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RELATIONS
“MALAYSIA’S PREPARATIONS FOR THE ASEAN ECONOMIC
COMMUNITY 2015”
MINISTRY OF FOREIGN AFFAIRS, KINGDOM OF THAILAND,
BANGKOK, THAILAND
16 JULY 2012**

Excellences, Ladies and Gentlemen

1. Let me begin by expressing my thanks and sincere appreciation to The Devawongse Varopakarn Institute of Foreign Affairs (DVIFA) for inviting me to deliver the presentation today. It is indeed my pleasure to be here and to share with you some of my thoughts and views on the subject.
2. I would start off by providing you with an overview of my presentation. Briefly, I will be touching on Malaysia’s aspirations, actions, and challenges in realizing the ASEAN Economic Community in 2015. Later in my presentation, I will share with you the strategic directions that Malaysia is taking towards achieving this milestone.
3. The year 2015 will come as a historic juncture for Malaysia, not only because it is the year when we realize our vision of an ASEAN Community, but also because it will be the year when Malaysia will assume the Chairmanship of ASEAN.

4. Certainly, this is not just about Malaysia being the Chair of ASEAN in 2015. ASEAN Community 2015 is a brainchild of all ASEAN Member States' collective efforts. In preparing for this milestone, we would certainly appreciate any form of information or experience exchanges through dialogues with other Member States on how we can best approach the matter. I am sure there are a lot that we can learn from other Member States, Thailand included, on past experience, innovative approaches and your strategic outlook on the ASEAN Economic Community.

5. 2015 is only two-and-half years away which is not too far in the distant. Pressed for time, it is certainly going to be a daunting task for all of us to achieve all the intended goals of an ASEAN Community that is inclusive, people-oriented and integrated. Comprehensive efforts and commitments from all the stakeholders are needed to achieve this vision.

6. ASEAN has always been at the core of Malaysia's foreign policy. To us, regional stability is vital in forming the basis of Malaysia's ability to develop and conduct our external relations in order to play a significant role in the international arena. Malaysia also believes that its role in ASEAN is essential to advance its bilateral relations with its ASEAN neighbours. To Malaysia, ASEAN is the most appropriate vehicle to enhance its relationship with the other Member States, especially on its conduct of bilateral relations, as well as in dealing with other regional and global issues.

7. The fact that ASEAN is an economically important region for Malaysia can be shown in the recorded total of US\$ 8.095 billion (RM 25.775 billion) of Malaysia's direct investment in ASEAN in the year 2011, an increase from US\$ 7.774 billion (RM 24.754 billion) recorded in 2010. On the other hand, total ASEAN direct investment in Malaysia for the past 3 years have also shown similar trend, with a total of US\$ 6.809 billion (RM 21.680 billion) in 2011 as compared to US\$ 4.923 billion (RM 15.675 billion) in 2010.

8. Let us go back in time to the year 2003. That was the year when our Leaders signed the Bali Concord II, which marked the first step of ASEAN Member States in their journey to realize an ASEAN Community. Member States' commitment was renewed through several other important ASEAN documents such as the 2007 Cebu Declaration on the Acceleration of the Establishment of an ASEAN Community by 2015 and the 2009 Cha-am Hua Hin Declaration on the Roadmap for the ASEAN Community (2009-2015). The adoption of the Cha-am Hua Hin Declaration was particularly significant as it paved the way for Member States to undertake their Community-building process through a more focused and action-oriented approach.

9. As I have pointed out earlier, the year 2015 will be an important year for Malaysia, as it will play the role as the Chair of ASEAN. This will be a major challenge for Malaysia, as it has to project, not only its own national image, but also ASEAN's image to the international community.

10. Malaysia certainly hope to see an inclusive, people-centred ASEAN Community which is in conformity to its fundamental principles as stipulated in many major ASEAN documents such as the ASEAN Charter and the three Community Blueprints, come the year 2015. We also wish to see ASEAN continues to play a more prominent role in facing up to present and future challenges in regional and global affairs. This desire is being shared and explicitly made known by our previous Chair Indonesia through the theme during its Chairmanship “ASEAN Community in a Global Community of Nations”. While ASEAN is extensively engaged in the conduct of its external relations, ASEAN’s centrality ought to be maintained at all times.

