

**SPEECH BY YABHG. TUN DR MAHATHIR BIN MOHAMAD ON GLOBAL-GEO
POLITICAL CHANGES AND IMPACT ON TRADE AND SHIPPING IN ASIA AT THE
KUALA LUMPUR CONVENTION CENTER ON 24 JUNE 2008**

Distinguished Guests, Ladies and Gentlemen;

1. Firstly may I thank the organisers for this invitation to speak on “Global Geo-Political Changes and the Impact on Trade and Shipping in Asia”. Perhaps I should begin with a short review of the history of shipping.
2. Since the days of the Phoenician traders, the fate of the Mediterranean countries affected shipping in the Mediterranean Sea.
3. When the Europeans finally found their way to the East, their ships began to appear in Asian ports. Unlike Asians, the Europeans came in armed merchantman. Soon they were fighting each other as they began to seize the lands of their trading partners to ensure monopoly of supply of Eastern spices.
4. The English took to tea drinking and they built fast clippers to carry tea from China and later to carry opium to China. That led to the Opium Wars and the seizure of Chinese ports.
5. Over the centuries, the Europeans came to dominate Asian seas as they try to protect their shipping and trade.
6. Great ports grew in the littoral Asian states. Penang, Singapore, Manila, Hong Kong, Shanghai, Kobe and Tokyo grew and prospered as trade, particularly the export of Asian spices and industrial products grew.
7. In the meantime the colonies of the European nations had been developed to produce raw material such as minerals and rubber for European industries. Trade pattern and shipping changed to reflect the European conquest of Asia and their need for raw material for their industries and the export of the industrial products.
8. Japan industrialised after the European model and Japanese policy of importing raw material to process and add value for re-export saw the emergence of great Japanese shipping companies dominating the Eastern seas.
9. The Europeans saw a need to curb Japan and after Japan joined Germany and Italy, it was subjected to sanctions and curbs of its oil imports. This led to the Pacific War which ended in Japan’s defeat.
10. But Japan rebuilt its industries quickly and began exporting good quality manufactured goods even more. To fuel Japanese industries oil was needed.
11. Again shipping and trade patterns changed as huge tankers were built to transport crude oil to Japan. The tankers grew in size and number and there was talk of million ton tankers. Danger of pollution by oil spills grew as these behemoths pass each other along narrow straits.

12. Following Japan, South Korea, Taiwan, Hong Kong and China grew and adopted the Japanese strategy of importing raw materials, processing and adding value and exporting the products.

13. Southeast Asian countries followed suit. Then India decided to get into the act. Asia was converting into a huge powerhouse of industry and trade. Shipping grew at a faster rate, especially after containers and container shipping grew. With the coming of air travel, passenger shipping almost disappeared, to be replaced partly by cruise ships.

14. Geopolitical factors continued to influence trade and shipping in Asia and the world.

15. For a long time, Communist China was reclusive, refusing to have much to do with the rest of the world. Then Deng Siaw Peng changed the whole concept of Communism. Keeping its centralised authority he allowed a modified version of the market economy to function.

16. Within a very short time this sleeping giant woke up to become the worlds manufacturing centre. Huge ports were built, ships of all kinds were launched and trade grew by leaps and bounds. The growth of the GDP was phenomenal and seems unstoppable.

17. Hard on the heels of China came India. The demand for ships grew and port-cities prospered. World trade increased tremendously creating demands for more ships and new trade routes.

18. Malaysia had been a trading centre for 1800 years, beginning with the export of jungle produce in exchange for the products of China, Japan, India and the Arabian peninsular. Its ports provided shelter and victualing facilities for ships sailing East and West.

19. Various Malayan ports prospered when they became collecting centres for the products of the Malay Archipelago for re-export to Asia and Europe. The greatest port was Malacca, founded in the 13th century.

20. Ships from Arabia, India, China and Japan stopped in Malacca to wait for the monsoon winds. In Malacca they exchanged their lacquer ware, silver and bronze products, perfume, silk etc for spices and minerals such as tin. Some traders stayed longer or permanently and Malacca grew and prospered.

21. But in 1909 the Portuguese arrived and two years later they conquered Malacca. Thus began the colonisation of the Malay Peninsular.

22. Between the Peninsular and Sumatra lies the Straits of Malacca. Ships sailing East and West found the Straits to be the shortest and the most convenient. I don't know who officially designated it as an international waterway. But it has been so regarded for centuries now. I don't think the Malay Rulers of the Peninsular states made any formal declaration that the Straits was an international waterway. Nor have they ever protested. Nor is the Malaysian Government going to protest.

23. But the character of shipping passing through the Straits have changed. Ships now carry dangerous cargo including oil. These ships are so big that their keels may be just one or two metres above the sea bed in several places along the Straits. Their numbers have also increased tremendously and as they pass each other there is grave danger of collisions.

24. Ships often rid themselves of sludge in the Straits. Should they collide, the oil tankers in particular could pollute the whole narrow strait and the shores of peninsular Malaysia and Sumatra. The oil and tar would damage the beaches, kill fish and birds on the shores and affect the livelihood of fishermen.

25. Malaysia and Indonesia are not entitled to collect any fees for passage through the Straits. But both countries have to maintain costly equipment and men to deal with pollution of the Straits as well as piracy and maintenance of navigational aids. Of course with the advent of the GPS light-houses many no longer be needed. But they still have to be maintained.

26. Passage via the Straits saves millions of dollars through the short cut that it offers. But is it fair that Malaysia and Indonesia should be burdened with overseeing shipping and dealing with pollution in the strait when the beneficiaries are the shipping companies.

27. The argument is that the straits is not a man-made waterway. It was fine in the "good old days" of sailing ships. But as I said, the kind of ships using the Straits are very different now and pose real danger to the littoral states. It is time that ancient concepts be reviewed and replaced with new ones to deal with realities of the time. After all territorial waters was just three miles when guns had only a short range, and when more powerful guns were invented the powerful countries claim their territorial waters extended to twelve miles off shore. So why cannot we change the concept of international waterways which are not man made. We cannot wait for an Exxon Valdez to happen and pollute the whole straits before we rethink our concepts.

28. Global geo-political changes will continue to impact on trade and shipping. Everyone says that the future belongs to Asia. I am inclined to agree. Attempts will be made by the current world powers to prevent this from happening. But this will be dangerous and futile.

29. It would be far better for the world to accept and to adjust to the ascendancy of Asia. But Asia too must not be too eager to flex its muscles. If we are going to claim that we are civilised we should give up the idea of using force to resolve disputes between nations. Killing people so you can advance your national agenda is primitive and unworthy of our claim to being civilised. If we can ban wars then this will be the biggest single Geo-Political decision which will increase world trade and the associated shipping industry.

Thank you.