

Theme: Charting a New Course for Asia



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Appointed Representative of His Excellency
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Guest of Honour and Keynote Speaker,
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Mr Kuwata, Executive Vice President and Director of Hitachi, Honoured Guests, Distinguished Speakers, Ladies and Gentlemen,

It is a great honour and a pleasure for me to be here today to address the 6th Hitachi Young Leaders Initiative, marking the beginning of the two forum sessions which will feature some of Asia's foremost leaders in their respective fields, and the beginning of a week-long program, in which twenty-four future Asian leaders will be challenged to explore and discuss some of the key issues facing the Asian region today.

My Minister of Education, H.E. Dr. Adisai Phodharamik, has expressed his sincerest apology for unable to join the opening of the 6th Hitachi Young Leaders Initiative today as His Excellency is engaged with another assignment at the same time this morning.

I have to congratulate the organiser, who set the theme of this year. "Charting a New Course for Asia" is a timely one. As Asia is on the verge of becoming a very powerful region on one hand, and on the other hand, we have seen ups and downs of Asia, the most painful one has been the last crisis in 1997, which Asian countries have now remarkably recovered. However, there is a question whether Asia can grow? What will become of Asia region in the next 20 years? Can it match up with EU or NAFTA? What is its roadmap? As for the Young Leaders, these are issues that you should ponder. We are all pinning our hope on all of you to continue the jobs that we have left you.

Re-emergence of Asia in the 21st Century

I. Asian and His Character

The 19th century is the century of Europe. The 20th century is the century of the United States. The 21st century is the century of Asia. Asia, in twenty years time, will be much different from today and will be facing such a completely new set of paradigm.

Asia, in my presentation here, includes China, Japan, 4 tigers (Taiwan, South Korea, Hong Kong, Singapore) 9 NEC (Thailand, Philippines, Malaysia, Indonesia, Brunei, Cambodia, Laos, Myanmar, Vietnam) and India, has known to experience continuous internal conflicts. This is because Asia is incredible diverse. Yet not any of Asian countries has experienced disintegration. The diversity derives from languages, religions, social philosophies and beliefs and political systems. The geography of the region is another reason for diversity. The countries of this region possess sweep and drama; vast plains, soaring mountains (Himalayan), volcanoes, deserts and dense (tropical) jungles. Neither palm trees at sea-beaches, nor terraced rice fields in midlands, nor steppes in hills and mountains, nor even the deepest lake and the deepest river predominate. Asia has the earth's highest point and its lowest and some of the world's wettest and driest spots. However, despite the diversity, Asian countries have never been broken apart. What are the reasons for this?

Asia has two advantages. First, Asia shares the same philosophical beliefs, same idea of kinship, discipline, tolerance and death. Confucius' teaching emphasised order, hierarchy, self-discipline and obedience and has deeply rooted in the behaviour of most Asians. Family solidarity and care of elderly are stronger in

Asia. Children are more likely to do what parents tell them, and the responsibilities of the standard family, especially toward the elderly, are perhaps taken more seriously. This is the principal reason for a well-ordered and strong society and is also the main reason of what holds Asian society together for many centuries.

Second, Asians are highly flexible but firm in their belief, adaptive yet conservative in this culture and tradition, and compromising but unbending to their principle, making Asians the strongest and long lasting survivors of the world. There is Asian saying "Bamboo bends before the Wind". Asian bend not breaks under demanding pressure. It is this flexibility, more than anything else, which will allow the peoples of Asia to meet the challenge of the future and will help them deal with the challenges of playing a major role on the world's economic and political stage. Thus, Asian society has the continuity, stability and coherence that will be highly required in order to survive in a fast-changing global economy.

“The rise of Asia in the 21st century is not an accident.”

I always argue against Professor Paul Krugman's argument that the Asian "Miracle" in the 1980's was the result of "Perspiration and not Inspiration". He suggested there has been no significant productivity gains as a result of either advances in technology or of changes in corporate or public sector management and organisation. Economic momentum has been achieved by the sheer weight of cash and labour. I admit that it is true, but only partly true. Asians are known to be hard and diligent workers. As far as my knowledge, we, Asians, do not take siesta. Education system in Asia, by far, not the first class, but much improved since. The commitment to education is a general sentiment that is inherent and deep-rooted in Asian's value. There is an intense commitment of families to secure the best education for their children. Hitachi Young Leaders Initiative is an illustration of that commitment. Asian's unchallenged acceptance and willingness to employ modern technologies is the answer to Professor Krugman's comment. Today, Asia has already produced some advance and innovative technologies than that of the west.

