



DEBATE

Michael Yeoh, Founder and CEO, Asian Strategy & Leadership Institute, Malaysia

Thank you very much, Mr Yang. Before I open the floor for questions and comments, let me just share some perspectives on Southeast Asia. The 10 ASEAN countries have a combined GDP of USD 2.2 trillion, a combined population of over 600 million and growth of 5.6% per annum. The ASEAN countries also have a very young workforce of 310 million people below the age of 30. Overseas trade with the ASEAN countries accounts for USD 2.5 trillion. These are some of the positive economic indicators from the region.

What is perhaps a very strong point in favour of the ASEAN countries is that the East Summit, which Mr Yang referred to earlier, recognised the centrality of the ASEAN countries and the fact that the ASEAN countries will be a key force in East Asia, including in terms of dialogue with East Asian partners. The ASEAN countries are now negotiating a new FTA called the Regional Comprehensive Economic Partnership Agreement that will combine the ASEAN countries with China, India, South Korea, Australia and New Zealand. This would be an important development for future growth in the region.

In terms of challenges, the ASEAN countries need to rebalance and that will require a focus on domestic consumption, regional integration, social inclusion and sustainability. The ASEAN countries face what I would describe as the three E's in terms of challenges: the ecological challenge, the problem of environmental degradation, the challenge for education and human capital development to build the skilled workforce that we need to move forward and the problem of employment because over the last few years we have had a period of jobless growth in the ASEAN countries where growth is strong but there is not enough job creation. These are some of the challenges that the ASEAN countries face.

I would now like to open the floor for questions. There is a person with a question here. Could you please identify yourself?

Michael Fullilove, Director of the Lowy Institute, Sydney, Australia

Thank you. I am Michael Fullilove, Director of the Lowy Institute in Sydney, Australia, which is a country with a European history but an Asian geography. I would like to ask the panel about the US role in Asia, which we touched on briefly. Let me put a provocation to the panel if I may. I think you have shown us that wealth and power are shifting eastward. The economic story is mainly a strength. The security story, as many of you talked about, is unpredictable. We heard from Mr Turkunov about events in North Korea in the last week. We heard from Mr Narayanan and Mr Oshima and Mr Young about tensions in the East China Sea since the Chinese declaration of an ADIZ. I would make my own observation that China's foreign policy is somewhat uncertain. The future of Chinese foreign policy is uncertain. It is somewhat uneven. It is sometimes predictable and sometimes unpredictable.

In this context to me the American rebalance to Asia makes sense. It makes sense for America to be in Asia in strength. America needs to walk a fine line between reassuring its allies about its presence without emboldening them and projecting strength to China without projecting belligerence. Here is my provocation. It looks to me like the American pivot has run out of puff. US policymakers are still drawn to the Middle East like iron filings to a magnet. Secretary of State Kerry is an old-style Atlanticist. He is focused on bringing peace to the Holy Land, and I wish him much luck with that. His first visit of course was to Western Europe and to the Middle East, whereas Secretary Clinton's first visit was to Asia. Indeed, Secretary Kerry is rarely seen in Asia and when he is briefly in Asia he is usually consulting with foreign ministers about what is happening in the Middle East. This is no doubt reassuring to European capitals and perhaps to Beijing, but it is not reassuring to US allies and friends in the United States.



I think Obama is interested in Asia, but he is distracted. He is distracted by troubles abroad and by political dysfunction at home. In fact, he cannot even guarantee when he says that he is going to be at the East Asia Summit or the APEC leaders' meeting that he is necessarily going to be there. Finally, the military elements of the rebalance are underwhelming. To me therefore the US role in bringing balance to the power structure in Asia is very important, but I am unconvinced about the staying power of this initiative and I would like the panel, and in particular perhaps Mr Narayanan and Mr Yang, to comment on whether the pivot has run out of puff. Thank you.

