

THE FOURTH ASIA-KYUSHU REGIONAL EXCHANGE SUMMIT
LANGKAWI, KEDAH DARUL AMAN, 15 NOVEMBER 1997

' SMART PARTNERSHIP IN THE NEXT MILLENNIUM '

Let me first of all welcome all of you to Malaysia and particularly to these legendary islands of Langkawi. I believe few would like to miss these islands when visiting Malaysia on holiday. We are glad and honoured indeed to host this Fourth Asia-Kyushu Regional Exchange Summit in Langkawi. I hope that your stay here, during this meeting, would be both enjoyable and fruitful.

2. No country or region can be an island unto itself. History has shown that countries which have retreated into isolation or seclusion or have very little to do with the outside world have not been able to make significant progress. Indeed, such countries may even have regressed. Whether we like it or not we all need to interact with each other, be it a mere exchange of views on issues of common concern, or for cooperation in carrying out certain programmes of mutual benefit, for trade and commerce certainly or even for seeking to consolidate our strengths.

3. It is, I believe, in such a spirit of cooperation for development that the Asia-Kyushu Regional Exchange Summit was initiated. The first summit was held in Oita, Japan in 1994. Philippines was host to the Second Summit in 1995 which was held in Manila. The Third Summit was in Fukuoka in 1996. I hope this Fourth Summit held in Malaysia would give further impetus towards achieving the goals for which this Regional Exchange Summit was established.

4. I recall that this Regional Exchange Summit rests on four core principles which were enunciated at the first summit. They are:

- (i) to pursue regional cooperation while remaining open to the world;
- (ii) to promote regional exchange;
- (iii) to deepen mutual understanding and friendship; and
- (iv) to continue the regional exchange summit. These are laudable objectives.

I also notice that since the first summit, various areas have been identified as useful for regional exchanges. The Joint Declaration of the Third Summit reported that views were exchanged on various topics such as the economy, industry, environmental conservation and human resources development. The Fukuoka Declaration, as it is called, emphasises the need to pursue 'mutually complementary economic exchange'; to work towards 'mutual cooperation at the international and regional levels in environment conservation', and also to work towards 'the development of human resources that will be able to play a leading role in the Asia of the twenty-first century'.

5. It is characteristic of all meetings, or seminars, or conferences, or summits, to make declarations of intent or resolutions. Such declarations of intent are of

course important as they identify the objectives that participants will have to strive for. But objectives will remain just objectives, if we do not travel along the paths that we have marked out. All too often, we would merely travel the path already well trodden by others. Nothing new usually is discovered on old paths. We need therefore to blaze new trails and embark on new directions.

6. Despite the trend towards globalisation, Asia needs to seek its own destiny. Asia needs new, bold and dynamic visions. More importantly, Asia needs to chart its own paths. We cannot unthinkingly follow along the paths mapped out by others before because then we would only be following from behind and would never catch up. We have to be brave enough to explore new pathways and new destinations. To do this we must have more faith in ourselves and be more hardy and determined. If we do so we may come out ahead of those who went before us.

7. There are of course those among us and more so among our detractors who think that because of the current economic and financial turmoil deliberately caused by non-Asian manipulators that the Asian century will not come by, that Asian values will not bring about the predicted Asian dominance. I am not one of those who think that the 21st Century would be the Asian Century. Rather I believe the next century will be the Global Century. But that Global Century will be helped into being by Asian values, for we do not believe in destroying others, undermining them deliberately, doing shady things in order to ensure that they fail. Nor do we gloat obscenely when we see others suffer as a result of our actions. Asians and their Asian values will contribute to the Global Century because we are not afraid to see others prosper, we believe in prospering others in order to prosper ourselves. These Asian values will not only overcome the present problem but it would actually help us to be magnanimous to those who try to disable us. Thus will the Global Century be brought about.

8. It is in the nature of things that experience shortens the time to learn or do things. The development of modern Europe, itself copied from the growth and development of several West Asia civilisations such as those of the Phoenicians, the Persian, Arab-Islamic and Turkish, took several centuries. When Japan decided to modernise along European lines, the process took a much shorter time. In the post World War II period several East Asian countries decided to follow Japan and without exception they grew at a much faster rate. Today we have so many East Asian countries rapidly developing and destined to be little Japans whatever the impediments that may be put in their way.

9. They cannot grow alone and in isolation, at least if they want to avoid the mistakes of others, the mistakes of the past. They need to work together with their role model. It is a matter of great satisfaction that Japan has responded and has actually actively participated in the development efforts of the countries of East Asia including South East Asia. It was Japan' s decision to invest in productive industrial activities in South East Asia which showed up the capabilities of the peoples of the region in modern technics and technological skills, skills which in the past were believed to be the preserve of non-Asians and the Japanese only. And again it is Japan which has offered to help us in South

East Asia to overcome the problems created by others to prevent our development.

10. Having said this, let me now say something about the topic I am asked to speak on i.e., 'Smart partnership in the next millennium'. We introduced the concept of 'smart partnership' in the fourth Langkawi International Dialogue held in 1995. Partnerships are of course not new. But quite often partnerships benefit one partner more than the other. In fact at times one partner gains at the expense of the others. In the classic zero sum game theory you win if the other loses. We are seeing this today where the region of South East Asia loses in order for the currency traders and others to profit. The result is not the creation of additional wealth but only the transfer of wealth from one party to another. The loser this time loses more than what is gained by the winner, making this not a zero sum but a negative sum game.

