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# Malaysia-Korea Win-Win Partnership

AEI Occasional Paper 17

H.E. Ambassador Cho Byungjae

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### ***“Malaysia-Korea Win-Win Partnership”***

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# Malaysia-Korea Win-Win Partnership

H.E. Ambassador Cho Byungjae

Thank you very much Dato for your kind and generous introduction. This is really great. It is my great pleasure to have this chance to meet all of you and to have talks and exchange views on the current affairs of Korea-Malaysia relationship. When I was first designated as the new Ambassador to Malaysia, many of my friends congratulated me and they had two reasons. One, Malaysia is a very nice place to live in. Many of them had visited Malaysia before and they know Malaysia is a nice place to live in and second, they knew that our bilateral relationship is in very good shape. So they congratulated me. As an Ambassador, when I go into a new place which is very nice to live in and a good place for work, my job is just to manage the on-going good bilateral relationship. Not so much a challenge in a sense an encouragement and not so much a discouragement for me. Anyway, I am here, which is quite good news.

What I am going to tell you today would not be a big initiative or my grand plan for improving bilateral relations; but rather, I think that it will be a kind of summing up of what is going on between our two sides and the kind of environment we are operating in for our bilateral relationship. I shall talk about the Malaysia-Korea relationship and ASEAN-Korea relations first and next, the regional situation, cooperation versus rivalry. As a kind of conclusion, I would then briefly take account of the Malaysia-Korea Win-Win Partnership.

Alright, to begin with, we have a short video clip of Korea. Gangnam Style with Psy jumping around might be quite familiar to you. Here, we have some photos of contemporary Korea. These show some good aspects of Korea. On the upper left side, that is the scene of Nami island. I think that is a quite famous tourist attraction for Malaysians. Down here we have actress Lee Young Ae. She has been performing quite well and has been well received not just in Southeast Asia but in many other parts of the world. She performed in a drama, the title was Dae Jang Geum, particularly showing drama about Korean food. Here we have a Korean boy idol group, 'EXO'. It is also quite popular in Southeast Asian countries. On the right side we have something that clearly reminds us of the stark reality of the Korean peninsula. The Korean peninsula may be prosperous; however, it is one of the areas where more than

1.5 million soldiers are confronting each other still living under the threat of a world of violence. Down here is a photo of the saddest and most tragic incident we have in our contemporary history, the ferry, which sank off the west coast of Korea very recently and where we lost more than 300 lives; it was particularly tragic as many of them were school children. These are some aspects of Korea through these photos.

With this introduction of some of the images of Korea, I shall now go through the bilateral relations between Korea and Malaysia from the early years. The early year's relationship started in the late 19<sup>th</sup> century. We have record that in the late 19<sup>th</sup> century, 21 Korean students studied at missionary schools in Penang and Melaka. The photo here shows one of the missionary schools operating in Penang. In Korea, under the Japanese colonial rule, we had a nationwide independence movement in 1919 which was 10 years after Korean occupation by the Japanese Imperialists at the time. We call it 'occupation' and the 'March 1 Independence Movement'. That Movement was suppressed by the military and many Korean Independence activists fled from Korea to China and to Soviet Russia at the time and even to Southeast Asian countries, including then Malaya.

We have a photo here that is of the Independence activists who were doing activities in Malaya at that time, raising some funds for the Independence Movement. Then we achieved Independence at the end of the Second World War. Korea got independence in 1945 and Malaysia got independence in 1957. In 1960, we established our bilateral diplomatic relations. However, in the initial stage of our relationship, the interaction between us was not so active. Korea was heavily involved in political confrontation particularly in the three years of the Korean War. There was an alliance working for peace on the Korean Peninsula, and to a certain extent, Malaysia was involved in the movement as well.

