



**MINISTRY OF
INVESTMENT, TRADE AND INDUSTRY**

OPENING REMARKS BY

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AT THE

**ASEAN ECONOMIC OPINION LEADERS CONFERENCE:
OUTLOOK FOR 2025**

**8 JANUARY 2025, 9.00am
DEWAN PERDANA, MITI, KL**

H.E. Satvinder Singh

Deputy Secretary-General for ASEAN Economic Community

Puan Mastura Ahmad Mustafa

Deputy Secretary General (Trade), MITI

Fellow Malaysians and friends from around ASEAN

Selamat Datang. Welcome to the *ASEAN Economic Opinion Leaders Conference*.

During my breakfast with Deputy Secretary-General Satvinder in Dalian, China in June last year, we thought about bringing together media practitioners and key economic opinion leaders from around ASEAN to think about the economic future of our region and beyond, especially in the context of a more complex and difficult world, compared to any time in the last 35 years since the fall of the Berlin Wall.

Ever since Covid-19 in 2020, the world is reeling from a “poly-crisis”. It is a perfect storm of pandemic and various health crises, geopolitical competitions and the worst wars in decades in Europe and in the Middle East, financial volatilities that hurt both the developed and developing countries, which include high inflation, high interest rate, and a debt crisis, as well as a permanent and worsening climate crisis.

Now the world is experiencing the following shifts and new realities:

First, the pursuit of cheap outsourcing in the name of “efficiency” is giving way to the concerns for supply chain resilience and diversification. Gone are the days when many thought the world was constituted by a single global supply chain. Increasingly, supply chains will be divided along geopolitical lines or formed according to regional proximity to avoid the risks associated with too long a supply chain such as those experienced during the Covid-19 pandemic or the Red Sea crisis.

Second, no one now believes the idea that economics, politics and security do not mix. Economics will intertwine with politics and security even more from now. Nation-states and national elections or politics have huge consequences on the economy, as we learnt in 2024, especially the election of the second Trump Administration. Each nation has domestic politics to deal with, and to prevent popular revolts or right wing populism to take root, all governments have to ensure that the economy delivers decent social economic outcomes.

Third, there is a limit to export-oriented industrialisation. In the last 70 years, from Japan in the 1950s to the four Dragons/Tigers (South Korea, Taiwan, Hong Kong, Singapore), to the Tiger Cubs (Malaysia, Thailand, Indonesia, the Philippines, Vietnam), to China since its ascension to the World Trade Organisation in 2001, Asia grew rich by exporting to the United States, and to a lesser extent, Europe.

On the one hand, these markets are seeing the shrinking of their middle classes as well as shrinking population. On the other hand, Asian industrialisation has generated massive productive capacity. The two don't add up. Something will break somewhere. Asian economies cannot forever think of the United States as the export destination of the first and last resort. We will have to create more consumer markets, especially in ASEAN.

These massive changes bring home a simple message: business as usual won't cut it. ASEAN needs to be bold to face the challenges while taking advantage of the opportunities presented.

As we envisage ASEAN in 2045, there are three key elements which are important:

First, ASEAN as a regional supply chain

If we leave it to the major powers, the supply chain will probably eventually bifurcate as the United States and China extricate themselves from each other. It is not in the interest of the rest of the world to see the supply chain bifurcate, and therefore, ASEAN, together with European Union, the Global South, and the rest, need to do the heavy lifting to ensure that the middle ground or the common ground is big enough to resist bifurcation.

And, this is also the time that ASEAN member states should see each other not as competitors but complementing each other to form a resilient regional supply chain. In this context, the Johor-Singapore Special Economic Zone has the potential of creating an exciting future and a role model. More ASEAN-wide joint investment projects or sub-regional cooperation will help to make the ASEAN supply chain stronger. The sum is much bigger than the parts.

Second, ASEAN as a middle power

When ASEAN was formed in 1967, it was during a volatile world in transition, just like today. ASEAN's non-aligned stance wasn't born out of a vacuum. ASEAN was established precisely because the founders thought that ASEAN should not be aligned

to either side during the Cold War, and that we had to get together to be a force to be reckoned with. The 2020s is exactly such a moment that we in ASEAN need to hang together so not to be hung separately. We need to work with each other very closely and we need to ensure that each ASEAN member state is economically secure and well-to-do so to form a much stronger regional solidarity.

Third, ASEAN as a prosperous middle class society thus an important market

Over the next two decades, ASEAN should emerge as a middle class society and thus becoming a sizable consumer market, and not just production sites in the old formulation of export-led industrialisation.

To do so, we must ensure that ASEAN member states do not enter into a race to the bottom in terms of wages, tax cuts or tax holidays. Instead, ASEAN must uphold environmental standards. It is used to the old export-led industrialisation model in which we help multinationals to suppress wages to make us a cheap destination to produce. It is also used to giving tax cuts or tax holidays to multinationals. As countries begin to adopt the Global Minimum Tax (GMT), there is an urgent need for ASEAN member states to work towards an agreement *not* to circumvent the GMT. The multinationals are knocking on the door of each country's treasury to ask for cash grants to circumvent the GMT.

We will have to stand together and tell the multinationals that we need to collect these taxes for the greater good of our people, and for ASEAN to emerge as a middle class society, which in turn will be a huge market for all, including the multinationals. Also, we need to ensure that when we develop our economy, we are protecting the climate and the environment together. There should be no race to the bottom among us.

As you can see, I have high hopes on ASEAN coming together as a supply chain, as a middle power, and as a middle class society. I hope you will deliberate more over the next two days, especially on the theme of Malaysia's ASEAN Chairmanship 2025 - "Inclusivity and Sustainability" - which aims for inclusive growth and sustainable development to ensure no one is left behind. Our Prime Minister Datuk Seri Anwar Ibrahim has expressed his hope for Malaysia, that to achieve growth, inclusivity, and sustainability at the same time, we must raise the ceiling and the floor at once. Of course, a lot has to be done to achieve this. I believe many ASEAN member states share this vision.

Before I end, may I thank everyone who took time off to join us here at MITI in Kuala Lumpur, especially our foreign friends from around ASEAN. We have 40 foreign and 200 domestic participants with us today.

I would also like to thank Dato' Omar Siddiq of HSBC Malaysia for not only sponsoring the event but also spending time to oversee the preparation of the conference. I thank Lydia Wang and Chan Seng Fatt of The Star Media Group, and Nurlin Salleh of BCG Consulting, for volunteering their time to create the contents and to make this conference possible. Thank you to Ng Wei Wei of UOB and Tan Sri Tony Fernandez of AirAsia for co-sponsoring the conference.

Last night, I met with my friend H.E. Ceferino S. Rodolfo, Undersecretary of the Department of Trade and Industry of the Philippines, together with the conference sponsors. As the Philippines is chairing ASEAN in 2026, it would be great if this conference would continue in Manila next year, with the support of the same set of sponsors through their colleagues in Manila. They all said "yes" last night, so I fervently hope this will materialise.

Thank you again, Happy New Year. Let us be bold to make ASEAN great in its unity in diversity.