11. An inclusive ASEAN Economic Community, to us, is a Community where all stakeholders in the region have an integral part to play in transforming ASEAN into a versatile and competitive production-based economy. With diverse regional economic architecture, potentials are abound on the benefits that could be derived from the sub-regional groupings such as the BIMP-EAGA, IMT-GT and Greater Mekong Sub-Region in advancing the ASEAN Economic Community agenda. After all, those Sub-Regional groupings are made up of states which are also ASEAN Member States.

12. It may be noted that in terms of implementation of the action lines under the overall ASEAN Community Blueprints, the Economic pillar has seen better progress as compared to the other ASEAN Community pillars, with 67.9% out of all action lines in its Blueprint completed so far. On our part, the percentage of action

lines implementation at the national level is quite consistent with the regional level at 80.8%, with 235 out of 291 activities completed in 2011. However, this fact does not necessarily mean that we should rest on our laurels with our achievements. Implementing over 30% of the remaining action lines should pose greater challenges compared to the ones that we have completed as we attempt to bridge the gap of differences towards reaching a common ground. We should exert more effort to ensure continuous implementation of the action lines. Realizing the ASEAN Community is not merely about completing certain action lines, what is also important is inculcating the spirit of ASEAN Economic Community in all stakeholders.

13. Obviously, the objective of an ASEAN Economic Community would not be realized without the commitments from all the stakeholders. It is gratifying to note that our far-sighted Leaders have shown great political will in wanting to see that the ASEAN Community becomes a reality. On the part of Malaysia, efforts are already being undertaken to prepare ourselves for the arrival of the Community as well as to better prepare ourselves to assume the ASEAN Chairmanship. A series of brainstorming sessions between the relevant agencies, the latest one being held in May this year, has been engaging in discussions at all levels on a wide range of issues to pave ways for ushering in the ASEAN Community.

14. Building an integrated and all-inclusive ASEAN Economic Community should begin with a strong foundation. Such foundation could only be hinged upon a well-established

institutional framework. Our colleagues at the ASEAN-Malaysia National Secretariat, together with our Permanent Mission to ASEAN in Jakarta, as well as the relevant ministries and agencies are taking the necessary steps and working closely to enhance their policy and implementation capacity at the national level.

15. Part of the efforts include outlining the necessary strategy to enhance the strategic capability of our officers and staff, such as through specially designed training and secondment programs which provide officers and staff with hands-on learning experience to better prepare them for the daunting tasks that await in 2015. This could be seen as an application of our National Blue Ocean Strategy, where collaboration between Government agencies are being called into action to optimize our limited resource. This exercise does not confine to the Ministry of Foreign Affairs, but also other relevant ministries and agencies particularly the Ministry of International Trade and Industry, the Ministry of Transport, and the Ministry of Plantation Industries and Commodities, just to name a few.

16. ASEAN has, in the past, been labelled as an elitist group. Cognisant of the sentiment, efforts are being made to bring ASEAN closer to the people. A truly successful ASEAN Economic Community requires its people to be a part of that Community. Business sector and the public at large need to be made aware of what we are trying to achieve and how they can benefit from it. Malaysia has been actively implementing various outreach programs to enlighten the business sector, especially through the

various chambers of commerce, on the kind of benefits that they can gain from AFTA.

