

**SPEECH BY  
YAB DATO' SRI MOHD. NAJIB BIN TUN HAJI ABDUL RAZAK  
PRIME MINISTER OF MALAYSIA  
AT THE LOOK EAST POLICY – A NEW DIMENSION  
&  
MAJECA-JAMECA 31<sup>ST</sup> CONFERENCE  
ON 10<sup>TH</sup> OCTOBER 2012 (WEDNESDAY), 9.30 AM,  
AT MAHKOTA II BALLROOM, HOTEL ISTANA,  
KUALA LUMPUR.**

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Bismillahirrahmanirrahim

Assalamualaikum Warahmatullahi Wabarakatuh, A Very Good Morning and Salam Satu Malaysia.

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

**His Excellency Shigeru Nakamura;**  
Ambassador of Japan,

**Yang Berbahagia Tan Sri Azman Hashim;**  
President of Malaysia-Japan Economic Association (MAJECA),

**Mr. Mikio Sasaki;**  
President of Japan-Malaysia Economic Association (JAMECA),

Distinguished Guests,

Ladies and Gentlemen,

1. It is a great pleasure to be here today to celebrate three decades of the Look East Policy, and the study and exchange programmes it has inspired.
2. For thirty years, our countries have been connected by a steady stream of people. Fifteen thousand Malaysians, each looking East themselves, searching for the skills and work ethic that made Japan synonymous with industrial success.
3. For thirty years, Malaysians have benefited from the openness of the Japanese people; from their willingness to share the principles that inspired one of the great economic miracles of our age.

4. For thirty years, our countries have found common cause in a common understanding: that knowledge shared does not bring risks, but benefits for all. Companies founded in Osaka, or headquartered in Tokyo, have made homes here, and made their contribution to Malaysia's vibrant economic growth. And Japanese people have come to Malaysia, too; seeking the warmth and tolerance that defines our nation.

5. The depth of our common connection is all the more extraordinary when you consider the distance between us. It is easy to forget that Kuala Lumpur is closer to Darwin than to Tokyo; that Penang is nearer to Oman than to Osaka!

6. For a generation of Malaysians, this gap has been effortlessly bridged: by the universities who opened their arms to our students, the companies that opened their offices to our graduates, and the families who welcomed our children into their homes.

7. As a man who studied abroad, learning a different culture as well as a subject, I know the value of perspective. And as a father whose children have studied abroad, I know how important it is to find a safe and welcoming environment in which to gain that perspective.

Ladies and Gentlemen,

8. Programmes run under the Look East policy provided that perspective and that security. When Tun Dr. Mahathir conceived the programme, he saw the potential for a new relationship between Malaysia and the powerhouses in Japan and Korea. That potential has been realised today. And so I want to thank all those – the Government of Japan, its businesses, its universities and its people – who have made the Look East Policy what it is today. And as America pivots to the Pacific, as the West once more searches for the secrets of a rising East, it is worth reflecting on the successes of the policy.

9. Over the past thirty years, young Malaysians have travelled to Japan and Korea to attend universities, complete training courses, and take up secondments with companies. Many have returned home to work in locally-based businesses or to start out on their own. All have brought with them skills, knowledge and experience – in turn enriching our economy.

10. Take Akmal Abu Hassan, a halal food industry entrepreneur for example. After graduating in Malaysia, he continued his studies in Japan, before joining the Bank of Tokyo Mitsubishi. There he learnt about the Japanese and international business environment, before returning to our own Ministry of International Trade and Industries. Today, Akmal runs companies in Japan and Malaysia, passing on the lessons and businesses practices he learnt from the Look East policy. I was told that we could now enjoy halal 'Wagyu' beef in certain restaurants in Japan as a result of this effort.

11. Or take Lim Wee Yee, from Kedah, who graduated from Fukuoka's Institute of Technology, and worked for a Japanese corporation before setting up his own software company. Five years ago, his firm won a prestigious 'Researcher of the Year' award from the Japanese government for its contribution to innovation – the first foreign owned company to do so. Today, it employs Japanese, Malaysians, Indonesians and Filipinos, providing jobs and experience for the next generation of young IT professionals.

12. The Look East Policy made these successes possible, just as it did for thousands of other Malaysians. But it was always about more than individual opportunities. Yes, a prime objective was to ensure Malaysia's young people absorbed the skills and work ethic of their Eastern counterparts. But the Look East Policy also awakened Japanese industry to Malaysia's potential.

Ladies and Gentlemen,

13. Over the past thirty years, Japanese investment supported 2,360 projects in Malaysia. Major companies such as Mitsubishi, Honda, SONY, NEC, Toyota and Matsushita put down roots here, and have since expanded and diversified their operations. Initial forays into petroleum, chemicals and metals lead to more advanced electronics manufacturing and services.

14. But if the investments of the past thirty years tell the story of Malaysia's industrial modernisation, then the investments underway now tell us something about Malaysia's future. Today, Japanese investors continue to respond strongly to our initiatives to promote new and emerging technologies, high value-added industries, and sectors with significant research and development opportunities.

