



Malaysia-Republic of Korea 50th Anniversary Scholars Colloquium



The Malaysia-Republic of Korea 50th Anniversary Scholars Colloquium, held in Kuala Lumpur on 18 October 2010, saw a gathering of distinguished personalities from the Republic of Korea and Malaysia to commemorate the long and stable bilateral relationship between the two countries. [Read more](#)





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ISIS has been at the forefront of some of the most significant nation-building initiatives in Malaysia's history, such as contributing to the Vision 2020 concept and as the consultant to the Knowledge-Based Economy Master Plan initiative. The Institute has also played a role in fostering closer regional integration and international cooperation through forums such as the Asia-Pacific Roundtable, the East Asia Congress and the Network of East Asian Think-Tanks (NEAT).

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- To provide library facilities on subjects pertaining to national and international issues;
- To collaborate and co-operate with other bodies, within or outside Malaysia, in the furtherance of its objectives.

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Malaysia-Republic of Korea 50th Anniversary Scholars Colloquium

The Colloquium provided scholars, diplomats, and other prominent personalities from both Malaysia and Republic of Korea a platform to engage one another in discussions on bilateral, regional and global issues in the areas of politics and security, economics and business, as well as directions for future cooperation and integration in the East Asian region.



From left: Lee Joon-Gyu, Mohd Radzi Abdul Rahman, Mahani Zainal Abidin and Lee Yong-Joon

Political and Security Cooperation

The first session, entitled 'The Malaysia-ROK Strategic Relationship: Past, Present, and Future' reviewed the overall relationship between Malaysia and the Republic of Korea (ROK) while focusing on political and security issues. **Dr Lee Jay-hyon** of the Institute of Foreign Affairs and National Security (IFANS), Korea, noted that, on 23 February 2010, Malaysia and the ROK commemorated the 50th anniversary of diplomatic relations between them.

This long, stable bilateral relationship, which is South Korea's third longest with a Southeast Asian country, has also extended into

cooperation in economic development, and in multilateral fora. It owed its origins in part to Malaysia's Look East Policy, initiated in 1982 by then Prime Minister Tun Dr Mahathir Mohamad with Japan, and which in 1983 was expanded to include South Korea.

The close relationship between the two countries on the political and security fronts has manifested itself in a number of ways. Both countries have participated in a number of high-level exchanges; every Korean President – except the first, whose presidential term ended immediately after the establishment of diplomatic ties – had visited Malaysia, and Malaysian Prime Ministers and Agongs have



Mohd Radzi Abdul Rahman

visited the ROK over the same time period. In June 2009, Dato' Seri Najib Razak visited South Korea, while President Lee Myung-bak visited Malaysia in December 2010. Regular exchanges of military personnel as well as of training have also taken place, as have biennial visits between the Korean Naval War College and its Malaysian counterpart.

Economic and Socio-cultural Cooperation

The Second Session discussed the close economic and socio-cultural cooperation between the two countries. Malaysia, in implementing its Look East Policy, has sought to emulate the economic development paths set by Japan and Korea, and has actively courted Korean knowhow, expertise and investment. Among the symbols of this close cooperation are:

Trade between the two countries has expanded from US\$656 million in 1980 to US\$15.7 billion in 2008

In 2009, 66,148 Malaysians visited Korea while 267,000 Koreans visited Malaysia in 2008

- The Petronas Twin Towers, the world's tallest towers until 2000 -- one of the two towers was built by Samsung Engineering and Construction and Kukdong Engineering and Construction;
- The Penang Bridge -- one of the longest bridges in the world at 13.5km, of which 8.4km is over water -- constructed by Hyundai Engineering and Construction Company Ltd.

Cooperation between the two countries in the areas of trade and investment has flourished as well. At present, Korea is Malaysia's eighth largest trade partner, while Malaysia is Korea's sixth largest trade partner, and in Asean, Korea's third largest trade partner. Trade between the two countries has expanded from US\$656 million in 1980 to US\$15.7 billion in 2008, with Korean exports to Malaysia predominantly in the electrical and electronics sector while Malaysian exports to Korea are primarily in electronics, petroleum and liquefied petroleum gas (LPG); Malaysia supplies 25 per cent of Korea's LPG.

Malaysia is a significant recipient of South Korean FDI which has expanded from US\$151 million in 1980 to US\$329 million in 2008, making South Korea Malaysia's 7th largest source of FDI. Malaysian FDI to Korea has remained relatively modest at around US\$200 million from 1991-2008. However, the Berjaya group has recently announced that it is investing US\$100 million in a resort complex in Jeju Island, where the Korea-Asean Special Summit was held in 2009.



Mahani Zainal Abidin

Both countries have also taken steps towards future cooperation in the areas of trade and investment. The establishment of the Korean Chamber of Commerce and Industry (KOCHAM) in 2009, and the setting up of an office in the Malaysian Industrial Development Authority (MIDA) by the Small and Medium Business Corporation of Korea (SBC) in 2010, are recent examples.

