

Opening Address by Tunku Zain Al-'Abidin ibni Tuanku Muhriz

Young Entrepreneurs Roundtable

9th World Chinese Economic Summit: Managing Global Uncertainty:  
Exploring New Opportunities

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Good morning everyone, and thank you to the Asian Strategy and Leadership Institute (ASLI) for inviting me back to the World Chinese Economic Summit (WCES). Two years ago in London I recall “uncertainty” already being a buzzword. At that time the United Kingdom had not yet voted to leave the European Union, and although most people in the room were confident that Britain would stay in, there was still a lot of concern about China’s meteoric rise and the geopolitical, geo-economic and regional security shifts that were occurring.

However, as we all know, British voters defied the assumptions of many and Brexit seems now to be an impending, if messy, inevitability. This just goes to show that in the early twenty-first century, there are always new opportunities for uncertainty. Indeed, uncertainty has become the new normal. While in traditionally authoritarian regimes uncertainty can be triggered by the decisions of a few - for example, all eyes are on Saudi Arabia, where domestic reforms and regional diplomacy is reshaping the status quo - what is interesting is that much of our recent uncertainty has been triggered and catalysed by the decisions of citizens in democracies: Brexit, the triumph of Donald Trump, the success of far right parties in Europe, and the election of populists in other parts of the world including in Southeast Asia. It can also be manifested in demands in regions or states for more autonomy or outright secession.

For those of us who believe in the democratic process, in national institutions and the rule of law, this is a phenomenon that can be difficult

to distil. But we can see similarities underpinning the popular discontent that is leading to these results. Perceived imbalances of wealth and power between one own's country or ethnic or religious group and those of others, the lack of economic opportunities (particularly if they were plentiful in the past), the loss of sovereignty, or the failure of current administrators to deal with new problems such as economic migration or the transformation of established societal norms because of the growing influence of foreign cultures and religions. Of course, many of these perceptions intermingle with each other, multiplying their effect.

In such an environment, many people are attracted by alternatives, even if they might not be deemed rational by academics, the political class or the educated elite. Indeed, the disapproval from such elites only make these alternatives even more attractive. The proliferation of fake news (or in turn, the accusation of real news being fake) further enables people who have already made up their mind to more fanatically harden their convictions.

Now, sometimes the alternatives will present themselves via an electoral offering, such as those I mentioned just now. But sometimes those alternatives will come in the way of subverting the present system in a more revolutionary or violent way. As we have seen, some people are prepared to travel thousands of miles to join terrorist groups inspired by religious extremism to overthrow the institutions in which they grew up.

But there is also a very different take on the world that has taken root elsewhere. This is the narrative that says for centuries, we have been bullied by other powers, and now that we are coming to possess our own wealth and might, it is time that we reclaim our place in the world: a place that was, after all, the reality for two thousand years before the West experienced the industrial revolution.

Of course, that is a fairly reductionist interpretation of what drives China's attitude to the world. Throughout this summit we have heard differing theories of the role that China wants to play. In particular, we have heard much about the promise of the Belt and Road Initiative and supporting

bodies like the Asian Infrastructure Investment Bank. Everyone seems to agree about the intended benefits: new transport infrastructure in the form of roads, railways, ports and airports that will amplify our connectivity, spurring the development of entire new cities and economies that will bring better living standards, prosperity and life-changing opportunities to all those along the route.

Where there is less agreement is in the risks concerned. Some pretend that there are no risks. Others question who the real economic beneficiaries will be, in terms of the contracts that get signed and in terms of the workers who will carry out the labour. And others still ask questions of sovereignty and of rule of law.

Will the process respect - let alone create - transparent tendering processes? Or will usual rules be bent in exchange for massive investments to politically compromised leaders?

Will national governments be able to enforce the laws passed by their parliaments on the sanctity of contracts? Or will exemptions be made in geopolitical tradeoffs involving uninhabited islands and the riches under their territorial waters?

As we heard yesterday, the evidence thus far of smaller developing countries rewarding aid donors with development contracts is scant. On the contrary, these contracts often go to donors who attach no such conditions; where the beneficiaries can be determined on other, more politically pliable criteria.