Therefore, in my conviction, the rise of Asia in the 21st century is not an accident. It is the process of both diversity and similarity, flexible and adaptive and hardworking and diligence combined that has made Asia survived throughout many centuries.

II. The causes of the re-emergence of Asia

Asia has undoubtedly re-emerged, and there are three causes for the re-emergence of Asia.

One, end of Colonisation era. Most of the nations in Asia have just regained independence after World War II. At the beginning, they struggled, but, eventually, they formed their own way to manage their own people, come up with their own system suitable to their culture and tradition and strive to make their people better off.

Second, the engine of growth and stability propelled earlier by Japan and now by the re-emergence of China. It now become apparent that the Tiananmin event in June 1989 posed no alternative to Deng Xiaoping's decision or else China would be torn again. The political stability enabled China to pursue ambitious and aggressive economic development programs which saw her GDP grow 200 times and has monopolised foreign direct investment of more than US\$ 500 billion. She is now in the position to lead Asia into the 21st century. I sincerely hope that Japan would co-lead. She has a vital role to play in Asia.

Third, the fall of the Berlin Wall in 1989 and the subsequent break-up of Soviet Union in 1992 marked the victory for market economy and democracy and freedom. It was the beginning of the fundamental change in the world economic and political structure. It was also the birth of consumer economy, "Shop until you drop", that we are experiencing today.

This change benefited Asia the most. Given the market with population over 3 billion, equal to half of the world population, and GDP of 60% of the total world GDP, investment, capital flow, business as well as manufacture relocation and people mobility all poured into Asia. The Asian governments had to be given laudable credits for making the right climate and the environment, preparing the basic infrastructure, human resources, laws and regulations, including the schools and hospitals, and other facilities ready to induce foreign direct investment. It is, thus, little doubt, that Asia is today, by far, the most attractive region to

invest and to do business with and the most incentive market to have presence of many operators. It will not be surprised that 20 years from now many of Asian economies will rank in the top ten of the largest economies in the world.

III. Will Asia be able to sustain its economic growth and political stability?

The answer is definitely yes. The reasons are two fold. First, the world is relatively peaceful. The struggle for power is now focused on the area of trade and economy, rather than on military strength. More power is now likely to flow from the corporate boardroom than from the military war room. Private sector representing both real and financial sector is far bigger than governments. Market volatility and constant changes are far too dynamic that governments will find it impossible to manage. The scale of trade is also too huge to be governed. Government interference and intervention only lead to disaster. This is the force of laissez-faire, market liberalisation and globalisation.

Asian has a strong advantage. Asian business networking like World Wide Web. Chinese and Indian overseas trade, invest and do business with each other. This gigantic networks help each other to grow and to stabilise automatically whenever there is cyclical in the economic and trade environment. Secondly, many economies are just emerging and there were little rules and regulations governing businesses. Unlike in Europe and US, their private sectors are strapped from overly excessive rules and regulations. Western critics, who do not fully understand Asian culture and mindset, thought that the Asian governments and private sector relationships and cooperation were too cozy and too close and called that "Crony Capitalism". The truth is that such relationship and cooperation help to speed Asian private sectors in becoming global players in a short period of time. Without this relationship and cooperation, there will not be global players like Acer, Samsung, Hitachi, Sony, Hutchison, Red Gaur, Jim Thompson, etc.

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Second, the rise in interregional cooperation like Asean, which now has extended economic partnerships to Japan, South Korea, China and further expanded recently to India, Australia and New Zealand. The economic partnership dealt with trade issues, which accommodate trade facilitation, tariff reduction on non-comprehensive and comprehensive basis and non-tariff measures, such as food and non-food standards, rule of origin and substantial transformation, anti-dumping measures, export subsidies, etc. Capacity building and technical assistance is also part of cooperation. The most significant cooperation recently is between India and China. Despite longstanding border conflict of Kashmir, Prime Minister Vejpayee and President Wu Jin Tao shook hands and agreed to begin their discussion on closer economic relationship. This cooperation not only brings two largest, in terms of population, countries in the world together but brings India onto become a part of Asia, with which India, in the past, never associated.

