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STRATEGIC OUTLOOK FOR EAST ASIA: A MALAYSIAN PERSPECTIVE

Your Excellencies,

Distinguished guests,

Ladies and Gentlemen,

It is indeed a pleasure for me to be here this morning to address such an intellectually driven audience. Many before me have talked and touched on the strategic outlook for East Asia. What I would like to do this morning is, firstly, to deal with the nature of both the global and regional environment and, secondly, to focus on the challenges at hand for East Asia and, at the same time, to provide some ideas for possible solutions to meet these challenges.

Ever since the cold war ended, we have all been grappling with a very uncertain and highly complex world. I can still recall the optimism surrounding the momentous events that followed the people's destruction of the Berlin Wall, which for decades had symbolized the great divide in our bipolar world. Many once dubbed it the so-called peace dividend! Well, peace, as in earlier times, remains elusive, and this is likely to be so for the foreseeable future. It is certainly difficult to talk of peace when, on a daily basis, death and destruction remain abound in so many different parts of the world.

The history of mankind is a catalogue full of paradox. While we witnessed a great technological transformation in the late 19th Century, the early 20th saw the worst carnage unleashed in the marshy trenches of Europe. Ever since the end of the Second World War, the world has been moving at a rapid economic pace. In the developing world, we saw the birth of new nations and, with that, the beginning of newer and different forms of rivalries and intra- and inter-state conflicts. The decades of sixties, seventies and eighties have often described as 'war in peace'. If the world's battlefields had previously been concentrated for centuries in Europe, they then shifted to the nascent countries, where boundaries were often artificially and arbitrarily drawn. The Cold War dominated regional and international politics, splitting the world into two camps, and despite the creation of the Non-Aligned Movement, many still leaned on one or other superpower.

Today, we are experiencing an enormous surge forward in technology, most noticeably in the fields of communications and transportation, making connectivity a reality. Globalisation has ensured a shrinking world, where boundaries are slowly

being dismantled, sometimes even forced open. However, despite man's progress, the world is nowhere near peace. On the contrary, we are living in a more precarious place, where uncertainty and change are the norm rather than the exception.

While there may be fewer inter-state conflicts at present, transnational issues, such as the environment and the spectre of terrorism, have come to the forefront of our concerns. Another grave issue that has emerged is over religion, and I dare say here that this is arguably the most dangerous that we have to deal with. It is a highly complex subject, imbued with high emotions. It is all too easy to be swayed by one's emotions, and this can reverberate far beyond our shores. We need greater understanding and a better appreciation of each other's sensitivities. In a way, when it comes to religion, we all live in glass houses.

Ladies and Gentlemen,

It is tempting to say that East Asia is an oasis of peace in a global sea of conflict. However, on closer scrutiny, our region has not been spared the smell of death, if not death itself. What then are the challenges facing East Asia and what are the possible solutions? Allow me to highlight a few.

Perhaps the first obvious challenge confronting us today is how one manages an emerging powerhouse like China. China's rise to economic stardom is just phenomenal. China's annual real GDP growth has been averaging about 9% a year since Deng announced to the world his open door policy in 1978. In foreign trade, the average growth is nearly 15% over the same period. In 2002 China became the first country since the 1980s to attract more FDI than the US. It has been forecasted that China's economy will be nearly the size of Germany's by 2008.

It has been said that we are most fearful of the unknown. Many used to be fearful of China as it was then an enigmatic country. It was a closed country and the more ignorant we were, the more we feared China. Things are different now. China is increasingly becoming an open country, as it signs up to international norms and practices. Its accession to the WTO in December 2001 was an important step not just for China but also to all those that trade with that once-named Middle Kingdom. I understand the Chinese phrase for joining the World Trade Organisation was *rushi* or 'entering the world', which clearly demonstrates that, even to the Chinese, it was like them being part of the international community. As more countries come into contact with China, either politically or economically, the unknown factor will erode.

Therefore to me, the challenge of the emergence of China as a global player must be met with a high degree of openness and a sense of commonality and friendship. While it is tempting to be influenced by the 'China threat' argument, we must accept the reality of China's rise. This is by no means a reflection of our fatalism or adopting a subservient position towards China. The basis of our engagement strategy is founded on the idea of mutual interest and benefit. A successful China will lead to greater prosperity for the region. It is in our interests to see China transform successfully.

One concern often expressed on China is its unwillingness to embark on political reform, as it did in the economic field. Beijing's intransigence over this issue has invited a fair share of critics, some even arguing that a non-democratic China will lead to instability over the long run, as market economy is incompatible to an authoritarian style of government. The political system a country adopts should be left entirely to the country alone. No country should impose its will on others, especially when the prescription is no guarantee of success. In a populous country like China, with all the differences, from ethnicity to regional imbalances, for instance between the Pearl River Delta and in cities like Shanghai with inner China, where development seems to escape them, democracy may not necessarily lead to greater stability. What is critical for China is stability for an unstable country will definitely lead to a destabilised region.

