

**ADDRESS BY
HIS ROYAL HIGHNESS RAJA NAZRIN SHAH
RAJA MUDA OF PERAK
AT A DINNER WITH
FUTURE HEADS OF MALAYSIAN FOREIGN MISSIONS
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***The Emergence of China and India as Global Powers and its Impact on
International Diplomacy in the Asia Pacific Region***

Bismillahi Rahmani Rahim

Assalamualikum Warahmatullahi Wabarakatuh

It is my great pleasure to join you this evening and to address this distinguished gathering of diplomats.

2. Rare indeed are the moments in history when nations that once enjoyed eminence recover to regain their stature. One of those rare moments is upon us now. China and India, once great nations and empires that fell by history's wayside, are now on the rise again. If current trends continue China will become the world's largest economy by about 2030. India will not be far behind and become the third largest by 2050. As their economic sinews grow, so will their military prowess and strategic influence. The United States, a superpower since the middle of the last century and the unipolar power for more than two decades now, will slip from its lone pedestal. Boasting half the the world's Gross Domestic Product in the 1950s, it now owns just a fifth (20.42 percent in purchasing power parity terms).

3. A geopolitical moment of such import, involving the resurgence of two countries that together are home to more than a third of the people on the planet, cannot but impact greatly upon international diplomacy. But the geopolitical landscape that is unfolding is even more complex. Russia, Brazil as well as Indonesia nearer home, will also be among the large economies. On the other hand, along with the United States the developed nations of Western Europe will have their share of global gross national income reduced. In other words, global economic power will become more diffused and less concentrated among an affluent few, and economic weight will tilt from the Atlantic to the Pacific, and from the West to the East.

4. Size or quantity alone, however, cannot be the determinant of economic prowess or national power. Quality matters too, and China and India will continue to trail significantly behind the presently developed economies for a long time to come with respect to per capita GDP. China's per capita GDP is expected to multiply threefold by 2050, but will still be only a third of that of the United States and half that of Japan, South Korea and Germany. India, too, is projected to increase its per capita GDP three times, but it will only amount to a tenth of the United States'.

5. Framing the phenomenon that is unfolding as I have just done, in terms of shifts of economic and strategic weight, and of gains and losses in comparative position, can be distorting of the picture somewhat. The most important fact out there is that while relative positions may rise or fall, all countries are generally becoming more economically developed and some of them are becoming significantly more prosperous. This situation provides enormous opportunities for countries like Malaysia, and its diplomacy must

vest the highest priority on the economic agenda. Prospecting for greater economic opportunities not only in China and India but also elsewhere will be our most important task.

6. While a more multipolar world with increased opportunities for many is emerging in the economic sphere, I expect the world to continue to be largely unipolar in the military dimension in the foreseeable future. Despite substantial increases in military expenditure among all emerging economies including China and India, the United States and its allies and strategic partners in the West and Asia will continue to be pre-eminent unless the alliance structure is fundamentally altered in the future. Current indications are that the alliance structure is in fact being reinforced. China will likely emerge as the dominant regional military power, but will find it difficult to exercise regional hegemony, still less become a global hegemon.

7. If its political system remains the same, China will lag behind in soft power too. Its political stability will be envied and it will continue to attract foreign investment and business, but it will not be an appealing system for many.

8. During the periods in the past when China wielded exceptional power it was not as much a threat to the region and to the world as other major powers had been. It neither established colonial empires nor invaded entire regions. Its military adventures were restricted to its immediate vicinity, and indeed it was the victim of several invasions and foreign occupation. The Indian experience is broadly similar and it too suffered many invasions.

9. Yet, China's resurgence, in particular, is causing a degree of concern in some countries, rightly or wrongly. While all countries seek to engage with her fully, some are apprehensive about her possible conduct in the future. They cite her alleged lack of military transparency and point to the occasional assertive stance of Beijing in matters of territory. Some are wary of growing strategic competition from China and want to prevent her from upsetting the prevailing military balance. Almost all countries are hedging in one form or other, and to some degree or other, though not openly acknowledging it.

10. China's rise is, therefore, unfortunately fuelling rivalry among the big powers even as they engage in mutually beneficial cooperation. Alliances and strategic partnerships are being strengthened and expanded and joint military exercises held.

11. Indeed, the United States sees China as a growing challenge to its hegemony in the region, and has explicitly declared its intent to prevent any such challenge emerging from any quarter. The US is also motivated and conditioned by other interests. It is driven by a deep sense of what it calls Manifest Destiny and a messianic mission to spread freedom, democracy and human rights. The United States' obligations towards Chinese Taipei under the 1979 Taiwan Relations Act also places it in a position of conflict with China. North Korea is another issue that generates differences and often friction between Beijing and Washington. Finally issues over trade, currency, property rights and the environment complicate ties and constrain goodwill and cooperation.

12. The rivalry between Japan and China is long and historical. Growing economic interdependence and participation in various cooperative multilateral

fora in recent decades should have moderated and diluted past legacies, but relations continue to be periodically strained and difficult. Japan's occupation of China (as well as its neighbours) in the last century remains a thorn in their relations, exacerbated by issues such as incidents in the seas surrounding the disputed Senkaku/ Diaoyutai Islands and visits to the Yasukuni war shrine.