17. Another target group that we are directing our focus on is the ASEAN young entrepreneurs. Activities such as visits to relevant trade and investment agencies are being organised to expose the entrepreneurs on how the ASEAN Economic Community could facilitate their business expansion.
18. At the grass root level, our national agencies, led by the Ministry of International Trade and Industry as the national coordinator for the ASEAN Economic Community, has taken concrete steps to convey the spirit of the ASEAN Economic Community to the grass root level. Series of seminars, briefing sessions and workshops have been conducted in a number of Malaysian Institutes of Higher Education such as the MARA University of Technology (UiTM) in Kelantan and Shah Alam. More of such outreach programs are being planned on and off. The Ministry is also undertaking concrete steps to create awareness about ASEAN among the states, including Sabah and Sarawak.
19. In laying out the foundation for the ASEAN Economic Community, the ASEAN Economic Community Blueprint is serving its purpose as a document that guides Member States on the required plan of action between the period of 2009 until 2015. Malaysia believes that there is a need to consider publishing a document or blueprint in the post-ASEAN Economic Community 2015 as the ASEAN Economic Community Blueprint only provides for strategic direction up until 2015. I believe that such document

or blueprint, amongst others, could take stock of the implementation of the existing ASEAN Economic Blueprint and map up future course of direction for the ASEAN Economic Community, apart from follow-up actions needed to be taken to the ASEAN Economic Blueprint. Initial discussions are on the way, and we are expecting more progress on the matter in upcoming years, especially in determining new key points to be included in the new roadmap.

20. In coming up with new blueprints, plans of action or agreements, I believe that by the time we realize our Economic Community in 2015, it would be time for ASEAN to shift its focus from capacity-building to a more innovative and technology-oriented initiatives. This would certainly bode well with ASEAN's aspiration to continue to be a progressive and prominent regional organization that is capable of maintaining its relevance in the ever changing geo-economic scenario of the region.

21. Malaysia is committed to the progressive liberalisation of the economy and a strong supporter of multilateral trading system (WTO). In recent years, we have seen the completion of negotiations of numerous bilateral (Chile, Pakistan, India, New Zealand, Australia) and regional (China, Japan, Korea, New Zealand) FTAs, while extensive efforts are being undertaken to conclude negotiations on a number of other FTAs such as with the EU, GCC and Bangladesh.

22. In attracting the Malaysian business community, relevant agencies such as Malaysia External Trade Development

Corporation (MATRADE), Malaysian Investment Development Authority (MIDA) and Small and Medium Industries Development Corporation (SMIDEC) have respectively set up a dedicated FTA service unit to provide necessary information and assistance to business communities on related matters such as import quotas, administrative regulations and import licenses. These agencies have also taken steps to adopt to international best practices to attract, retain and add value to investments.

23. To better facilitate foreign investors, steps are undertaken to improve customs administrative efficiency, effectiveness and integrity. The concept of “one-stop centre” has been actively pursued across the board to ease, facilitate and expedite stakeholders, including the business community. A number of Malaysia’s national agencies have been involved in this form of collaboration such as the trade agencies, the Royal Customs Department, the Malaysian Immigration Department, as well as the Kuala Lumpur Town Hall.

24. Surveys were also carried out by relevant agencies on stakeholders of the FTA to ascertain their awareness on the benefits that can be derived from these ASEAN Free Trade Agreements.

25. In conformity with ASEAN’s efforts towards creating a region with free flow of services, we are taking progressive steps to liberalise trade in services through reduction/elimination of restrictions. Between 1996 and now, we have participated in six rounds of negotiations of services negotiations.

26. Malaysia is also looking intensively at ways to complement ASEAN's efforts in areas such as competition policy, consumer protection, intellectual property rights, infrastructure development, taxation and e-commerce. Malaysia's announcement to abolish some of the restrictions imposed in many sectors, including the services sector, have been well-received by the business quarters, including those from the overseas.

27. At the domestic level, the Government of Malaysia has come up with several initiatives to enhance our national economic resilience that would directly or indirectly facilitate the ASEAN Economic Community-building process. The Economic Transformation Programme (ETP), for example, is a programme which was launched with the aim of, amongst others, to transform Malaysia into a high income nation. Under this initiative, emphases are being given on a total of 12 national key economic areas (NKEA), with financial and business services included as amongst the key areas.

28. Other areas under the ETP could also facilitate the Economic Community-building. In a move to enhance connectivity in the country, initiatives that have been taken by the Government of Malaysia have contributed to enhancing domestic connectivity. This not only covers the physical dimension, but also the people-to-people and institutional aspects of connectivity.

