SPEECH

By Dr. Makio Miyagawa

Ambassador of Japan to Malaysia At Malaysia Nikkei Business Forum 2017

at Mandarin Oriental Hotel Kuala Lumpur

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(5 minutes)

Yang Amat Berhormat, Dato' Sri Mohammad Najib bin Tun Haji Abdul Razak, Prime Minister of Malaysia

Yang Berhormat, Dato' Sri Mustapa bin Mohamed, Minister of International Trade and Industry

Yang Berbahagia, Dato' Azman Mahmud, Chief Executive Officer of MIDA

Mr. Hirotomo Nomura, Senior Managing Director of Nikkei Incorporated.

Distinguished Guests,

Ladies and gentlemen

It is my great pleasure to join in Malaysia Nikkei Business Forum 2017, to discuss business opportunities and challenges in Malaysia, and prospects for future business collaboration between Japan and Malaysia. It seems very befitting to hold such a forum today as our two nations now celebrate the 60th anniversary of diplomatic ties till the 31st of August, next year.

The last 40 years has witnessed massive positive changes and transformation in Asia. Asia is rising. Asian century is not a tomorrow’s story. To our delight, economically and politically, Asia is now at the heart of world affairs.

During those years, connectivity of this region has been getting deeper, year by year. The total GDP of Southeast Asian countries has jumped to 7 times bigger since 1990, still growing at 5.2% annually; They declared to form one ASEAN community two years ago; its population, 600 million, exceeding that of EU or NAFTA. A huge market is spreading in Malaysia’s close vicinity, providing new opportunities to Malaysian companies as well as Japanese industries doing business in Malaysia.

We could not find anything more delightful than this real advancement of ASEAN as Japan has been continuously rendering support for ASEAN’s formation, its economic foundation and its political stability for many years since its inception, and even days before its formation.

Connectivity is even further expanding beyond ASEAN. Since 2000, multiple bilateral free trade agreements, one after another, have laid narrow but lower corridors. Now many of those lower corridors are connected into big networks, decreasing the level of the playing field. TPPA and RCEP will soon provide us
with even bigger seamless markets beyond ASEAN, with border barriers reduced and common rules shared.

From the Pacific Ocean to the Indian Ocean, many roads and many belts have already emerged, and flourishing. How could they be restricted to only one road or belt? Besides roads and belts, many air routes and waterways are also busy with traffics. A million of birds are singing a million of songs, not just a hundred.

Malaysia is moving upward. Its economy is growing rapidly, with remarkable macro-economic performance, pursuing significant economic transformation, converting from labour-intensive and natural resources-dependent to technology-driven and services-centred. Malaysia, with its GDP per capita far surpassing most of other ASEAN members, can tap benefits from the enhancing regional connectivity, even becoming a high-tech products exporting base. For such epoch-making success, as always, let us congratulate Malaysia, let me congratulate Your Excellency Prime Minister Najib, for guiding your nation to such a height.

To our relief, the Japanese economy has also shown a remarkable recovery, resuming steam after two decades of stagnation. Our industries are no longer in hibernation, gearing up to join in the competitive business engagements. The Abenomics has yielded conspicuous outcomes. Since Prime Minister Abe’s tenure started in 2012:

Nikkei average jumped almost tripled (from 8,000 yen to 22,500 yen);

GDP expanded by 40 trillion yen (540 trillion);

budget increased 15 trillion yen (our Budget is about 90 trillion);

corporate profit reaching highest; uptrend in wage levels; job offers seekers ratio attaining highest for the last 23 years;

with 1 million new employment opportunities, unemployment rate decreased to 3.2%; and

price index has continued to rise for the last two years;

Business partnerships between Malaysia and Japan have been outstanding. Investment from Japan has ranked the highest for many years in Malaysia, ever growing. Our industries have been working closely with Malaysian entrepreneurs to start up, develop and enrich business, through transfer of technologies and human capital development. The following seven areas now look very promising.

First, High tech industries. Bilateral industrial co-operation has naturally tended to shift to high value-added and advanced industries, encouraging their supporting industries, stimulating spin-offs, assisting many SMEs, developing local producers of parts and components, and uplifting the Malaysian economy onto a higher plane. Those projects include a launching a satellite with the solid-fuel Epsilon Rocket.

Second, infrastructure building. So as not to fall into the middle-income nations’ trap, Malaysia has undergone robust infrastructure development, such as electricity, water, housing, public transportation, communications networks, and financial infrastructures. Here exists high expectation for Japanese industries with extensive knowledge, technologies and experience.
On the public transportation field, wonderful news reached me already some weeks ago that the Malaysian and Singapore governments finally decided to adopt the Japanese Shinkansen as their high speed rail system. On the following morning, however, I woke up from that tropical night dream I saw on bed. Although it was a dream, I am sure that dream must be prophetic, and will soon come true. I now see the Prime Minister nodding his head. Thank you, Mr Prime Minister! Hopefully, this is not another dream on bed.

Third, digital industries. The electronic cyber space has expanding, destroying traditional commercial models, and rapidly transforming business modalities. AirBnb is disrupting the traditional hotel business; Uber is disrupting the taxi business; Alibaba is disrupting the conventional retail business. To avoid being swept away by these disruptive trends, we need to innovate new methods, and transform ourselves, minimising dangers, and maximising opportunities. E-commerce, E-payment and cyber security business are advancing, requiring new-styled collaborations and interactions between Japan and Malaysia.

Fourth, the Halal market is expanding, not just in food, but in pharmaceuticals, cosmetics, and many more products at issue. Malaysia is seen as the gateway to the Muslim markets in Asia and in the Middle East. With the Muslim population expected to hit 2.8 billion by 2050, its potentiality is great. As proposed by Dato’ Sri Najib Tun Razak to PM Abe, and as driven by Dato’ Sri Mustapa, Malaysia-Japan Halal Memorandum of Co-operation is already done, awaiting signature. The import of the real and authentic Japanese Halal beef, not of a fake named, and JAKIM certified, has just been approved. The first batch already arrived only a few days ago. Many more such good outcomes should follow.

Fifthly, Islamic finance is yet another potential area of business co-operation. In light of the expansion of Islamic bonds in Malaysia, the financial business experts of the two countries, have started to co-operate to seek common legal understanding, tax common ground, and common accounting interfaces between our two nations, which will accelerate the flow of investment funds first perhaps from Japan to Malaysia, and in future vise-versa.

Sixthly, anti-global warming engagements may further expand. Malaysian industries are also required to reduce carbon dioxide emission, the failure in which will force Malaysia to pay higher costs in future. Bilateral industrial collaborations may include joint undertakings, such as projects that expands railways, projects that promote the use of renewable energy, projects to accelerate afforestation, projects that convert waste to energy, and the projects that substitute ordinary lamps by LEDs.

Lastly, as an integral pillar of the strategic partnership, two governments are ready to sign in, a bilateral agreement enabling the transfer of defence equipment and technology. This may open new domain for advanced technology industrial co-operation between the two countries.

Before concluding, 60 years ago, on the 31st of August, 1957, when Malaysia and Japan started diplomatic relations, on the very day of the independence of the Federation of Malaya, the then Prime Minister of Japan happened to be the grandfather of the present Prime minister. There is, therefore, a myriad of reasons for the grandson to visit Malaysia to reinforce, reinvigorate, and re-energise bilateral partnerships, in almost all of the above areas for collaborations.

I wish you all a very fruitful discussion in this forum. I look forward to seeing many more partnerships and collaborations between the two industries.

Thank you.