13. The modernisation and development of China's military capabilities and Beijing's strong and expanding economic and diplomatic ties with ASEAN have spurred Japan to also make an effort to raise its strategic profile in the region. Japan's close security alliance with the US, which is perceived as directed against China, fundamentally compromises good intentions and prejudices relations.

14. Rivalry in the region involves other major and middle powers as well and they essentially pivot around the United States' reaction to the rise of China.

15. Australia and South Korea are alliance partners of the United States and therefore generally range themselves alongside the US on defence and security matters. Both countries have increased their military expenditures in response to rising expenditures among other countries. Indeed, all the countries in the region are increasing their expenditure as they become more affluent. Countries with relatively weak military capabilities – who perceive themselves as disadvantaged – feel especially compelled to enhance their capabilities. China's maritime power is presently weaker than even Australia's, India's and Japan's, not to mention the United States. China was responsible for 6.4 percent of global military expenditure in 2009, compared to the United

States' 43 percent¹. Between 2000 and 2009 the United States spent a total of US\$5.2 trillion, nearly nine times more than China's US\$606 billion. During this period China spent even less than France and the United Kingdom².

16. The rise of India has generated a different set of dynamics. As compared to China, India's re-emergence as a regional power appears more attractive to many states in the Asia Pacific region. As the world's largest democracy, with a vibrant press and flourishing entertainment industry, India has a major soft power advantage. India does not have competing claims in the South China Sea with other Asian states. There is a notable lack of apprehension about India's rise and indeed an eagerness to support it. India has been welcomed as a trusted strategic player in the regional security setup by all status quo states.

17. At the moment, because the US views China as its leading strategic competitor, naturally it would want to capitalise on India's growing influence to balance any manoeuvre by China towards a preponderance of power. India and China have overlapping commercial and political interests that are fuelling intense competition between them. At the same time, given their shared economic interests as major trading partners, both India and China have taken positive steps to improve relations with each other. However, China's close relationship with Pakistan, and its continuing claims on the territories of Aksai Chin and Arunachal Pradesh, drives India to tread with caution.

18. India is also apprehensive about China's expanding naval power projection capabilities in the Indian Ocean. It has consequently cultivated

¹ Stockholm International Peace Research Institute (SIPRI), www.sipri.org

² Ibid.

closer strategic alliance with the US even as New Delhi continues to jealously value its non-aligned foreign policy posture. India, the US, Japan and Australia are strengthening military cooperation and have held exercises in the Andaman Sea and in the Pacific Ocean. An “alliance of democracies” has been touted.

19. Fortunately, the emerging new strategic realities created by the rise of China, India and other countries are also being managed constructively by skilful and proactive international diplomacy. The necessity for these emerging powers to challenge and replace institutions created and dominated by the status quo powers is being averted by modifying and expanding these institutions to accommodate them.

20. Thus, the G8 club of largely Western industrialised nations has been expanded to become the G20, signifying acceptance of the global role of rising powers. China’s representation, quota and voting power has been upgraded in the International Monetary Fund, the World Bank and the World Trade Organisation. Nevertheless, attempts to widen Security Council permanent membership have so far been unsuccessful.

21. In similar vein, a diplomatic culture of pragmatic engagement and cooperation based on widening circles of regionalism has served the Asia Pacific well, and ASEAN can take pride in the fact that it is at their hub. This culture has enabled the co-opting of established and emerging regional and global powers, as well as lesser ones, to come together in common endeavour to foster mutual peace and prosperity. The ASEAN Regional Forum, the ASEAN Plus Three process and the East Asia Summit all help socialise the

participants and provide increasing opportunities for cooperation on a broad front.

22. As China and India gain in regional and global stature they are beginning to exercise greater influence in key fora and negotiations on a range of issues including trade, the environment and climate change. Their influence multiplies when they act in concert with other emerging countries like Brazil. To the extent that they champion wider developing country interests against developed country dominance of the global agenda on these issues, it will be beneficial to the forging of a more balanced and equitable approach reflective of the interests of the majority of humanity. Countries like Malaysia must therefore foster common cause with them.

23. It will be interesting to see in what ways a resurgent China and India will seek to shape diplomatic culture and global norms and institutions. I believe it is highly unlikely that they will have the capacity to structure a new world order like 17th century Europe was able to do through the Treaty of Westphalia. Nor will they have the capacity to mobilise global consensus on United Nations reform without the support of other major powers.

24. China and India crafted the seminal Five Principles of Peaceful Coexistence that later nourished the ethos of the Non-Aligned Movement. If they continue to adhere to its spirit, I believe they will not attempt to propagate any substantially new norm to guide international diplomacy. But they will have greater capacity to uphold the principle of non-interference in domestic affairs and mobilise wider resistance to the intrusive form of diplomacy that the West is occasionally inclined towards. The transition if any will be gradual as the West slowly refrains from being as assertive.

