

Japan-Malaysia 40 Years Look East Policy- Then, Now and Next

Exclusive Interview with Japanese Ambassador to Malaysia, HE Mr. TAKAHASHI Katsuhiko

The prolific Japan – Malaysia relationship stands as a vibrant economic and social force to be reckoned with. Japanese Ambassador H.E. Takahashi Katsuhiko in an exclusive interview with BusinessToday was passionate when discussing the subject matter of the relationship his nation has had with Malaysia, stating with Japan being the fourth largest trading partner and the third largest foreign investor with Malaysia to an assurance the relationship is to blossom in future years to come.

H.E. Takahashi Katsuhiko spent a moment with our writers stressing on a strong commitment towards a consistent mutually lucrative view on bilateral relations between ‘two long standing friends.’

BT: H. E., what is your standpoint of the relationship between Japan and Malaysia, especially on trade?

H.E. Takahashi Katsuhiko: Statistically speaking, Japan is the fourth largest trading partner and the third largest FDI (foreign direct investment) with Malaysia. Japan will continue to establish a thriving social and trade relationship with Malaysia.

Currently, there are approximately 1,600 Japanese manufacturing plants in Malaysia creating 340,000 jobs for Malaysians. Aside from the manufacturing sector, there are Japanese companies who have ventured into the retail industry in Malaysia; for example, Lalaport, Tsutaya Books and so on. In a nutshell, the trade relationship has evolved over time from manufacturing to retailing. I am determined to see this economic relationship continue and expand further.

Despite the current economic downturn and soft Japanese Yen, Japanese companies continue to look favourably at Malaysia as a good investment destination for reasons of having good infrastructure, a population who have a fair command of English and the nation has thrived on being a strategic logistics hub of Southeast Asia. Surely, investment will continue.

BT: Malaysia adopted the Look East policy in 1982, this year marks the 40th year of the policy, how would Japan describe the approach and its direction so far?

H.E. Takahashi Katsuhiko: Forty years ago, Malaysia looked up to Japan for what Japan had achieved at that time and aspired to be technologically advanced.

We feel obliged to meet the expectations of Malaysians. Over the last 40 years, we have opened doors in our educational sectors and have successfully trained many Malaysians who attended a wide array of courses in Japan. Am certain that when they returned to their homeland, they many, if not all, have made positive contributions to the private and public sectors here and were a catalyst to spur economic growth.

Some might say that we have nothing to learn from Japan anymore. But, over time, I believe that Japan can still share its experience and expertise in many areas. In short, Japan, over the last four decades or even more, evolved from a manufacturing giant into a nation which has managed and pulled through a few disasters, from which we learnt proven methods in the management and handling of such disasters. Present issues faced by Japan today, like many other nations, are the effects of climate change and an aging society.

Back then, Malaysia did not face the real effects of an aging population. But, as time progressed, issues surrounding an aging society and managing societal problems, has led to major concerns.

As Malaysia advance since, there is no longer a donor-recipient between Japan and Malaysia, rather we are standing on the same footing. This is the time we should think about doing something together, both domestically and on the international front. We should work together like partners, in that, the Look-East policy could then be developed over time across a myriad of avenues, in different contexts and needs of time.

BT: Japanese investment into Malaysia has been on the decline, registering US\$1.81 billion in 2021. What are some of the reasons, in your view, for Malaysia becoming less attractive? What can Malaysia do to attract the likes of Softbank, Toyota or Sony to expand their presence here?

H.E. Takahashi Katsuhiko: There are ups and downs in terms of



investment, but overall Japanese companies still look Malaysia in a favorable light. Even during the pandemic years (2020-2021), there was an increase in the FDI of Japan into Malaysia, which amounted to MYR83 billion. I certainly expect the FDI to increase further in the coming years.

It is also true to say there exists stiff competition amongst a host of ASEAN countries to attract Japanese investment. On this note, Indonesia, Vietnam and Thailand are also seen as being attractive to investors.

As I mentioned earlier on, Malaysia does have its competitive advantages. It has come to my attention that some manufacturing plants have already been suffering losses due to the acute labour shortage problem.

I also have to state at this time that due to the rising income level in Malaysia over the last few years, Japanese retail businesses, which had ventured into the nation, are doing fine.

When Prime Minister Datuk Seri Ismail Sabri Yaakob visited Japan in May this year, a governmental level dialogue was held at which both nations identified various new areas of cooperation. And I must also highlight that there are ongoing

discussions between the private sectors of these two nations and how this evolves and develops is left to be seen in the future.

BT: Regional trade agreements like The Regional Comprehensive Economic Partnership (RCEP) and The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) will bring about change, especially on how do nations conduct business, how do you see Japan and Malaysia strengthening trade while addressing such changes?

H.E. Takahashi Katsuhiko: If we don't have these types of agreements, then each company will have to study the rules and regulations of every country they decide to invest in. But, as long as there is an agreement, then there will be a common ground which will facilitate companies to venture into new geographical areas to conduct their business, to trade or invest.

As long as Malaysia is determined by having a conducive environment (for FDI) for companies to conduct good business, then Malaysia will remain favorable.

Conversely, for countries who are not party to CPTPP, then I think that there would be additional indirect costs for companies wanting to invest or trade with such countries.

The nature of business, trade or investments of such companies then becomes regulatory with incurrences of high opportunity costs involved as they have to keep checking on various new rules and regulations. Based on this, I wish to stress on the advantages of being an early entrant into CPTPP for businesses alike.

BT: As an ambassador of a new administration, what is the direction of Prime Minister Fumio Kishida's foreign policy in relation to Malaysia?

H.E. Takahashi Katsuhiko: Our diplomatic policy is consistent. Prime Minister Fumio Kishida is looking to maintain and develop the context of such consistency. This will be ongoing specifically, on three critical points; which are Protection of Universal Values; Maintenance of Peace; aiding to lead international communities in tackling global issues.

BT: With a limited term, what legacy would you like to leave behind as the Japanese Ambassador to Malaysia?

H.E. Takahashi Katsuhiko: In response to your question, please know that I am not a politician. Therefore, ambassadorial positions are not bestowed jobs which look to heighten any legacy under any terms. It would be disastrous if one decides conduct himself or herself in that manner. The role of an ambassador is akin to the role of a gardener, that is to say, maintaining the status quo and making it more resilient and then passing the baton to the next successor.

Fortunately, my predecessor had prepared and left a well-maintained garden to me, stemming from a solid relationship with Malaysia. I always tell my staff that we should not take things for granted, instead, we should put more energy and focus to make it a better place.

So, I am here to water and nourish this garden. When my time in Malaysia ends, I would like to see taller plants and a well-nourished soil. And, this alone is what I aspire to when my term ends in Malaysia.

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