Therefore, I believe the challenge of China must be met with a positive attitude of engagement and through the establishment of various platforms that bind China with the outside world, thereby raising the stakes for us not to fail, but rather for us to jointly benefit from a prosperous China and Asia.

Ladies and Gentlemen,

The second challenge that I would like to highlight today is that of great power rivalry. For centuries, we have witnessed how great powers, with their respective empires, clashed with one another, often resulting in the reshaping of power politics. Many believe that the end of the Cold War also brought with it an end to great power rivalries. On the surface this appears to be the case, as we increasingly talk of a unipolar world.

I think it is premature and even wishful thinking to talk of an end to such rivalry. The fact that the US still maintains a considerable military presence in Europe and in Asia tells us something about its assessment and about the need to show to its allies that it remains committed to securing peace in the region. At the same time, talking of power rivalries conjures up images of power politics and balance of power. I recognise that there is a body of opinion that suggests that these concepts are passé, but I still believe they are relevant, as power remains the rudimentary basis of the international system.

As in the days of Metternich of Austria, one can identify a number of potential rivalries that exist in East Asia. The most obvious one is the rivalry between China and Japan, where both share deep-rooted mutual suspicions and historical experiences that continue to haunt each side. Without fail, every time a Japanese Prime Minister visits the Yasukuni shrine, the Chinese lodge a protest. Without wishing to take sides, it would appear that such emotive issues will continue to colour their relationship. Despite efforts made by both governments, such recurring issues appear to be caught in a time warp. The Chinese-Japanese rivalry has enormous impact on regional countries, as we are friendly to both of our Asian neighbours.

The other potential power rivalry is between the two emerging powers, China and India. Having clashed in 1962 over their common border, both countries were for a long time rivals, even choosing partners that were hostile to one another. China wooed the Pakistanis while the Indians courted the Soviets, with significant arms transfers between these two countries. Today, the nature of rivalry is strategic, involving economic as well as political and regional issues. While there has been improvement in the ties, the potential for rivalry remains high.

There are other possible power rivalries, perhaps of lesser significance, that we could identify. However, what is important is to look at the way to manage power rivalries so that they do not translate into hostility. There is a consensus that it was the great power rivalries in Europe at the beginning of the 20th Century that sparked off the First World War – a war that H.C. Wells, called, “A war to end all wars”. While it is easy to talk of playing some sort of mediating role to diffuse and even to prevent power rivalries, it is far more realistic to bring such powers into larger regional political and economic frameworks, whereby platforms and opportunities are created for states to be together, to discuss issues of mutual concern. Therefore, in this regard, the creation of an East Asia Summit, with its inaugural meeting held in December last year in Kuala Lumpur, along side other platforms, helps to create a conducive environment for all. In this respect, ASEAN has to be credited for its efforts over the years in trying to set up various frameworks for such a purpose.

Obviously, such regional frameworks are by no means a universal panacea. They are mere platforms for member states to interact and to discuss issues of mutual interest. Sometimes, bilaterally, the states in dispute do not meet, but during multilateral meetings, they do. Invariably, these contacts help to create a positive atmosphere and encourage states to remain engaged.

Distinguished Guests, Ladies and Gentlemen,

One of the biggest challenges of all is the existence of intra-state conflicts. Increasingly, states are being confronted with the emergence of groups that challenge the legitimacy of governments and undermine stability. Although essentially domestic, these conflicts can spill into neighbouring countries, thereby impacting on regional security. Intra-state conflicts take many forms, from ethnic, religious to political and economic grievances. Some of these conflicts are contained and well managed by states, but some have found violent expressions. Insurgencies, for whatever cause, are present in some countries and they continue to undermine their governments.

While we adhere to the sacrosanct idea of non-interference in another state's internal affairs, we would like to see our neighbours prosper. In this regard, Malaysia is ready to offer any appropriate assistance which could alleviate the situation and achieve stability. Malaysia is here to lend support and take part in any cooperative ventures which will bring peace and prosperity in the region. It is definitely in our interests to achieve this, for we believe in the principle of one country's benefit is another's prosperity.