Michael Yeoh, Founder and CEO, Asian Strategy & Leadership Institute, Malaysia

Thank you. If I may, with your indulgence, take two more questions and then we will have three questions for the panel to answer.

Yu Myung-Hwan, Former Minister of Foreign Affairs of the Republic of Korea

I am from South Korea. I am a former Minister of Foreign Affairs. We just heard from our panellists two different images of Asia: the strong Asia that has a lot of great potential to become the growth engine of the world in the next generation and the weak Asia with territorial disputes and other tensions. However, there are different angles. Interdependence among Asian nations is growing, but tensions are also growing. Greater interdependence usually decreases tensions, but in Asia's case the opposite is happening. We call this the Asian paradox. The new government of South Korea under the leadership of President Park Geun-hye proposed a process of multilateral dialogue in order to solve this Asian paradox. This is the Northeast Asia Security Peace and Cooperation Initiative. My question goes to the three panellists from our three neighbours, Japan, Russia and China. What do you think about that South Korean initiative? Thank you very much.

Michael Yeoh, Founder and CEO, Asian Strategy & Leadership Institute, Malaysia

Thank you. We will take one final question. There is a gentleman there.

Fareed Yasseen, Ambassador of Iraq to France

I am the Iraqi Ambassador to France. Therefore I am from West Asia. I have a question that addresses not the pivot to Asia that we have heard a lot about but rather a pivot by Asia. There are two incidents that made me think of this. One is the overwhelming presence of Asian companies, particularly Chinese companies, in the bid rounds that were carried out in Iraq in 2009 for the concessions or service contracts to huge oil fields. I think the Chinese came out way on top. The other element that brings this to my mind is a statement made by an Indian general at an IISS meeting at the Manama Dialogue a few years ago where he asserted the importance of the Gulf to India as a national security interest because of the presence in particular of over five million Indian nationals there. We have been talking about Asia in terms of the interests of the rest of the world, but it seems to me that Asia is interested in the rest of the world and being proactive there. Could the panel address this please? Thank you.

Michael Yeoh, Founder and CEO, Asian Strategy & Leadership Institute, Malaysia

Thank you. I open the three questions to the panel: the pivot to Asia, the Northeast Asia Peace Initiative and the relevance of the Gulf region. I invite any of the panellists to respond. Mr Narayanan, would you like to do so?

Mayankote Kelath Narayanan, Governor of West Bengal, India

I think the second question is the easier one for us. That is the pivot by Asia. I think it is definitely true for India that West Asia, particularly the Gulf, including Saudi Arabia and other countries, are vital. There are two reasons for that. Firstly, we have six million Indians present there. I think they have been useful both for the countries they are working in and also for India in the sense that they have helped to build bridges between India and this part of the world. Secondly, of course the oil from this area is crucial for India's progress and growth. That is why when you have problems with Iran and other countries it creates a lot of problems for India.



The Gulf is a factor for India in terms of stability and also for building bridges between India and the Gulf region. As I said, the oil that fuels our growth comes from this part of the world. The majority of our oil supply comes from this region. As far as we are concerned, we are particularly happy. I hope West Asia, the Gulf and other countries, are equally happy. I think they are. I shall leave the presence of Chinese companies there to my friend from China.

On the first question regarding the US pivot towards Asia, I think the most important thing is that a few years ago, if there was a US pivot towards Asia, most Asian countries would have resented it. There would have been a great upsurge against US colonialism or imperialism or whatever you would like to call it. I think the most important change that has happened in recent years is that this has been welcomed by most countries in the region and in particular the smaller countries have been reassured by the so-called US pivot towards Asia. I think there is a certain amount of concern, particularly among the smaller countries, that the pivot has become a matter of rebalancing and we could see the rebalancing decline even further.