15. Japanese investments in Malaysian manufacturing last year were the highest since 1980, reaching US\$ 3.2 billion. Technology projects approved in 2011 included Panasonic Energy Malaysia, a US\$ 578 million company making solar photovoltaic technology; a US\$ 906.3 million investment by Ibiden, making advanced computer components; and a US\$ 63 million integrated quality hub in Selangor, as part of a US\$300 million three-year expansion plan by Toyota Motor Corporation.

16. Projects like these will ensure the Look East partnership always faces forward. As we celebrate thirty years of education abroad and innovation at home, we should seize this chance to ask ourselves: where next for the Look East policy? What does it mean to 'Look East' today? What will it mean in 10, 20, 30 years' time?

Ladies and Gentlemen,

17. This is a natural time to ask such questions. It was during a period of Eastern economic ascendancy that the Look East policy was created. Today, with Western economies struggling and poor prospects for global growth, many eyes face East once more, looking for answers. But the Asia they see today is very different to what it was back then.

18. 30 years ago, China's GDP was a little over US\$ 200 billion. Today, it is about \$US 7.3 trillion. Despite subdued growth over the past few decades, Japan is the world's third largest economy, and home to the world's biggest city. With the 'miracle on the Han River' and sustained growth in China, two more economic stars have risen in our region. ASEAN is now a bubbling hotpot of opportunity, with a US\$2 trillion economy which is growing fast.

19. With this growth come new pressures. Asian countries are building bigger welfare systems to cope with ageing populations, finding new political development models to account for nascent middle classes, and balancing economic growth with environmental responsibility. To maintain the pace and the quality of our growth, we must open up our economies and encourage innovation. These factors, together with global instability, mean that Asia's outlook – and its model for economic success – is different now. The face of the East is changing. We must change the way we look at it, too.

20. Here in Malaysia, we are managing the transition from a middle income economy to a more advanced economy, a move that will be sustained by technology, innovation and knowledge. Our overarching goal is to reach US\$15,000 annual per capita by the end of the decade. To get there, we will need more investments from abroad, more technology, and more knowledge and expertise. And it is in this context that we stand to benefit from looking East once more.

Ladies and Gentlemen,

21. I believe there are three things we can do to make the next thirty years of Look East programmes as successful as the last.

22. First – although this is not a rallying call most politicians utter – we must do more of the same. The acquisition of skills, knowledge and values was central to the success of the Look East policy; so let us apply them further, by widening the net. I am particularly fired up by the idea of getting more SME's involved.

23. I would like to see more Japanese SMEs working with Malaysian companies in specialist areas like green technology, key technical services and other high value added sectors. These strategic partnerships will

contribute towards our transition to an innovation and knowledge driven economy, and help strengthen the backbone of our economy.

24. Secondly, I think future Look East Policy programmes should be more targeted, and more closely linked to specific outcomes. We need to ask the hard questions: what kind of skills do we want to acquire? In which areas? At what levels?

25. Under our Economic Transformation Programme, we are moving into more high technology and knowledge-driven industries. We are focusing on industries related to management of the environment, to energy saving and green technologies. And we have identified growth prospects in healthcare, education and tourism. These are some indicators of our priorities in the years ahead. So we need to construct a Look East programme that addresses these needs.

26. At the moment, two-thirds of students are entered for academic programmes, while one-third undertake technical studies. Is this the right balance? What about the scale of our ambition – how many youths should we train? Is 500 a year – the average for the last 30 years – enough? Are we training enough graduates to build up a critical mass that will have a meaningful impact in the workplace? These are questions we must address if the policy is to continue to shine.

27. The third observation I would like to make is that we should concentrate on building not just stronger graduates, but also stronger institutions. That is the key to a truly lasting partnership, which is why I was particularly pleased to see the establishment of the Malaysia-Japan International Institute of Technology last June.

28. The Institute is designed to be a centre of excellence in engineering education for ASEAN. Its programmes are supported by a consortium of 23 Japanese universities, the Japanese Government, the Japan International Cooperation Agency and the Japan Chamber of Commerce and Industry. You would be hard pressed to find more powerful backers!

29. The Institute will give Malaysia the opportunity to experience the unique industrial environment made possible by close collaboration between Japanese academia and business. It will encourage more Japanese companies to invest in Malaysia. And I sincerely hope it will inspire more Japanese universities to set up branch campuses here, too.

30. I believe these three changes will do justice to the original spirit in which the Look East policy was conceived, by creating a broader, more effective,

more lasting collaboration. That in turn will bring big benefits for our citizens, our industries, and our economy.

Ladies and Gentlemen,

31. Look East policy forged a link between our nations that endures to this day. In my most recent correspondence with His Excellency the Prime Minister of Japan, he used the phrase *kizuna* – 'bond of friendship'. It is in that spirit that I congratulate everyone, here in Malaysia and in Japan, who has worked so hard to make that bond real.

32. The rewards are clear to behold: they are written in the lives and achievements of those who returned home to start companies, run factories, and share the knowledge that they gained. As we celebrate thirty years of 'Looking East', and prepare for many more, we should draw our inspiration from their success.

Thank you.

Wabillahitaufig Walhidayah Wassalamualaikum Warahmatullahi Wabarakatuh.