This situation changed in the early 1980s. Prime Minister Mahathir took power in 1981 and from 1982 he designed a policy called the 'Look East Policy' that was originally aimed at Japan and Malaysia wanted to learn from Japan. 'Look East' means mainly Japan and Korea to a lesser degree. Malaysia implemented this Look East Policy for thirty years from 1982 until 2011. During that time, during those thirty years, Malaysia had sent about 1,500 government officials and students to Korea to attend some courses about the government management and so on. So that was quite a significant initiative which prompted our bilateral relationship to move

a little level upward. Since then we saw a strengthening relationship with Malaysia exporting and Korea importing resources and some other natural resources and also electronic and electric products. Korea exported construction and also electric and electronic products. The bottom side two photos may be quite familiar photos. One of these twin towers were built by a construction company from Korea. I think the left one, Tower 2, the east tower was built by the Korean company. The right side photo is the first Penang bridge which is again built by a Korean company at that time.

On the political side, there was a very significant level of cooperation between Malaysia and Korea to promote the regional institutions we had East Asian group together with some other countries and it was quite instrumental to expand the then ASEAN into ASEAN plus three mechanisms.

Now, into the 21<sup>st</sup> century, we have celebrated the 50<sup>th</sup> anniversary of the establishment of the diplomatic relationship between our two countries in 2010. At that time, the Korean President Lee Myung-Bak visited Malaysia and the following year, the Yang Dipertuan Agong, and Prime Minister Najib on separate occasions, visited Korea in 2011. This year we saw the visit of Speaker of the Malaysian House of Representative and Foreign Minister Anifah Aman in Korea. So we are maintaining a considerable level of high level exchanges.

On the economic side, we have two-way trade and last year, it amounted to about USD 20 billion, Korea exported about USD 8.6 billion and imported USD 11.1 billion. From the Korean side, Korea imports a lot of energy-related resources from Malaysia. Korean investment in Malaysia announced in 2013 amounted to USD 10.8 billion and Malaysian investment in Korea USD 7.5 billion.

What is important I think, is the people-to-people exchanges. Last year and the previous year we had about 300,000 Koreans visiting Malaysia and 200,000 Malaysians visiting Korea, so altogether, half a million people were coming and going. Koreans are coming here for the Malaysian scenic beauty and cultural diversity and also for some of them, to enjoy golfing. Malaysians go to Korea to enjoy K-pop and Korean cultural heritage, medical health tourism and so on. Another encouraging aspect of the bilateral relationship is the Malaysian Government is now currently working on version two of Look East Policy. The Malaysian Government assessed that the first phase was quite successful during the thirty years and now we are

working on version two for the next thirty years. If we can say that the first phase of the Look East Policy was more focused on manpower training and human resource development, this time we can say that the second phase is more focused on trade and industrial cooperation, particularly in green technology, IT technology, and biotechnology mainly high-tech and high-value areas.

Now I will move to ASEAN-Korea relations. Korea-ASEAN as a whole established a partner relationship in 1989. In 2007 we concluded a Free Trade Agreement and in 2012 Korea sent an economic representative to the ASEAN Secretariat in Jakarta. ASEAN is now Korea's second largest trade partner, only after China with a total trade amounting to USD 131 billion and Korea is now the 5<sup>th</sup> largest trade partner of ASEAN. In terms of foreign direct investment, ASEAN is the number one destination. Last year, or the previous year, Korea invested altogether about USD 4.3 billion in various ASEAN countries. On people-to-people exchanges, we had 5.7 million tourists in 2013 and we had 4.3 million Koreans visiting various ASEAN countries. These numbers show the importance of ASEAN to Korea. To sum it up again why is ASEAN so important to Korea? The population of Korea in ASEAN altogether totaled 600 million. The economy is progressing very rapidly and the GDP, altogether is USD 2,300 billion. Economic growth showed a clear 5.7% increase in 2013 and at 5.5% it is still maintaining a 5% economic growth every year. ASEAN is endowed with rich natural resources as everyone here knows that and has embarked on an economic integration process. We see that 2015 is the target year for the ASEAN Economic Community (AEC). We expect that a lot of commodities and services and even some manpower can be moved within the ASEAN community rather freely. ASEAN has been maintaining that it has concluded Free Trade Agreements with Korea in 2007 and with China, Japan, and India in 2010 and with Australia and New Zealand in 2012, so this is something. Again, more importantly, we can see in ASEAN, the cultural diversity and the racial tolerance and so on.

