the Anti-Trafficking in Persons Act in 2007. As Malaysia's first anti-

human trafficking legislation, it provides the legislative means for Malaysian authorities to pursue and convict human traffickers. As of February 2010, 280 syndicate members have been arrested. More than 1,400 men, women and children from 17 countries have been rescued between February 2008 and 2010. The second initiative is the National Action Plan Against Human Trafficking. This plan serves as the blueprint for a comprehensive and integrated approach among Malaysian government agencies to effectively tackle the problem of human trafficking.

Ladies and gentlemen,

13. The United States and Malaysia's investment and economic relationship is another key pillar in our bilateral relationship. The United States is Malaysia's major trading and investment partner. In 2009, Malaysia's total trade with the United States is US35 billion dollar, representing 11.1% of Malaysia's total trade. The United States direct investment in Malaysia in 2009 amounted to US300 million dollar or 8.4% of total FDI. In fact, this relationship extends beyond trade and investment. Malaysia is part of the US multinational companies' production network in East Asia, which brings with it technology and management capability as well as marketing network.

14. Certainly there is scope for expanding these investment and economic relationships that can bring mutual benefits and deliver growth to our nations. It is unfortunate that Malaysia and the United States were unable to conclude a free trade agreement before the expiration of fast track authority. Even without this formal arrangement, I can see opportunities in which bilateral investment and trade can flourish.

Malaysia can be the hub for investment in green and energy efficient technologies through the use of our natural resources. Services industries where Malaysia is emerging as a strong leader such as Islamic finance, tourism and halal products and services can be an avenue for enhancing bilateral trade. Malaysia will also take a serious look of strengthening its investment and economic ties with the US through the Transpacific Partnership with terms and modalities that are mutually beneficial.

15. The Malaysian economy is now at a critical cross-road. Our economy is caught in “the middle income trap” where growth in the past decade has been moderate. We have just launched the New Economic Model or NEM to lift Malaysia out of this trap and to achieve our goal as an advanced economy. This model adopts a holistic approach to ensure that all communities will benefit from the wealth of the country and at the same time taking care that the pursuit of higher growth should be done without compromising future generations. Under the NEM, Malaysia intends to grow at 6.5% per annum and double its GDP per capita from the present level of US7,000 dollar to US15,000 dollar by 2020.

16. The NEM encapsulates the new mindsets and methods that we will need to succeed. Growth must be private sector-led and productivity driven. In order for this to happen, we must focus on improving both our domestic and international competitiveness. Private sector investment appetite must be restored by improving the investment climate and reducing unnecessary red-tapes. Industries that are technologically capable must be nurtured and workers must be highly skilled. As this growth will be highly dependent on the quality of our workforce, our

education system must be evaluated so that we will produce and retain our human talents. In the main, the New Economic Model strives for greater productivity, efficiency and yet we also aim for better quality of life and improvements in the standard of living and all round inclusiveness.

17. US corporations and investors will benefit from a more conducive investment climate, increased liberalization efforts, a higher quality in the Malaysian workforce, as well as efforts to facilitate the growth of promoted industries. Industries such as electrical and electronics and oil and gas have significant US participation and interest and under the NEM these industries will be given a further boost. The NEM will place further emphasis on the creation of a conducive investment climate - for example The Malaysian Industrial Development Authority (MIDA) has been empowered to lead our efforts to attract more investments and this transformation is reflected in its new identity and name. MIDA is now known as the Malaysian Investment Development Authority.
18. To be sure, there are many whose interests still lie in the old way of doing things. That way well may suit them but the grave consequences are economic stagnation and social regression. Without rapid and sustained economic growth, we are unable to uplift those who require assistance the most. That, in a nutshell, is the inescapable fact of the matter. The initiatives embodied in the NEM will enable us to address the imperatives of equity and nation-building.
19. The NEM is one of the four components of my transformation initiative. The first component is the *1Malaysia, People First, Performance Now* concept to unite all Malaysians to face the challenges ahead. Second is the *Government Transformation Programme* (GTP) aimed at strengthening public services in the National Key Result Areas. Under

GTP, cumbersome regulations, processes and procedures must be simplified to improve their effectiveness and reduce opportunities for rent-seeking behaviour. The third critical component is the New Economic Model where the measures will form the *Economic Transformation Programme* meant to transform Malaysia by 2020 into a developed and competitive economy whose people enjoy a high quality of life and high level of income from growth that is both inclusive and sustainable. The final component is the *10th Malaysia Plan 2011-2015* (10MP) which will operationalise both the Government and economic transformation programmes to be unveiled in June.

Ladies and gentlemen,

20. I hope that I have managed to give a broad overview of Malaysia's security and economic outlook. I hope you will now examine how greater U.S.-Malaysian collaboration and understanding can be achieved in these areas. The best understanding, however, would be gained if you were to come to Malaysia and find out first-hand what is actually going on in Malaysia. I am confident that you will be pleasantly surprised at how different reality and perceptions are.

Thank you.