25. For the countries of Southeast Asia that are at the maritime crossroads of both China and India, and neighbour them on land as well, there are likely to be special demands upon the mode of diplomacy they employ to interact with the ascendant powers. Of particular urgency is a more binding and formal code of conduct in the South China Sea that is effective in preventing conflict and provocative behaviour. Pending resolution, joint cooperation and exploitation in areas under dispute should be earnestly pursued.

26. Regional solidarity through ASEAN is of the utmost importance, and the Treaty of Amity and Cooperation must remain the bedrock of peaceful conduct among states in the Asia Pacific region.

27. The Zone of Peace, Freedom and Neutrality, or ZOPFAN as it is more popularly known, has virtually disappeared from the ASEAN lexicon. Its faithful inclusion in all relevant official documents appears to have become its only purpose. One suspects that many are even embarrassed to mention it, and consider it an anachronism whose “use by” date has long since elapsed.

28. Yet I would like to think that in a period of renewed and budding major power rivalry ZOPFAN’s fundamental message of non-involvement remains utterly relevant for the countries of Southeast Asia. Perhaps it is time to give fresh meaning to ZOPFAN, one that is more affirmative rather than negative, one that encourages engagement with all rather than distance from contending sides, yet one which enjoins non-partiality in simmering hostilities and potential conflicts. ASEAN’s abiding guiding principle could perhaps be: “A friend to all and foe to none”.

29. Which brings me to the question of security doctrines that are relevant to our times. Presently, conflictual notions of inter-state security continue to retain their grip upon strategic thinking and state diplomacy. Their salience appears to be reinforced by the stresses that are being generated by the shift in the global and regional strategic balance that is currently taking place. Increased competition for resources and access to the global commons to satisfy the needs of giant economies growing at rapid rates are sharpening the edges of rivalry. The cumulative impact of past wounds, ideological differences, disputes over territory and expanding military capabilities are together lowering the threshold for conflict.

30. At the same time, globalisation and a liberal trading system that is integrating economies and societies as never before, are rendering such conflictual approaches to security-building obsolete. Not only economic fortune but security well-being is becoming increasingly inter-dependent and mutual. The costs of war and violent conflict are mounting and mutually debilitating. The United States, China, Japan and India are each other's leading trading partners. They have huge stakes in the health of each other's economies even as they compete with one another in each other's domestic as well as international markets. Production processes are increasingly located on foreign soil. Going to war against each other in such circumstances is mutually suicidal. Geo-economics is therefore mandating a cooperative rather than conflictual approach to security.

31. Similarly, trans-border security challenges and threats such as human trafficking, piracy, environmental pollution and natural disasters make international cooperation for mutual security imperative and unavoidable.

Security in the Straits of Malacca, for instance, is best assured when the littoral states coordinate the deployment of their assets and operations with one another rather than work independently.

32. The evolving strategic environment therefore requires us to seriously re-think our security assumptions, doctrines and approaches. Conflictual approaches to security are forbiddingly costly to prosecute and even more costly in their consequences. Their relevance and utility are increasingly being confined to narrow dimensions of state security such as territorial disputes and surveillance and policing of territorial waters. All trading nations including China, India, Japan and the United States share a common and vital interest in the safety of major shipping routes. Securing the safety of sea lines of communication is infinitely more economical when trading nations pool their resources than when they police the routes with an unnecessarily watchful eye on one another.

33. Transitioning from conflictual to cooperative approaches will not be easy. The global military-industrial complex may not be too happy with this as such approaches would seriously affect their balance sheets. Conflictual approaches breed their own internal logic. Threat perceptions based upon worse case scenarios and the counter-measures that each party takes feed upon each other and escalate the intensity of the perceived threat. Problems such as those on the Korean peninsula will no doubt remain within the ambit of conflictual approaches to security assurance until the conflicting parties are prepared to acknowledge and address the fundamental grievances and fears of each other. But other problems such as the “China threat” would perhaps benefit greatly from a sober examination of the assumptions and rational

analysis. If this is done, perhaps the problem may be smaller than it is made to be.

34. The way forward would be to work hard at gradually expanding the space for cooperative security and correspondingly reducing the space for conflictual approaches to security-building. This will be a profound challenge for international diplomacy both here in the Asia Pacific where a dramatic shift in strategic balance is underway, as well as in other parts of the world. Those involved in this mammoth enterprise would include the professional diplomats like you who must lead the way. But it cannot be just professional diplomats who will be engaged in this enterprise. Track two diplomacy will be almost as important. Peace diplomacy, engagement diplomacy, economic diplomacy, public diplomacy, ping-pong diplomacy, panda diplomacy, cultural diplomacy, sports diplomacy – indeed the whole spectrum of creative diplomacy – will be required to reduce suspicion, build trust and clarify issues that will help pave the path towards more cooperative ways to manage international issues.

35. On that note I wish you all the very best in discharging your duties during what promises to be an exciting future. May I take this opportunity to wish all our Chinese friends a very Happy Chinese New Year. May the year of the rabbit bring peace, happiness, good health and much success.

Thank you for your attention and have a good evening.