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(PRIME MINISTER)

EVENT: THE FIRST MALAYSIA-JAPAN COLLOQUIUM

VENUE: PETALING JAYA HILTON, KUALA LUMPUR

DATE: 27 AUG 1984

TIME:

Distinguished guests;
Ladies and Gentlemen.

I am very pleased to be invited to address this first meeting of the Malaysia-Japan Colloquium organised by the Institute of Strategic and International Studies, Malaysia and the Gaimusho. It is in fact a double pleasure, since, as you know it is the outcome of a suggestion I made some time ago.

2. You are of course aware that this Colloquium is not the first meeting, official or otherwise, between Malaysians and Japanese to discuss bilateral matters of common concern. Businessmen on both sides have been meeting regularly and I might add, have had good discussions and have made useful suggestions to smoothen our business ties. But I thought that it would be most useful to establish an annual forum where we can frankly and freely discuss, among a broader range of people, a wider agenda -- within an ambience of complete confidentiality and candidness.

3. Malaysia and Japan today are friends. In an atmosphere such as this Malaysia-Japan Colloquium, we meet to discuss as friends intent on ensuring a better world for our children into the next century. Let us be reminded that a friend is easier lost than found -- Tomo o ushinau wa yasuku eru wa muzukashi. I hope the very frank discussion that you will be having over the next two days and the free flow of ideas that will result can help to cement that friendly relationship which we have developed between us. I urge you to sweep nothing under the carpet. Put what you may on the table. So that what is not known can be known, what is known can be dissected and what needs to be understood will be fully understood.

4. You are aware, of course, that I have been a prime advocate of learning from Japan through a "Look East" Policy. It is understood by most, but some seek not to understand it. Malaysia's Look East Policy does not mean that we want Malaysians to be Japanese. We do not mean that Malaysians should eat maki sushi and shabu shabu and wear kimonos. It does not mean that we should per se buy Japanese or sell Japanese. It does not mean the awarding per se of contracts to Japanese. It is not an invitation to

arrogance or insensitive behaviour.

5. What it means is that we must learn the reasons and the factors for Japanese success in modernisation: a good work ethic, social consciousness, honesty and discipline, a strong sense of social purpose and community orientation, good management techniques, Japan Incorporated, sogoshoshas, aggressive salesmanship and so on. I have explained that Malaysia's present economic goals are not dissimilar from the targets that Japan set for herself in the 1960's, namely high speed growth through increase in productive capacity, greater industrial production, and production of exports.

6. One question to ask is whether Japan can or will assist Malaysia in her modernisation. Is mighty Japan earnest and sincere enough in developing her economic, political and social relationships with a developing Malaysia? What sort of bilateral relationship can we build for the future so that this relationship is based on mutual respect and not on an unequal relationship? Can we together resolve some of the persisting problems that plague our relationship?

7. I believe that we can. At the very least we should try. For whether we like it or not, our future history is intertwined. We are part of the givens of the game in the Pacific. We have to live with each other, either in a positive, peaceful, cooperative, mutually beneficial relationship or in a relationship that is not so positive, that is not so peaceful, not so cooperative and not so mutually beneficial.

8. I am sure that you will agree with me that the first scenario is better. I am as certain you will agree that an unequal relationship is an inherently unstable one. It cannot persist; or if it persists, it does so only at the expense of tension and possibly turmoil. Ladies and gentlemen, there are elements of an unequal relationship between Malaysia and Japan today.

9. I do not wish to imply that there is not much with which we are happy. There are a great many things for which we are sincerely and deeply grateful to Japan. We would not be what we are today without the cooperation and assistance of Japan, which the Japanese decided upon on the basis of market forces, self interest, and sometimes enlightened self interest. Where you have shown enlightened self interest, I congratulate you. But I do believe that something has to be done to improve the pattern of economic relations between our two countries. That pattern conforms in many regards to the classic pattern of economic colonialism. It is a pattern that cannot but generate tensions in the years ahead.

10. Let me give you some examples. First, we sell to Japan raw materials. We buy manufactured goods. Thus, in 1982 our main exports to you were crude oil, wood, tin and mineral ores. These four items alone amounted to 84 per cent of our exports to Japan. Japan bought practically

nothing of our manufactured goods. The biggest single category -- thermionic and cathode valves, tubes, photocells and diodes -- amounted to only 170 million ringgit, or less than 3 per cent of our exports to Japan. We in fact bought more of these things from Japan than we sold to Japan. On the other side of the coin, we imported the widest range of manufactured goods from cars to cassette recorders. We cannot and will not remain merely as hewers of wood and drawers of water.

11. To be fair, to change this colonial pattern, Malaysia can buy less of these products and place restrictions on the widest range of manufactured Japanese goods. But this is not the way. The way, I would stress to Japan, is for the Japanese market to absorb more Malaysian manufactured goods. Japanese all agree that protectionism is bad. On the other hand, the Japanese economy is extremely protectionist in reality. I do not say we cannot or should not do more to penetrate the Japanese market. I do say that the market itself has to be more open.

