

**STATEMENT BY THE HONOURABLE SENATOR A.
KOHILAN PILLAY DEPUTY FOREIGN MINISTER OF
MALAYSIA DURING THE GENERAL DEBATE OF THE 9TH
MEETING OF THE COUNCIL OF MINISTERS OF THE
INDIAN OCEAN RIM ASSOCIATION FOR REGIONAL
COOPERATION (IOR-ARC) SANA'A, REPUBLIC OF YEMEN
THURSDAY, 25 JUNE 2009**

Mr. Chairman
Excellencies,
Ladies and Gentlemen.

As this is the first time that I am taking the floor, allow me to express my thanks and gratitude to the Government of the Republic of Yemen for the excellent hospitality and organization of this meeting. Allow me also to congratulate you on your taking up of the Chairmanship of the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC). I also wish to congratulate the Islamic Republic of Iran for its leadership of the IOR-ARC over the last three years.

2. Today, there is a greater sense of the importance of the IOR-ARC as it can be a mechanism for enhancing economic interaction in the region. In this connection, we have to be more realistic in our approach to the opportunities and challenges that we face in the IOR-ARC.

3. As IOR-ARC has been in existence for some 13 years, it is important that the organization does more than that of a platform for sharing ideas. It should serve as a vehicle towards producing tangible results that have a positive impact on people's lives. We also need to act with the necessary decisiveness and speed.

Mr. Chairman,

4. Malaysia acknowledges the constraints that IOR-ARC faces in particular the under achievements of the set objectives since the inception of this organization. We are of the view that one of the key elements to address these constraints is to ensure that the Working Group of the Heads of Mission (WGHM) based in Pretoria continues to play an effective role. In this regard, the WGHM must be clear of their role and mandate. It is important that all is done to monitor the progress and speedy implementation of projects and programmes of the three bodies of IOR-ARC namely the Working Group on Trade and Investment (WGTI), IOR Business Forum (IORBF) and IOR Academic Group (IORAG).

5. With regard to the proposed review of the Charter, I am pleased to state that Malaysia would welcome such an undertaking. In this regard, Malaysia notes that IOR-ARC is based on the principles of open regionalism and where decisions are arrived at on the basis of consensus. As such, we hope that this practice would continue as that observed in other regional organisations such as Asia Pacific Economic Cooperation (APEC), Forum for East Asia-Latin America Cooperation (FEALAC) and Asia-Europe Meeting (ASEM).

6. Meanwhile, as a means to fast track the many proposed IOR-ARC's projects, Malaysia fully supports the clustering process that will enable projects to get off the ground on the basis of the 4+1 principle. In addition, we are also of the view that the Australian paper to strengthen the IOR-ARC Secretariat is a positive one and merits our consideration.

Mr. Chairman,

7. I am pleased to note that Malaysia, through the Construction Industry Development Board (CIDB), had taken the lead in the IOR Business Forum (IORBF) and had successfully held the inaugural Indian Ocean Rim Association of Regional Cooperation (IOR-ARC) Construction Business Conclave from 25 to 27 August 2008. The said conclave provided a platform for those in the public and private sectors to leverage on each other's strengths, disseminate information, networking opportunities and execute construction projects through mutually beneficial arrangements. In fact, the Construction industry has been identified as one of the main investment opportunities for Malaysia in the IOR-ARC member states.

8. In addition, Malaysia is committed to organize a Convention on Academic and Research in October 2010 through the National University of Malaysia under the IOR Academic Group (IORAG). The convention consists of two components namely the IOR-ARC Higher Education Conference and discussion on the establishment of IOR-ARC Center for Multilateral Education. Malaysia has been a supporter of the University Mobility in the Indian Ocean Region (UMIOR) programme.

Mr. Chairman,

9. The adverse state of the global economy at present has challenged Governments everywhere as they grapple with financial storm, rising unemployment and falling exports. It is, therefore, important that organizations like IOR-ARC seek ways to further enhance regional economic cooperation.

10. In this respect, a Preferential Trade Agreement may be useful as a framework to deepen and enhance economic cooperation for the mutual benefit of all our members. However, the draft of the Preferential Trade Agreement must be carefully studied before it is implemented. As for the Agreement on the Promotion and Protection of Investments, Malaysia will continue to cooperate, monitor and participate in programmes which protect, promote and facilitate investments.

11. I am pleased to note that Malaysia's trade with IOR ARC member countries has increased in recent years. The last 4 years has seen trade increased 50 per cent from US\$74.7 billion in 2004 to US\$112.4 billion in 2008. Trade with IOR ARC member countries represents 31.6 per cent of Malaysia's total trade in 2008. In this connection, besides the typical intra trade relations, Malaysia welcomes any ideas from IOR-ARC member countries that would attract greater interest and increased foreign investment in the services sector. Malaysia recently liberalised 27 services sub sectors, with no equity

conditions imposed. These sub sectors are in health and social services, tourism, transport, business and computer and related services. Malaysia believes such efforts would help to mitigate the impact of the global recession on the Malaysian economy. Malaysia is willing to work with IOR-ARC member countries in this regard.

Mr. Chairman,
Excellencies,
Ladies and Gentlemen,

12. I wish to reiterate that Malaysia places a lot of importance to IOR-ARC initiatives. We see it as an important mechanism to achieve our national development agenda. The future direction of IOR-ARC must be based on practical work programmes and initiatives that can benefit member countries. Clearly we have taken the necessary steps to prioritize our projects and we welcome the offer of member states to offer greater assistance and expertise in various fields. It is also my hope that we could have greater cooperation and participation between member states and our five dialogue partners in the near future.

Mr. Chairman,

13. I wish you every success in your stewardship of our deliberations today.

I thank you.