Whether this is because of imagined concerns or whether the concerns are real is mad in my opinion. We have just heard from the Chinese representative. In a sense I think that the Chinese civilisation is well able to adjust to these requirements. As another very ancient civilisation, we respect it. However, I did try to bring out earlier that there are concerns about Chinese nationalism. In the Indo-Pacific region the Chinese are now emerging as a naval power, apart from their many other obvious strengths. It is in that context that to assuage such concerns the US rebalancing towards Asia would have been very helpful.

I think many people are wondering whether the US really is interested in Asia to the same extent as it was a couple of years ago. Whether the lack of interest is due to fiscal reasons or other reasons I cannot say. I think there is now an effort amongst the Asian countries – and we include Australia in this – to get together to manage a certain amount of stability as far as relations are concerned. I will leave it at that. We can return to it later, but perhaps the Chinese representative can say something.

Shotaro Oshima, Chairman, Institute for International Economics Studies (IIES) and Visiting Professor, Graduate School of Public Policy, University of Tokyo

Thank you very much. I would like to briefly respond to three of the questions. First, the question by the Australian gentleman about whether the US has lost its puff on the pivot, I do not think so in the sense that you have to look at what is really happening on the ground. Of course the US is a huge global power. It has all sorts of interests in other parts of the world. Sometimes they are much more acute in terms of timing. Therefore sometimes political leaders have other issues to deal with that are much more immediate. However, as a long-term trend, whether you call it a pivot or a rebalance, we see a definite change in strategy. That was welcomed in Asia and I think it needs to be recognised as a trend in US strategy, which is very important.

As to a pivot by Asia, of course Japan has always been in the Middle East because of the reasons you all know. The change is the fact that there are other emerging economies taking interest and getting involved. If you focus on the economic side, yes, there may be new developments, but it is only a natural evolution and I would not necessarily call it a pivot. It is just a reflection of what is happening in East Asia and globally.

With respect to the proposal by the Korean president on a multilateral dialogue, I would say that of course in a situation like this where there is so much tension because of growing pains or teething, or whatever the word is, we need to talk a lot. However, we need to talk among ourselves in a very calm and objective manner that is sensitive to other people's interests. We need to have a dialogue. I am not here to represent the government, but I know that Prime Minister Abe is very keen to have dialogue with all of the leaders from the neighbouring countries. Thank you.

Michael Yeoh, Founder and CEO, Asian Strategy & Leadership Institute, Malaysia

Are there any other comments? Mr Yang, would you like to say something?



Yang Jiemian, Chairman, Council of Academic Affairs, Shanghai Institutes for International Studies

Yes. My comments are to our Australian friends concerning the US rebalancing, the uncertainty of Chinese foreign policy and so forth. I think the world is changing very fast. There are always uncertainties. As Chinese we are puzzled by the Americans. When President Clinton came into power he changed George H. W. Bush's foreign policy. When the son came into power he called for ABC – anything but Clinton – and then Clinton's wife took over the State Department and she called for change. Then the same president, President Obama, changed Madam Secretary into Mr Secretary and changed policy again. Perhaps we have got used to the changes of the United States and now we have to think about China, India and others.

China's attitudes towards the United States' legitimacy and primacy in the Asian-Pacific region are clear and consistent. The new Chinese president and President Obama held a very important informal summit in Sunnylands in California last June. Both sides have agreed to build a new model of major country relations. The American version is major power. The Chinese version is major country. The Americans think of power as a matter of course. In China power means something else, but we have agreed that we should first work on having no conflict or confrontation and instead have mutual respect and win-win cooperation.

As to Madam President of South Korea's so-called Northeast Asia Peace Initiative, I think it is a welcome initiative and we should work for that. However, we have big trouble with your brother, North Korea. I hope that sooner or later we can solve this problem, but while the problem persists we can work on it. We can try to design a solution. We can have a second-track dialogue or a one-and-a-half-track dialogue or even a first-track dialogue. China and the ROK have been working very well together and this is an encouraging initiative.