But I would posit that these are questions of interest not just to idealists who care about transparency and the rule of law, but also very much to the business and entrepreneurial community as well.

And I am glad to be able to say this in Hong Kong. For it is Hong Kong that provides the best advertisement for the combination of economic

freedom, respect for property rights and rule of law. As the recipient of the WCES Lifetime Achievement Award the Honourable CY Leung articulated last night, it is Hong Kong that has acted as the springboard for so many Chinese economic endeavours. It is because Hong Kong's laws, accountancy and banking systems provides a certain level of confidence.

Of course out of respect to Hong Kong's democratic tradition it should be pointed out that there are dissenters, although I understand that the application of the One Country, Two Systems principle is not a topic that I would wisely enter into at this particular forum.

But reflecting on twenty years since the return of Hong Kong from British to Chinese rule, it is also worth putting into context the geopolitical situation in ASEAN, which has just signed a Free Trade Agreement with Hong Kong, too.

Now, I'm from Malaysia, which has seen its share of geopolitical shifts over the centuries. From various sovereign kingdoms, to the establishment of trading relationships and the entering into of treaties which historians argue represent the erosion of sovereignty. Today, mention the East Coast Rail Link or Tun Razak Exchange and you may hear similar language.

Yet, even the creation of the Federation of Malaya, and the later creation of Malaysia were all enabled by treaty: creatures of negotiation rather than violent conflict. Although there were episodes of communist insurrection and racial tension, the basic institutions of state, from the constitutional monarchs to parliamentary democracy have remained intact. And, like Brunei and Singapore, we are members of the Commonwealth, and so were visited by the Prince of Wales and Duchess of Cornwall just two weeks ago.

This highlights the fact that the experience has been very different in other ASEAN countries, particularly in the north where the proximity to

communism was much more intense; where institutions were destroyed and had to be rebuilt.

Indeed, it is often said that the ten countries of ASEAN have different histories, different forms of government and law and different institutions. The extent of this difference is sometimes submerged in optimistic language about the promise of ASEAN. In many aspects ASEAN has delivered, enabling connectivity and lowering barriers that have benefited millions, but in other aspects - most notably the ongoing persecution of the Rohingya - ASEAN has yet to succeed. So, even within our region, we have to overcome our own sources of uncertainty even as we embark on overcoming uncertainty operating as a bloc. Furthermore, when we reflect on recent diplomacy based on the personal relationships between leaders with apparently no contemplation of human rights, the frailty of once worthwhile agendas becomes painfully clear.

And so, ladies and gentlemen, to conclude, I want to suggest that as the multitude of opportunities comes forth, despite an aura of uncertainty, I would urge you to restrain yourself from grabbing these opportunities without consideration to the sustainability of these opportunities. I do not just mean this in an environmental way, but also in an institutional way.

Will the agreements that you enter into bring confidence into the system, or will they distort and damage the process by which future agreements will be made? Will your colluding with a certain politician or political party enable the erosion of human rights in that country, or will it accelerate the intellectual growth and freedom of a middle class who will augment your market?

In a world where authoritarianism is in vogue, where social media is able to provoke and ultimately mobilise diehard supporters, it may be tempting to accept that the cost of doing business is the relinquishing of democratic principles.

But you have a great responsibility. I know that many of you get frustrated with governments getting in the way of business, either in terms of regulations or in terms of wanting to profit from your efforts, particularly in sectors where innovations often overtake the consciousness of politicians. But as the example of Hong Kong shows, the only sustainable way to create durable capitalism (even in a socialist system) is to also create trusted institutions; institutions where power derives from explicit laws created by legitimate representatives; where officeholders serve according to established rules and clear limits; and where reforms are made possible with the consent of the people.

Like so many of you, I believe that the Belt and Road Initiative has the promise of delivering better lives for millions, and I look forward to a future where my compatriots will benefit from the opportunities facilitated by China. It is my hope that the building of economic ties and the proliferation of affluent, educated societies will establish beyond doubt the need for good governance and ethical business practices if the creation of ever more opportunity is to remain sustainable. These are the things that create certainty in a world of uncertainty.

Thank you very much.