29. In the past few years, there has been intensified effort to enhance the rate of broadband internet accessibility, especially in rural areas. This is another one of the 12 key areas that the Government of Malaysia is trying to focus on under ETP. The “Communication Content and Infrastructure” key area is expected to generate over 43,000 job opportunities, which in turn is expected to contribute over US\$15.1 billion (RM48.32 billion) to the Nation’s GDP.
30. These efforts that we are currently undertaking to enhance connectivity domestically are amongst the building blocks that would support our effort towards enhancing the wider ASEAN connectivity. Better intra-region connectivity would positively complement efforts towards enhancing the East Asia connectivity, which would at the same time link ASEAN with key regional and global markets. The diverse region, with its huge population, highly-potential market, and strategic location will provide ASEAN with a myriad of opportunities in enhancing latter’s economy.
31. I wish to also bring to your attention that on 12 July 2012, our Prime Minister the Honourable Dato’ Sri Mohd Najib Tun Abdul Razak, has unveiled the 8-year Small and Medium Enterprise (SME) Master Plan (2012-2020) which he described as a “game changer” that would take small and medium enterprises to a higher level. This Master Plan, which aims at increasing the SME gross domestic product (GDP) contribution from 32% (2010) to 41% in year 2020, consists of 6 high-impact programmes and 32 initiatives.

32. The initiative is expected to achieve four main objectives, namely to propel business growth, increase the number of high-growth and innovative companies, increase productivity, and to formalise these businesses.
33. The dynamic and flexible Master Plan also contains what my Prime Minister described as a "break-out strategy" which is aimed at encouraging micro-enterprises, which currently make up 77% of the number, to attain SME status.
34. This initiative fits well with the objectives of the ASEAN Policy Blueprint for SME Development (APBSD) 2004-2014, in a sense that it accelerates the pace of SME development, enhances the competitiveness and dynamism of SMEs, and increases the contribution of SMEs to the overall economic growth in the country.
35. In line with the goal to create a people-centric ASEAN Economic Community, efforts to engage private entities need to be intensified. Malaysia is placing a big emphasis on public-private partnership as one of the ways to forge closer collaborations with the private sector. At national level, under the Prime Minister's Department, the Public-Private Cooperation Unit (UKAS) are spearheading the Government's initiative which involves partnership with private sector. I must say that the outcome of UKAS' efforts have been very encouraging. In 2011, UKAS has managed to attract private investments to Malaysia totalling more than US\$21 billion (RM65 billion), exceeding its annual target of US\$10 billion (RM30 billion). This positive development showed us that the spirit of "Public Inc.", the brainchild of our former Prime

Minister, Tun Dr. Mahathir Mohamed in emulating the Japanese's success in forging public-private collaboration, is very much alive and relevant in Malaysia.

36. I am sure many of you are familiar with or at least heard of the "Global Movement of the Moderates" (GMM), which was mooted by our Prime Minister the Honourable Dato' Sri Mohd Najib Tun Abdul Razak. The call towards moderation came about from the realization that moderation can be an important factor in preventing economic mishap, as well as in ensuring economic sustainability. Basically, when we talk about GMM, we are talking about moderation in all aspects of life, the conduct of our economy included, and not only in practising our religious or political beliefs. I believe this is a concept that would blend in well with ASEAN's aspiration towards achieving the ASEAN Economic Community. At the same time, the GMM can also be promoted as one of ASEAN's contribution in the international arena as it aims to assert itself as a major global player.

37. On the economic front, within the next few years, ASEAN is likely to transform into a more economically integrated region, with a number of ASEAN-wide entities and production centres being set up. As countries involved opens up their economies under the free trade regime, companies will move to areas where they have comparative advantages. Working around our strengths would better facilitate us in identifying economic sectors that we can focus on. Of course, to further encourage private entities to venture into these sectors, improvements need to be made on the

banking system, greater transparency needs to be exercised and exchange rates need to remain stable in all ASEAN Member States. The 1997 financial crisis that badly hit Malaysia and Thailand is still vivid in our mind. The contagious effects of the current Eurozone crisis and its possible ramifications on ASEAN thus cannot be underestimated.