The last but not the least important point of ASEAN is the strategic location. In this diagram, you see how ASEAN occupies the important position in this region. We have many regional institutions here. We have ARF, the ASEAN Regional Forum. We have East Asian Summit and ASEAN Defence Ministers. We have ASEAN itself, and we have ASEAN plus three. We have APEC, the Asia-Pacific Economic Cooperation. So, except APEC you see all these regional institutions are moving or expanding from ASEAN as the core in a concentric way. Here at the center we are

10 member countries and just out of that we have ASEAN plus three, i.e. ASEAN plus Korea, China, and Japan. Out of that, we have the East Asia Summit and the ADMM, or ASEAN Defence Ministers meeting plus India, United States, Russia, Australia, New Zealand. Out of that we have the ASEAN Regional Forum, North Korea, Mongolia, Pakistan, Bangladesh, Sri Lanka, European Union, Papua New Guinea and Canada. So, we see ASEAN at the core of all of these concentric circles, and maybe it is why we are calling it the ASEAN centrality. Not just in theory but in reality, ASEAN occupies this central position in all these regional institutions - ASEAN plus three, East Asian Summit, and ADMM plus ARF. APEC can be a little bit out of the line, but still seven out of the ten ASEAN member countries are members of the Asia Pacific Economic Cooperation institutions. So we can see that the importance of ASEAN is a kind of a central center and has a central role played in regional institutions.

We have seen why ASEAN is so important to Korea and why Korea is a good partner for ASEAN. Korea and ASEAN share strategic goals. On the right side you see the map of East Asia as a whole. We see China, Japan, and India and so on. Along here we see some big powers and from the northeast down to the south we can imagine a kind of a frontline here. In this sense we can say that we share strategic goals which makes the middle power cooperation along this frontline all the more important. So, Korea very strongly supports ASEAN centrality. As we have seen the Korean economy and Malaysian economy and ASEAN economy are complimentary. This makes Korea and ASEAN as natural partners for co-operation.

Let us have a brief look at the regional situation from the standpoint of co-operation versus rivalry. Many people say that the 21<sup>st</sup> century is the Pacific century. We have some representatives from Europe here but I hope that they do not take this seriously. Let us look at some of the statistics of the APEC countries. They occupy 40% of the world population, 52% of global GDP, 45% of global trade, and the top three world economies are in this region, i.e. the United States, China, and Japan. If you think of the military spending, we see that the United States and China spend 48% of all military expenditure according to the 2013 SIPRI. Out of that, 37% is spent by the United States, amounting to USD 640 billion and China spends 11%, equaling USD 188 billion. From that follows Russia, Saudi Arabia and other countries. Many people, particularly in this region are talking about not just co-operation, but rivalries within the region. We have, this can be in academic terms, rising China, the Chinese economy,

in terms of GDP, USD 9,000 billion, its trade, USD 4,000 billion. Its economy is still growing at more than 7.7% with a foreign reserve of almost USD 4,000 billion US dollars. China overtook Japan in 2010 and just recently from reports, in terms of purchasing power, China may be overtaking the United States now or just in the very near future. There is some dispute whether this can be a realistic description, but still there is some observation on that.

Hillary Clinton, former State Secretary of the United States, mentioned the pivot to Asia first in her foreign policy article, America's Pacific Century which was published in October 2011, and since then America was implementing a kind of formal diplomacy whereby America is repositioning its diplomatic assets, including high level visits to the region. In 2012, then US Defense Secretary Robert Gates, announced that the United States will place 60% of its naval assets in the Pacific area. President Obama started to attend the East Asian Summit from 2012. These are all interpreted as a kind of rebalancing of the United States and pivot to Asia.

We have witnessed a resurgent Japan here. Prime Minister Abe took power in 2012, and since then, we read a lot of articles on Abenomics, expanding its money supply and its efforts to join the TPP. We hear about the proactive Pacificism from the Japanese government and we read about the reinterpretation of its Peace Constitution and some discussions on that. The Japanese very recently relaxed its military export control measures and we read the Japanese are revising some of these points in their middle school and high school text books. These are the main sources of the rivalries in the region and are creating the territorial and historic such as the East China Sea issue, it is quite familiar and the South China Sea issue, that is even more familiar to Malaysia and the debate on the Pre-War history, i.e. history from a half a century leading to the Second World War.

