



SPEECH

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Speech by Second Minister for Defence, Mr Ong Ye Kung, at the Breakfast with Southeast Asian Young Leaders, on 4 June 17, 0800h, at Shangri-la Hotel Singapore

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Young leaders, I am very glad to meet all of you. This is the second year, I believe, that the International Institute for Strategic Studies (IISS) has done the (Southeast Asian) Young Leaders' Programme. I have some inkling of your programme that you have met many people, including (Australian) Prime Minister (Malcolm) Turnbull, and you have visited many places - I believe you went to Changi Naval Base. So I hope you had a good visit. And really, the reason why Singapore plays host or lends the venue for IISS to organise an event like this is because we believe this is a region - Southeast Asia - where we can provide a platform for big powers, small powers, medium powers, big fish, small fish and shrimps, to all come together and talk about the challenges of the day. And through this process, I hope too that as young leaders, you get a sense of the kind of challenges we face. We cannot solve problems here, but we can improve understanding (and) at least narrow the differences. Through the Shangri-La Dialogue (SLD) over the past one, two days, you probably have had an overdose of defence and security issues. So I thought maybe I would talk about other things, namely trade and technology. And really, they are all related.

Yesterday, we were just talking to (US) Secretary (of Defense James) Mattis and he made a very good point - and a point that we have always believed in - which is that security issues and all the security initiatives we embark on do not really bring hope, especially to young people. In fact, they are quite vexing and the deeper you dive into it, the more frustrating it

becomes because problems just keep coming and never really resolve themselves. What really brings hope, really, is societal development, economic development, and that brings young people hope, especially those in schools that I have to deal with. But it also then puts security in the right context. What are we protecting? We are really protecting our way of lives in all our different countries; we are really protecting our hopes for the future generation. And conversely, when we look at all the economic measures and initiatives from the World Trade Organisation, to the Asia-Pacific Economic Cooperation, the ASEAN Economic Community, the European Union, the Trans-Pacific Partnership, and the Regional Comprehensive Economic Partnership, all these bring countries together, to work together in a web of collaboration. That, in turn, increases the mutual interdependence between different countries, across different regions, and that is actually an important part of a security architecture. So you are actually unable to separate the two.

But that leads me to the next issue. That is, trade and economics are largely driven by technology, and I (have) always believed it to be so. Since the industrial revolution it is technology that drives the entire economic model of how economies are being organised. That, in turn, drives the way we trade, which in turn drives the kind of social problems we see, that we have to address as individual governments. And today, we are at a new turning point, a new era of technology driving the way our economies work, which will in turn drive security concerns.

Earlier this week before the SLD, I visited an incubator. So, as you know, I was a trade negotiator, so I know how a Free Trade Agreement (FTA) works quite well. But visiting an incubator made me feel that I think an FTA is also in the process of being disrupted. I will spare you the details of what is in an FTA. But when I went to an incubator, I saw this company (which) set up a platform to crowdsource for videos. So, if you are a corporate wanting to do a certain video, you crowdsource and people around the world will bid for your project. You then get it online, (with) someone sending it to you. Very simple. When I go home now - my daughters just subscribed to Netflix, but with parental blockage - and so at home, it is quite common (that) my wife and I will be watching TV - we are still old fashioned, we watch (Mediacorp's) Channel 5, Channel News Asia - and they will be on their Netflix watching programmes that are produced (from) all around the world. So it reminds me of a trade negotiation I had, and one of our partner countries was protecting so vigorously cultural products going into their country. And this is one product that the FTAs must have

all the rules to protect - cultural products, because they need to maintain their sense of culture.

But with technology, that becomes quite difficult. Even if you set up the rules, the products come in. I have seen other cases where countries protect domestic services like the taxi industry, the hotel industry. But in the era of shared economy, it becomes quite challenging to protect such industries. I can protect taxi services, which means I do not allow foreign companies to set up taxi companies in my country and buy and provide taxis. But today with Uber, with Grab in Singapore, that bypasses all those rules. Because I am using your cars and mine to give rides to other people. Likewise for hotels, I am using your houses and mine, your spare rooms and mine to rent (them) out to tourists. So it is not so enforceable and domestic economies or countries are trying their best to redress the rules, to reassert their control over trade liberalisation and control over their sectors. E-commerce is another example, you can put tariffs, you can prevent companies from coming in to offer retail services, (but) e-commerce bypasses the rules as well. So this is where we are. I should mention, in Singapore's case, one of our key sensitivities is actually education, at the lower level, because we believe in educating at national standards. But today, you have Massive Open Online Courses (MOOC) and anyone can subscribe to a MOOC, so all these have to now be put in perspective.