38. A major challenge that we would have to face in our Community-building process is the limited resource that we possess and limitations in mobilising those resources. This is where ASEAN Dialogue Partners can come in. ASEAN must take advantage of the interest shown by Dialogue Partners and other external parties, but at the same time, be wary not to dance to their tunes.

39. The year 2015 is especially crucial for Malaysia in this context as it is slated to assume the role of Country Coordinator for the ASEAN-United States relations. Challenge lies in how Malaysia can play an effective role in facilitating mutually beneficial ASEAN-US relations, especially in the economic realm, while maintaining ASEAN's leading role in the regional economic architecture.

40. In a similar vein, there is a pressing need for ASEAN to strike a balance in its conduct with other emerging economic powers including the BRICS (Brazil, Russia, India, China, South Africa). ASEAN should maintain its equidistant posture in dealing with them.

41. Maintaining ASEAN's centrality in the evolving regional architecture is by no means easy. With continued interest by major economic players, there will be a question on how ASEAN can remain in the driver's seat of the region. One way to do this is through engagement with these major powers via ASEAN-led mechanisms such as the East Asia Summit (EAS).
42. Mechanisms such as the EAS can provide a level playing field for Members Countries as well as allows ASEAN to play a leading role. At the same time, ASEAN Member States should strive to maintain the interest of non-ASEAN Member States to continue to be part of these ASEAN-led mechanisms. Non-ASEAN Member States should be given some opportunity to play their role in bringing these Mechanisms forward, without compromising ASEAN's role as the lead.
43. One of the main problems that we have witnesses for the past many years was the ineffective, or the lack of coordination between ASEAN bodies. Coordination, in this instance, is crucial, not only because it is an essential ingredient in ensuring the smooth implementation of policies and the optimum use of resources, but also because it bodes well with the spirit of ASEAN Centrality, which would project ASEAN positively in the eyes of the international community.
44. As we move closer and closer to the historic day, there are a lot of work that still need to be done. In preparing ourselves for the

ASEAN Economic Community, better coordination amongst planning and implementing agencies at national and regional level is essential.

45. The realization of the ASEAN Community is something that needs to be made known to and celebrated by people of ASEAN. This is an effort that all Member States should take part in. On Malaysia's part, we believe that this could be done through a series of events throughout the year. Any celebration to mark the realization of an ASEAN Community should be carried out ASEAN-wide. This would enable us to reach out to wider section of the society as well as to leave a bigger and more lasting impression on what ASEAN Community is all about.

46. As a conclusion, the year 2015 will be a historic and at the same time crucial juncture for ASEAN. It will be a great opportunity for ASEAN to assert itself as a capable player at regional and global arena. For Malaysia, challenge lies in ensuring its successful Chairmanship of ASEAN throughout that year.

47. Progress in the economic pillar has been encouraging thus far, but that is no indication that we should be content with our achievement. More work needs to be done to ensure a stable, prosperous and highly competitive ASEAN region with equitable economic development. While we move enthusiastically towards achieving the ASEAN Economic Community, attention should also be given in ensuring that the other two pillars, the ASEAN Political-

Security Community and the ASEAN Socio-Cultural Community, are able to progress in tandemly with the ASEAN Economic Community.

48. While action lines in the Blueprint provide a set of guidelines on how ASEAN Member States can realize the Economic Community, it is equally important to ensure that a proper monitoring is carried out periodically to gauge the success of these actions.

49. The advent of an ASEAN Economic Community will not only present unprecedented economic opportunities to the Member States, it will certainly engender closer cooperation and greater transformation of ASEAN as a whole.

50. To end my presentation, allow me to share with you an old Chinese saying to ponder upon “They might have different dreams despite being in the same bed”. This simply goes to say that the importance of unity, solidarity and coherence in realizing our shared vision is something that we should not take for granted.

Thank you.