Recall, we have a paradox in Asia these days. On the economic front we see the co-operation and interdependence increasing and on the political and security side, we see rivalries. So, on the one hand we have an increase in co-operation and on the other hand we have an interesting political and security arena. The main source of this paradox is interpreted to be the trust deficit in the region. It means that we lack the trust among the major players in the region. We are asked to trust through the practice of confidence building and institution building, the practice of consultation and increase the people to people exchanges more in order to resolve Asia's paradox.

These prescriptions are easy to be said but not so easy to be done, so we need a lot of effort in this area. We hear recently about a new type of major power relationship, particularly when we talk about the relationship between China and the United States. This concept has been there for the past five years, particularly after the start of the Obama administration. It was mainly raised by the Chinese side. We have an existing superpower on the one hand and we have an emerging superpower on the other hand. History tells us that whenever we have this kind of situation that it ends up with a clash or confrontation. This time, can we avoid this kind of situation? Can we avoid the rivalries? Can we resolve this situation through co-operation and interdependence? These would be the major questions which can imply a lot for not only two countries, but for the whole region and even for the world as a whole. How to overcome Asia's Paradox is still a question which we have to answer somehow.

As a kind of conclusion, I have briefly touched upon Malaysia–Korea as partners, a partnership of regional co-operation; Korea as you know is located in Northeast Asia and Malaysia in Southeast Asia. Korea has been very active in promoting regional co-operation in Northeast Asia even from the 1990s, in particularly, after 2000. From 2008, we started to have regular trilateral summit meeting amongst China, Japan, and Korea and a trilateral co-operation secretariat was set up in Seoul in 2011. Very unfortunately though, due to a territorial and historical dispute this last year, we were not able to co-ordinate this trilateral summit. This is one thing we have to resolve, we have to move forward.

Malaysia has been a strong middle ground for regional co-operation in Southeast Asia. The East Asian Economic Caucus was first proposed by Prime Minister Mahathir in 1991 and that was developed into ASEAN plus three in 1997. Again, strong input from the Malaysian side was extended into the East Asian Summit in 2005. Next year Malaysia will assume the ASEAN chair and in that context there will be many important and crucial meetings, including ASEAN plus three and East Asia Summit in Kuala Lumpur. We think that with Korea in Northeast Asia and Malaysia in Southeast Asia, we need to co-operate and if we can form a strong partnership then it can be a force for strong regional co-operation in East Asia as a whole. Fortunately we have at least two major occasions whereby Korea and Malaysia can have some talks in 2014 in order to commemorate the 25<sup>th</sup> anniversary of the high level partnership and the relationship between Korea and ASEAN; we will have an ASEAN–Korea

special summit in Korea in December this year and next year, ASEAN plus three is staging the summit in Malaysia and that will be another occasion where Malaysia and Korea determine the context, however, it can be a bi-lateral opportunity as well.

In terms of economy, we can see that Korea's strength is more in manufacturing and Malaysia's strength is in the services sector. At this stage, we are seeing that the Malaysian Government is putting a lot of emphasis and efforts into the improvement of economic transformation program and the Korean Government very recently designed a free economic innovation program from 2014 to 2016 and we call it 'creative economy'. Both of us are pleased with putting emphasis on innovation and transformation. Malaysia's quality, power, and strategic position to ASEAN and the Islamic world, combined with Korean high-tech manufacturing and neighbouring markets like China and Japan, and Korea's wide-ranging body of networks can be a good base on which we can build further economic partnership and cultivate friendship. Koreans like Malaysia's natural environment, cultural diversity, and we see that Malaysians also like the Korean way, Korean pop song, Korean art, Korean news, drama and Korean food and so on. These are contributing to increasing people-to-people exchange and that is the basis of people-to-people friendship and partnership. We think this is very important because this people-to-people exchange, friendship, and partnership, can extend to further aspects of our relationship on a more solid basis in both the political and economic areas as well. So, that is all I want to say for now. Thank you very much for your kind attention.

## About the Author

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## Education

Feb. 1979 Graduated from the Department of International Relations, Seoul National University, Korea  
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## Career

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Jun. 1996 First Secretary, Korean Embassy, Moscow  
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