Malaysia has achieved some degree of political longevity. We believe our system to be democratic, although purists would probably dispute this. Our democracy has been described over the years from as quasi-democratic and even as authoritarian. To us, such labels are not important. What is important is the fact that we have democracy- our style - and that through our democracy we have been able to achieve stability and to bring prosperity to our people. It means little to us if we have democracy that others dictate we should have, and yet not bring prosperity. In our journey, we have learnt many lessons and we continue to learn. One of the things that we have learnt is that no outside interference could determine our success. No form of government imposed by outside can work. The desire to have freedom must be from within, not without. Freedom can never be imposed by outside forces. At the end of the day, stability is essential for prosperity. You cannot begin to achieve economic development if you do not have some semblance of sustained stability.

Ladies and Gentlemen,

We are now confronted with a number of transnational issues which increasingly force us to form policies and to take necessary action to meet these challenges. First in the list has to be the environment, which is everyone's responsibility. Although this is a global issue of global concern, I am not sure how conscious we are about the impact of this issue on our lives – especially that of future generations. One of the concomitant issues is the question of the efficient use of energy, especially with greater consideration for the environment. Increasingly, an Environmental Impact Assessment (EIA) will be a major determinant in the way we do things, especially in our developmental programmes. We must change our mind-set to accept the environmental factor as a critical consideration. We should accept this as part of our responsibility as good citizens of the world, for we are mere transients, for this world does not belong to us but rather we are custodians for future generations. We have no choice but to accept this as a reality, for if we do not, than the hundreds of thousands that fell during the Tsunami and other natural disasters perished without any lessons for us to learn – the lesson surely must be for us to love and preserve our environment for it has a disastrous habit of fighting back.

There are other transnational issues, such as terrorism and crime that have reared their ugly heads and are affect us all. Piracy has also become a major concern of ours and lately, we have been able to move forward in terms of creating cooperative platforms to combat this menace. I am aware that some large corporations are putting pressure on their respective governments to take matters into their own hands. Fortunately, prudence and diplomacy have prevailed. Some governments are helping littoral states ensure the safety of our sea-lanes and waters. We need to enhance our capacity and in this regard I have on several occasions talked of the need for capacity building – that is, for other countries to help us to beef our capabilities, in order for us to better patrol and fight piracy. I am pleased that several governments have expressed their willingness and enthusiasm to assist in this regard. We must be able to seize the opportunity when help is offered and not be bogged down by national pride. To me, the better we can handle this - ourselves and with the help of others - the more proud we can be, for we have not procrastinated.

Distinguished Guests, Ladies and Gentlemen,

The last challenge that I would like to highlight is the Socio-Economic Challenge. The inability of governments to deliver the basic necessity of life has always been the compelling *raison detre* for man to rebel. After all, when you have nothing to eat and nowhere to live, you are left with nothing else but your ability to fight. In this respect, despite mankind achieving technological feats, we are still grappling with mundane issues like poverty and deprivation. The statistics are astounding and it illustrates how we have failed miserably in this area.

Each year, more than 8 million people around the world die because they are too poor to stay alive.

Over 1 billion people – 1 in 6 people around the world – live in extreme poverty, defined as living on less than USD1 a day.

More than 800 million go hungry each day.

Over 100 million primary school-age children cannot go to school.

In this respect, Asia is still confronted with such basic issues and I am aware that the debate about how to overcome poverty is as perennial as the nature of poverty itself. The dichotomy - whether it is better to provide fish or to provide fishing rods and nets – amply illustrates this dilemma. However, what is important is to ensure an equitable distribution of the nation's wealth and a good socio-economic framework with a sound education system, so that everyone is provided with the opportunity to be successful. It is my firm belief that this very fundamental issue is at the heart of many of the problems we face today in a world that is highly globalised, with all its contradictions, and divisions between the extremes of rich and poor.

Ladies and Gentlemen,

The strategic outlook for East Asia is both optimistic and at the same time less sanguine. It is optimistic because the region, collectively, is actively creating platforms for members to interact and to solve and manage some of the issues that confront us. The issues I have highlighted cannot be fixed overnight. It takes a prudent and responsible government and leadership to make this happen. In East Asia, one gets the feeling that there is consensus amongst the leaders of the need to work together to find solutions to common problems. Thanks to globalisation, we all find ourselves on the same boat, having to find strategies and the energy to tackle the grave issues that confront us.

However, at the same time one is less sanguine, as many of the issues that challenge us are often beyond our control, and our inability to sit down and talk in a constructive manner sometimes misses the very opportunity that we have created.

Therefore, the time is ripe for us to transform existing platforms into substantive ones, by which we can go beyond mere talk and be engaged in creating institutions which can provide a sound basis to tackle common problems in a collective manner. To me, the establishment of frameworks signals the beginning of a long and even arduous journey - a journey that will bring goodness, peace and prosperity, at least some degree of it, to all of us. It is a journey worth making, a journey that we must make.

Thank you very much.