Having said all that, while technology is integrating the world and is an inexorable trend, something like a FTA or regional trade agreement still play a big role because it still sets the rules and regulations and a framework for countries to work with each other in the areas of trade, investments, protection of Intellectual Property Rights and in some cases, even setting standards on labour and (the) environment. So it continues to be important, but we are cognisant of the fact that technology is pushing the boundaries, and what we have on paper, over time, sometimes becomes obsolete. So let us not underestimate that we live in a world today where there is an invisible hand of technology, always pushing the boundary for freer trade, for globalisation, for us to be more connected as humanity, regardless of which region we live in, regardless of what countries we live in. All in all, this trend is a double-edged sword. On one hand it opens up lots of opportunities, on the other hand, globalisation also causes anxiety. And I think a place like Southeast Asia, a place like Singapore, can benefit a great deal, provided we manage the downsides right, and provided we are able to work together to leverage the upsides.

So why do I say so? First of all, I think culturally, ASEAN by nature, we are free traders. As a region in Southeast Asia, we have always straddled the major trade routes and we have always strived historically when there are strong economies around us, whether it is the Middle East, whether it is the West, India or China. And we are the thoroughfare where trade goes through us and we thrive as a region as a result. Even till today, half the trade in the world comes through the Malacca Straits. Because of that DNA in us -I think over centuries, we are probably the only region in the world where the major civilisations and religions have deep cultural imprint in this region, starting with Hinduism, Buddhism, the West, Islam - and throughout this period, ASEAN was never at war and that I think has a lot to do with our DNA of embracing diversity, being able to co-exist despite differences in culture and religion. And that is a very, very strong point for Southeast Asia, especially in this era.

But some conditions have to be in place for us to ride this fortune. I would say I have three points here, and I will be happy to hear your views after that. First condition, Southeast Asia must band together, and through ASEAN, maintain our centrality and our neutrality. That is really why we have done well over the years. Even for SLD, this is a very good example that we provide the venue - it is a central place where big powers feel comfortable to come here to discuss difficult issues. And be mindful that actually as a region, we are actually growing quite big as a market. By 2030, I think many speakers have mentioned, we will be the fourth largest economy. But that is provided we band together and are united - 620 million people, (and) I think US\$2.6 trillion in terms of Gross Domestic Product. And I came across this statistics by PwC that by 2030, Indonesia, Thailand, the Philippines and Malaysia, each will have GDP, each exceeding US\$1 trillion and in the top 32 countries in the world - G32. So four out of G32 will be ASEAN countries. I hope Singapore will be there, but I think we are constrained by our size. So if we can collectively leverage a common market in Southeast Asia, diplomatically (and) internationally, if we can have a united collective voice, I think we can play a big part in international economics.

Second condition is (to) continue to embrace diversity, as we have always done so. As I have mentioned, every civilisation has left their deep imprint (and) it adds to the strong, deep culture of Southeast Asia has. And I think in this globalised world, it is important that all of us, as a region, as individual countries, we have to be very comfortable in our own skin and we do not have to feel compelled that because the world is globalised, we have to emulate others. So in Southeast Asia, we practice our own art form. In Singapore, for example, we have the Nanyang style of art. I think it is quite unique here. Actually, it was western art

coming (here). Our older Chinese first generation artists learned western art, brought it to Singapore. They then went to Bali and developed, and adopted Balinese style of art and then somehow amalgamated it into Nanyang style of art. So something that we feel very comfortable and unique to us, and shapes our identity. Food, I do not have to say, all of us are very proud of our own food. Celebration of festivities, celebration of major religious occasions - we have our own way of celebrating them, we have our own way of greeting each other that is not found anywhere else in the world. And we must be comfortable with that, especially when the world becomes more globalised.

The third one is: Individually, our countries will need to tackle the potential social dislocation that will arise as a result of globalisation. I think we are starting to see that this is happening in a big way because in a digital world, those who do well with the knowledge and the skills, they will do very well. But those without the skills, they have a great risk of being dislocated and being unemployed, and it may affect even their next generation. That is where my other portfolio comes into play, which is in education and lifelong learning. I think this is something important that all our governments have to work on. The way we teach the new generation; the way we interest them in whatever domains they might have talent in and how we develop mastery in those areas of interest throughout their lives, deepening their skills all the time; the way we expose them to digital technology from a young age. I think it is critical to prepare our next generation and really, they are yours and my children, we have a large stake in this. So that is the third area and third condition that I think we have to work together. I really hope (that) Southeast Asia as ten countries, we can come together more, exchange such ideas, in terms of how we innovate as a region, how our people get to know each other better, not just personally but each other's cultures, habits, idiosyncrasies (and) our own societal make-up. The more we can do that, the more united we are and the more successful our region can be.

Thank you very much for your attention. I should wish all our Muslim friends here Salam Ramadan, and all the best for the rest of your visit. Thank you.

News Release:

- Second Minister for Defence Engages Southeast Asian Young Leaders (MINDEF_20170604001.pdf)