Last but not least is the matter of Chinese oil companies in Iraq. Yes, we want to be in a better place, but the Americans and the Europeans are already in these places. To work for oil energy is not a thing, but the thing is that if you only pivot to oil without anything else that is not good. It would be a grave mistake. China wants to develop not only resources for economic relations but other resources, too. However, that takes time and I think China is learning and I hope that we can work together. Thank you.

Michael Yeoh, Founder and CEO, Asian Strategy & Leadership Institute, Malaysia

Thank you. Mr Lafont?

Bruno Lafont, Chairman & CEO, Lafarge

I am very interested to listen to this discussion. What I see from the business perspective, which I can add to the discussion, is that there are two things which will be very interesting in the years to come. Firstly, there is the internationalisation of Chinese companies, which is playing a major role in the global economy, including in Europe and Africa. Both the Indians and the Chinese have a strong presence in Africa, which also has an impact on Europe. The second interesting point will be Asia's position on the climate change debate and how that position will evolve because that is an important global issue. I think the debate we had was very much a debate between Asian countries, but I think the global issues are also very important.

Michael Yeoh, Founder and CEO, Asian Strategy & Leadership Institute, Malaysia

Our time is almost up, so perhaps you can just have one or two minutes to respond.

Jin Roy Ryu, Chairman & CEO, Poongsan Group, Republic of Korea

I just want to ask about Secretary Kerry being an Atlanticist. This is just a rumour, but I heard a rumour that the White House wants Secretary Kerry to spend all of his time in the Middle East so he will not make any mistakes in other parts of the world. We also had Vice President Biden come over to Japan, Korea and China and President Obama is also scheduled to come to Asia, although this is of course to make up for his planned trip to Brunei, the Philippines and

Indonesia that he cancelled. I think there is a good chance that he will also stop by Korea, Japan or possibly China. We will see if that happens. I think he needs to do that to prove his words.

Michael Yeoh, Founder and CEO, Asian Strategy & Leadership Institute, Malaysia

Thank you. Mr Torkunov, just a very brief comment.

Anatoly Torkunov, Rector of the Moscow State Institute of International Relations (MGIMO)

I just want to comment on your question. I think that this idea, the peace initiative proposed by President Park Geun-hye, is a very good one. However, it is very important for all of us, all of the countries in the region, not to stop at the stage of declaration. A lot of declarations have been made by political leaders, but often nothing happens after the declarations, so let us think about the design and implementation of this initiative. What do we need in the security management system? Our brothers from North Korea should of course participate in the creation of this security management system.

Michael Yeoh, Founder and CEO, Asian Strategy & Leadership Institute, Malaysia

Thank you. Mr Narayanan, do you have a very brief comment?

Mayankote Kelath Narayanan, Governor of West Bengal, India

Yes, just a minute. It is obvious from the discussion that has taken place that Asia has more in common than what divides us. I wonder whether the obiter dicta of the World Policy Conference could be that the countries of Asia should try to establish a concept of Asia like we had a concept of Europe in the 19th Century because I think the inherent strength of Asia would then really help this continent to achieve a miracle. It is a near miracle today and I think we can achieve it. The Conference can possibly set the tone for this kind of concept to bring the countries of Asia together and help in some way to overcome many of the concerns, some of which are perceived and some of which are real, and produce a dicta saying that we need to create something like this so that Asia's full potential can be realised. That is the point I wanted to make.

Michael Yeoh, Founder and CEO, Asian Strategy & Leadership Institute, Malaysia

Thank you, Mr Narayanan. I think what you have said is very relevant. We do not have a security mechanism to discuss security concerns in Asia. We have a lot of economic cooperation initiatives in the region. We need to build on that. Ladies and gentlemen, I think we have had a very interesting session looking at the strengths and weaknesses of Asia. I do tend to believe that there are perhaps more strengths than weaknesses and going forward we should look to forge greater partnerships between Asia and Europe and in that regard we should have negotiations between the European Union and the ASEAN countries for an ASEAN/EU FTA. That would be very apt and timely. Thank you very much.