I need to point out another important economic cooperation that would become one of the most important economic area, the Greater Mekong Subregion (GMS), which is to tie up cooperation between 6 countries; Thailand, China, Cambodia, Myanmar, Laos and Vietnam. This cooperation includes transportation network linking East-West (E-W Corridor), North-South (N-S Corridor) subregion, energy investment, better interconnect telecommunication system (fiber optic, internet, mobile phone), human resource development (skill training, education and health), tourism destination, environment and resource management and SME development. This area is going to be a core of Asia in the future.

Therefore, in the West, EU and NAFTA were created to fill the power vacuum left by the end of the cold war, and in the East, Asian Cooperation, there will be a creation of a bigger and more powerful, encompassing the whole Asian region, from India to Japan, in which interregional cooperation is beginning to take shape. This region of interdependence, when fully united, will become a formidable competitor to the other two regions. This, I believe, is the drama of the 21st century, which only begins.

Young Hitachi Leaders, the responsibility is on your shoulders to continue and enhance. If only you have to work hard and diligently, smart and visionary, sensitive and responsive, adaptive, flexible and compromising and you will certainly lead successful Asia through this new century.

Mr. Kuwata, Executive Vice President and Director of Hitachi,

Honoured Guests,

Distinguished Speakers,

Ladies and Gentlemen,



It will be completely mistaken if I conclude my speech without mentioning how Thailand recovers from the worst economic crisis in 1997 and was able to pay back the US\$ 14.36 billion loan from IMF two and half years ahead of the schedule. The economy grew just emerge 1.99% in 2001 when Dr. Thaksin Shinawatra's government took over, expanded by 5.3% in 2002 and predictably 6.2% in 2003, showing an impressive resilience against the backdrop of gulf war

and the outbreak of SARS virus in Asia. Economic growth has been fuelled by rising exports, improving farm prices, fiscal stimulation and low inflation and interest rate environment. Huge current account, trade and balance of payment surplus, in addition to budget deficit scenario has much improved, has given the Thai economy an extremely confident outlook by the foreign investors. As a result, it has a tremendous positive impact, cultivated by the sharp increase in corporate earnings, on Stock Exchange of Thailand (SET), whose index rose by 100% above last year. The market capitalisation has increased threefold.

The resounding economic success has been due to 3 factors:

One, the pursuance of populist economic and social measures, namely, three years farmers' debt suspension plan, village fund, healthcare scheme, one tambol (village) one product, housing and life insurance for the low income people, and turning intangible asset to capital. Simultaneously other programs include; reform of the financial system, solving once-for-all Non Performing Loan (NPL) and Non Performing Asset (NPA), those were dragging the health and the performance of the commercial banks. The establishment of the People bank, SME bank and Islam bank, along with bureaucratic reform, education reform, war against drugs and Mafia, and most important of all, eradication of poverty in 6 years, are the other measures that won praise from everyone, including the international commentaries.

Second, the dual track policy, which emphasises both domestic and international development helped strengthening domestic demand and induces export growth, thus, spurred the economic recovery. Thailand has also embarked upon signing and negotiating Free Trade Agreement with her major trading partners, namely, Bahrain, China, India, Australia (already signed), Japan, US and Peru (under negotiation). Trade liberalisation and elimination of non-tariff barriers are the key objectives of the agreement.

Third, identify and support 7 dreams of Thai strategic industries to become highly competitive:

1. Food industry. To become Kitchen of the World.
2. Automotive Industry. To be Detroit of Asia.
3. Fashion Centre of Asia.
4. SMEs.
5. Software. To promote multimedia industry.
6. Tourism.
7. Healthcare.

Mr. Kuwata, Executive Vice President and Director of Hitachi, Honoured Guests, Distinguished Speakers, Ladies and Gentlemen,

On the final note, I would like to express my gratitude to Hitachi and their staff for continuing the initiative with the objective of developing future Asia leaders. You have earned an immense appreciation and praises in bringing together young leaders from the region in order to develop their knowledge, challenge their perceptions and broaden their perspective. They also



are able to listen and discuss with the prominent and knowledgeable speakers and also have the opportunity to work with under privileged and disadvantaged population of our local community as part of the community work activity.

These will be their lifetime experiences that will produce great memories and an opportunity to establish lifelong friendships with the peer participants in this class. I hope that there will be forum for each class, where alumni of each can meet periodically to share their experiences and view exchanges after the class ended.

I hope that you all would have the opportunity to spend time off and visit our beautiful city and our historical places. Please enjoy every moment of this week, I wish you all the success at the 6th Hitachi Young Leaders Initiative.

I now declare the 6th Hitachi Young Leaders Initiative officially open.

Thank you.