12. In passing, let me just briefly mention the dishonest and tension-generating practice of transfer pricing. Let me say too that something has to be done with regard to the invisibles situation. Malaysia's trade deficit with Japan -- excluding crude oil and gas exports -- rose from US\$775 million in 1980 to US\$2 billion in 1983. In 1982, the invisibles deficit accounted for 13 per cent or US\$379 million of the trade deficit. By 1983, this had risen to US\$400 million. By 1985, the deficit in invisibles is forecast to be in the region of US\$594 million. This problem needs to be tackled -- to be sure with fairness, but also with determination. That fairness must come from both sides. So too must the necessary determination. We also have to ensure a better picture with regard to the transfer of technology, the use of local materials, equal partnership and participation with regard to consultants, sub-contractors and professionals. We must not forget manpower training and development.

13. You might be relieved to know that I do not intend today to bring up the problem of air rights and improper behaviour.

Ladies and Gentlemen,

14. Japan today is no longer a second rank nation, struggling to uplift its standard of living and to ensure its dignity in the world comity of nations. It is a rich nation in the very forefront of the Free World. It has many lessons to teach others. It has taken its own individual course. It has been able to reach the front ranks without embarking on an unwise rush to arms and the foolish accumulation of military hardware. Whether the Japanese people wish it or not, whether anyone likes it or not, it is a leader. As a leader, it has not only rights but duties in the commonwealth of mankind. I call on Japan to exercise

the statesmanship that is now needed. I ask the Japanese to look not only at what they can take but also at what they can give. Let none detract from what Japanese grit and Japanese ingenuity have done for Japan. But I ask the Japanese people to look at their recent past and examine whether they would be where they are today without the friendship and the generosity of others.

15. Between Japan and Malaysia and between Japan and Asean, there is truly the need for a heart-to-heart relationship. We have to go beyond positive coexistence to a new era of symbiosis. We must truly commit ourselves to making the pie bigger rather than striving merely to get a bigger slice of the pie.

Ladies and Gentlemen,

16. One hundred and thirty-one years ago, Commodore Perry arrived in Tokyo Bay with four black ships, an event that is known as The Black Ship Incident. He did go away. But only to return in February 1854 with seven ships. Commodore Perry's firm stand resulted in the Treaty of Kanagawa, which opened the ports of Hakodate and Shimoda, which acted as a catalyst for the passing of the Tokugawa Shogunate, for the Meiji Restoration, and the First Opening of Japan. The rest, as they say, is history.

17. Let me now speak to Japan and say that you now have before you not four, not seven black ships, but the six black ships of the Asean Community. It is time for the Second Opening of Japan.

18. Internationalism is one of your declared creeds. Let it be a way of your life. Open your society; open your minds; and open your hearts. Enter, with full confidence and in full humility into the global meeting-place of minds. Let the world into your household, to allow us to understand you better and to enrich you further.

19. Japan must develop fully into a post-industrial society, into an economy that does not squander the wealth of its talent and the energies of its people in inefficient and wasteful industrial pursuits. Why does it produce the manufactured goods that others can produce better and cheaper? Why does it restrain the rise in its standard of living to its fullest height? Only in the prosperity of its buyers can its own prosperity be guaranteed.

20. Japan holds lessons for mankind. Why are you not a teacher to the world? Unesco reported in 1981 that there were 8,100 foreign students in Japan. The United Kingdom had more than 55,000, France more than 100,000, the United States more than 300,000. For the 200 Malaysian students that are now in Japan, we are most grateful. But in the United States there are 20,000 of our students.

21. Japan is now in a unique position of being able to

create a relationship with Malaysia, and in the wider context, with the Asean Community which can be an example to the world and to history. The potential is there, the positive correlation of forces is there. Will it grasp the opportunity?

22. Distinguished participants, as you well know, as a result of the Black Ship Incident and the Meiji Restoration 130 years ago, Japan reformed its education system. Japan abolished feudalism, changed its tax system to ensure capital, destroyed many old industries and founded new ones. I do not suggest such a fundamental transformation. And I do not wish to draw too many parallels. But it might be mentioned that one of the reasons why Commodore Perry succeeded in 1854 was the fact that his black ships were in a position to impose great hardships, even starvation, on Tokyo by cutting off the bulk of necessary supplies that had to come from outside, by sea. The Asean black ships are of a peaceful kind but they do carry many of the commodities that are the lifeblood of Japanese industry, and therefore, that are the foundations of Japanese prosperity.

23. We are anchored in Tokyo Bay. If you turn us away, we will be back. I say to the Japanese people: Prepare for the Second Opening of Japan.
Thank you.