



## **KEYNOTE ADDRESS**

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**“DEEPENING CHINA-ASEAN RELATIONS: TOWARDS SHARED  
PROSPERITY”**

**7TH WORLD CHINESE ECONOMIC SUMMIT (WCES)  
THE SAVOY, LONDON  
10th – 12th NOVEMBER 2015**

**Salutations (TBC)**

***Distinguished guests, ladies and gentlemen,***

1. It is my pleasure to be here today to deliver this address. Firstly, I would like to congratulate the Asian Strategy and Leadership Institute along with Asia House for putting together what is now the 7<sup>th</sup> edition of the World Chinese Economic Summit.
2. This summit is an important platform for the sharing of ideas, exchange of information and fostering of business and economic collaborations.
3. This year's summit, held here in London, signifies the growing importance of the Chinese Diaspora on the world economy. This is not just the case in the Southeast Asian region where I'm from, but also stretches to, and entrenches itself in the lives of the Western World.
4. Malaysia recognises the important role of China connections to the development of our nation. The contributions of these Chinese communities to Malaysia's economic development are an important aspect of our progress and prosperity.
5. One of the key focus topics of this summit is China's One Belt, One Road initiative, or as it is also know, the Twenty First Century Maritime Silk Road Project, as envisaged by Chinese President, His Excellency Xi Jinping. This represents a repositioning of China back to its days of being central to world trade and connectivity.

***Distinguished guests, ladies and gentlemen,***

6. In recent years, we have seen a slowdown in growth and a wider transition

of the Chinese economy. This is not a cause for panic. This is to be expected after average growth in the country sitting at around ten percent for the last thirty years. An astonishing feat, unheard of anywhere else at any period of time.

7. The reforms seen during this period have unleashed an economic miracle that has uplifted more than a billion people out of extreme poverty. The effects of China's appetite for growth have also been felt well beyond its borders - perhaps most notably through insulating much of the world from the full effects of the 2008 Global Financial Crisis.
8. Without going into the prickly details, China's use of expansionary fiscal policy in supplementing for the lack of export demand through a four trillion yuan stimulus package, saw off another great depression, and even saved some economies that were reliant on commodity export, such as Australia, from experiencing an extended recession.
9. This is why it is so important for us to take a consultative and integrative, rather than isolationist approach to China. China is no longer a sleeping dragon, but rather an awakened lion. And when she roars, the whole world will listen.

***Distinguished guests, ladies and gentlemen,***

10. While economic fundamentals in my home country of Malaysia are strong, we are constantly reminded of how integrated our world economy is. This is no truer than when we look at our current depreciating currency. Since the beginning of the year we have seen a sharp decline in the value of the ringgit compared to the pound and dollar.
11. The main cause of this has been an outflow of money from the developing markets in anticipation of the Federal Reserve raising interest rates, as well as Malaysia being a net exporter of oil in a climate of record low prices. Here, we are not alone.
12. With China now ranked the world's largest economy on purchasing power parity according to the IMF, it is integral that we work together as a global community to foster and integrate this growth in a way that we all become beneficiaries. We are not competitors here, rather teammates.
13. While we should be concerned about the sharp fluctuations in the Chinese stock market, as was seen this past August with a sudden drop in the Shanghai Composite Index, and the effect this potentially has on the global financial system, what is also worrying is an unexpected slowdown in China's property sector.
14. Investment in real estate is the single biggest driver of the Chinese economy. The sale and outfitting of apartments, has in recent times, accounted for over 20 percent of its GDP.<sup>1</sup> This factors greatly into global

commodity pricing and demand, and reiterates my earlier point as to why it is so important to work together as a global community to foster sustainable growth.

15. As I mentioned earlier, China has succeeded in lifting over one billion of its citizens out of poverty in the last thirty years. To put this in perspective, this is almost 10 percent of the world's total population; or practically all of ASEAN. The positive impact this will have on the global economy is huge.

***Distinguished guests, ladies and gentlemen,***

16. Allow me to briefly cover how deeper relations with China will benefit the ASEAN region. This year saw Malaysia take the chair of ASEAN. This is a significant position through which the policy agenda can be set at a time of booming bilateral trade between China and ASEAN. In the decade between 2003 and 2013 we saw this grow five-fold from seventy-eight billion dollars (\$78bn) to four hundred and forty-four billion dollars (\$444bn). With China remaining ASEAN's largest trading partner, this figure grew by eight point two-three percent (8.23%) last year to reach four hundred and eighty billion dollars (\$480bn).
17. Much of this rise in trade between China and ASEAN in recent years can be attributed to the ASEAN-China Free Trade Area. This eleven-member agreement has lowered the average tariff on Chinese goods entering ASEAN from twelve point eight percent (12.8%) to zero point six percent (0.6%), and ASEAN goods entering China from nine point eight percent (9.8%) to zero point one percent (0.1%).
18. Additionally, work and negotiations are being undertaken to reach agreement on the Regional Comprehensive Economic Partnership (RCEP) – a free trade agreement between the ten (10) ASEAN member states and the six (6) countries that ASEAN has existing free trade agreements with. Once completed, this will represent approximately three (3) billion people, over seventeen trillion dollars (\$17 trillion) and forty percent (40%) of world trade.
19. The end of this year also marks the realisation of the ASEAN Economic Community (AEC). This will see regional integration through a single market and production base, become a highly competitive economic region, promote equitable economic development, and allow the ASEAN bloc to take its place as part of the global economy.
20. We should also note that the respective economies of China and the ASEAN bloc are growing ever more compatible. Through China's efforts to bolster domestic demand, as well as rapid urbanisation and the millions that this is bringing into the middle-class, demand will grow for products and services from the ASEAN states. Conversely, ASEAN's six hundred (600) million member consumer market will no doubt remain an attractive prize for Chinese business looking to enter the market.
21. As the Chair of both ASEAN and the China-ASEAN Summit later this

month, I am confident that Malaysia will guide ASEAN and enhance its bilateral ties with China, as well as focus on economic integration. We will also continue to promote regional cooperation while maintaining peace and security in the South China Sea.

22. Here, it is also timely that Chinese Premier Li Keqiang will travel to Kuala Lumpur in less than two weeks for the ASEAN-China and East Asia Summits, which Malaysia will be chairing.
23. We see China as an important partner for ASEAN, and welcome China's Belt and Road initiative, as well as the establishment of the Asian Infrastructure and Investment Bank – both of which we have joined.
24. Strengthening ASEAN-China ties is key to regional peace and prosperity in Southeast Asia. However, we need to do more in terms of confidence building measures and conflict resolution strategies to avoid any accidental conflict in the already very crowded South China Sea.

***Distinguished guests, ladies and gentlemen,***

25. What we are witnessing today is in some ways a re-balancing of history's global equilibrium. If we look back five-hundred (500) years ago to the sixteenth (16<sup>th</sup>) Century, Asia not only accounted for the majority of the world's population, as it still does today, but it also contributed to nearly fifty percent (50%) of world trade.
26. This transition will require a fundamental rethink of current policies and practices. We can no longer act in unilateral self-interest, or maintain a Cold War - *us against them* - mindset during our international engagements. Collaboration is key if conflict is to be avoided.
27. With that I will end my address here today. However, I hope that this 7<sup>th</sup> edition of this important forum will continue to provide an important platform to strengthen relationships, and promote the importance of China-ASEAN and wider economic cooperation.
28. Finally, I wish to invite all participants gathered here today to visit Malaysia and see for yourselves the abundant business and investment opportunities present that have arisen from the Economic Transformation and Eleventh Malaysia Plan's that we have undertaken.

Thank you.

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