11. In the concept of smart partnership new wealth is created and is shared equally or at least fairly by the partners. Both sides gain. In fact everyone gains. South East Asian countries were at one time poor commodity producing countries. The commodities were sold at the low prices which were set by commodity markets outside the control of the producer countries. The gain for the South East Asian producers was minimal and at times they suffered losses. The commodities were then processed in the industrialised countries and reexported to the South East Asian countries and sold at high prices. Over the years the South East Asian commodity producers have to export more and more of their commodities in order to buy less and less of the manufactured imports. The terms of trade was less and less favourable to the commodity producers. They were getting poorer and poorer relative to the industrialised countries.

12. To break this vicious cycle the South East Asian countries decided to industrialise. Unfortunately they had no manufacturing know-how, no capital and no market for mass-produced goods. They decided to invite foreign investors to manufacture in their countries. The foreign investors gained from low-cost labour, land and tax holidays. The countries of South East Asia gained employment opportunities, export earnings, skills and eventually manufacturing know-how and capital. Today the countries of South East Asia are not only capable of manufacturing and exporting goods of quality and sophistication, but they are able to export capital and expertise to other developing countries. They become quite prosperous.

13. The partnership between the foreign investors largely Japanese and the host countries can be considered as smart for clearly both sides have gained. Until recently Malaysia was the perfect example of a smart partnership between foreign direct investors and a hospitable country. That partnership could have continued indefinitely to the benefit of everyone. The problem that is faced by the South East Asian countries now is due to greed on the part of a partner. Instead of taking a fair share the partner decided to take everything for himself and impoverish his partner in the process.

14. This kind of partner does not take a long term view. They only invest in

shares which can be dumped and the money taken out. As soon as the shares appreciate sufficiently they are disposed off and the capital gains collected. The partnership is certainly not smart. It is exploitative and host countries should avoid this kind of investors. If allowed to invest they should be restricted. The source of their funds must be carefully examined.

15. There are other types of investments which are also not smart, although they may result in stimulating the economy and creating instant wealth. Smart partnerships are usually involved in investments which cannot be liquidated easily in order to make off with the gains. They are usually serious, long term, open, and concerned with production of goods and services.

16. Let all delegates to the Asia-Kyushu Summit demonstrate to the rest of the world not only what regional cooperation is all about, but what is meant by true partnership, smart partnership. Show them that in a smart partnership the overriding concern is that both will benefit. Remember that in enriching the other you enrich yourself. If you impoverish others, you impoverish yourself. I must add in passing that Malaysia is now not able to import as much as it did before with the impoverishment that it has suffered due to the 'attack' on the Ringgit. The result as you know is the impoverishment of our trading partners, whose currencies have now been devalued also.

17. Kyushu is well suited for a smart partnership with other regions in Asia. Geographically, Kyushu located in the southern-most tip of Japan, is the closest region of Japan to other regions in Asia. Kyushu does a lot of business with Asian countries. Almost 50 percent of its exports go to Asia, twice as big as its exports to the United States, and more than the national average of 45 percent. As for imports, almost 46 percent originate from Asia, still higher than the national average of 35 percent. A bigger number of Japanese from Kyushu than from other regions in Japan visit other countries in Asia. No less than 60 percent of Kyushu tourists go to Asia. Foreign visitors to Japan also show a preference for Kyushu. Almost 89 percent of foreign visitors go to Kyushu. These statistics are not the latest. I believe the numbers now may have gone up even more.

18. Therefore, it is my firm conviction that there are many things that Asia and Kyushu can do together. In almost every area of useful human endeavour, Asian countries are looking for partners - serious, equal and more importantly, smart partners. In information technology, for instance, there is plenty of scope for partnerships. In Malaysia we are building a Multimedia Super Corridor to be home to multinational or transnational companies. The MSC, in short, is to provide a unique test bed, an healthy environment for multimedia business to grow and flourish and contribute to the well-being and progress of the world. In this effort Malaysia needs partners to develop this ambitious project. We are not doing this for nothing, of course. We expect to benefit a lot, but we wish to be a smart partner to the world. We expect the world to benefit from our MSC.

19. At the First Asia-Kyushu Regional Exchange Summit in Oita, I recall I spoke about the concept of the East Asia Economic Caucus. Although the EAEC as such has not been accepted by all, especially Japan, I could see the intent and

spirit of the EAEC taking shape in other fora, such as this one. Today, I talk about 'Smart Partnerships in the Next Millennium' I hope the little I have said about Smart Partnerships will serve to promote the concept of consultation between the countries of East Asia which is embodied in the EAEC proposal. This is already the Fourth Asia-Kyushu Regional Exchange Summit. We should go beyond mere exchange and act fast. Perhaps, we should also relabel this summit and call it Asia-Kyushu Regional Action Summit.

20. On this note, I declare open this Forum Asia-Kyushu Regional Exchange Summit.