A number of important socio-cultural exchanges have taken place between the two countries, particularly in the areas of tourism, education and popular culture. Malaysians have reacted positively to the current wave of Korean culture spreading throughout East Asia. Korean television dramas, film, music and art are especially popular among Malaysians. One resulting impact of this is an increase in tourism between the two countries. In 2009, 66,148 Malaysians visited Korea while 267,000 Koreans visited Malaysia in 2008. Korea is among the top ten countries applying for the Malaysia My Second Home (MM2H) Programme.

There are also extensive exchanges between the two countries in education. Koreans regard Malaysia as a safe and clean country where they can learn English and Chinese, and pursue tertiary education. At present, there are about 960 Korean students in formal education in Malaysia, while there are believed to be an additional 10,000 Koreans studying languages here.

Similarly, a number of Malaysians are taking educational courses in Korea and undergoing training in various technical courses, including industrial technology and mid-level manager training. Malaysian government officers are trained by the Central Officials Training Institute of Korea, while Malaysian students pursue tertiary education. Finally, Malaysia is host to a large number of Korean nationals — 14,580 in 2009; there are eight Korean schools in Malaysia serving the needs of their children.

Regional and International Cooperation

The Third Session, on regional integration and architecture, examined the various platforms for regional integration as well as ways for both countries to advance regional architecture. At present, the three main regional platforms are Asean+3, Asean+6 and Apec. Asean+3 includes the East Asian countries, but does not include the United States; it is supported by China. Asean+6, or the East Asian Summit (EAS) is made up of the Asean+3 countries plus India, Australia and New Zealand, and it is preferred by Japan.

Meanwhile, the Apec platform operates at the Asia Pacific level and has been traditionally supported by the US. However, Apec is predominantly an economic forum, and has come in for criticism for the voluntary and non-binding nature of its initiatives. It was also noted that, in terms of regional integration, the US has been a stumbling block as it opposes any arrangement in which it is not included.

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Lee Yong-Joon

There have also been a number of new initiatives. These include the Asia-Pacific community (APC), the East Asian Community (EAC), and the Trans-Pacific Strategic Economic Partnership (TPP). The APC was proposed by then Prime Minister of Australia, Kevin Rudd who noted that there was no existing forum for cooperation which could bring together the whole Asia Pacific region. However, response to the APC has been lukewarm and it was felt that there was too much overlapping by the various Asean initiatives. The East Asian Community (EAC) is a multi-layered network of communities proposed by Japan. However, it remains a distant goal to be defined in the future, as it is envisioned to be an arrangement that would arise out of the Asean+3 or Asean+6 arrangements.

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Finally, the TPP Agreement, an agreement to promote greater market coordination, originally agreed between Brunei, Chile, New Zealand and Singapore, rose to prominence recently, especially since the United States reaffirmed its commitment to it in late 2009. At present, the United States, Australia, Malaysia, Peru, and Vietnam are in negotiations to join the TPP, and a number of other countries have also expressed interest.

Other topics raised included the proliferation of free trade agreements (FTAs) and the rise of China. It was noted that tremendous progress has been made in the Asean region in terms of trade, market and economic integration and that Asean continues to be at the centre of FTA agreements. However, participants raised a caveat in that the FTA environment is becoming increasingly complex, exclusive and competitive and that a multilateral approach to untangle the 'noodle bowl' of FTA agreements is desirable.



Participants at the colloquium

The rise of China was another issue discussed. While it was acknowledged that China's rapid economic growth has offered many economic benefits to the region, the growing assertiveness of China has the potential to cause headaches for the region. It was proposed that the middle powers of the region unite and cooperate to manage superpower rivalries, as Asean has been able to do very well over the last 40 years. It was also proposed that for small and middle-sized countries, Asean may be regarded as a model on how to manage and engage China and other superpowers under a multilateral framework.

Opportunities for Future Cooperation

The final discussion centred on opportunities for future cooperation between the Republic of Korea and Malaysia. In general, discussants noted the strong, stable relations shared by the two countries, Korea's third longest with a Southeast Asian country. There has been a close political and economic relationship between them, and more recently, a close socio-cultural relationship as well.

However, there has been no strategic pressure to take relations between the two countries to a higher level and therefore complacency has set in. This colloquium is timely in allowing scholars, diplomats, and other prominent personalities to take stock and explore areas of common interest, concern, and outlook, on which future cooperation could be based.

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Lee Joon-Gyu and Mahani Zainal Abidin

Proposals for advancing cooperation on the political and security fronts included suggestions for actions at both bilateral and multilateral levels. On the bilateral level, it was suggested that the two countries re-engage through the holding of more high-level engagements and summits, and through reinvigorating the Look East Policy. There is also scope for both countries to expand cooperation in the area of peacekeeping operations (PKO).

Malaysia has a long tradition of taking part in PKO, while South Korea has been increasingly active in this area, especially over the last decade. A deepening of cooperation between the two countries in this area can include the holding of joint training exercises, as well as the sharing of best practices, such as the Malaysian Peacekeeping School.

There is also potential for both countries to cooperate in the management of the global commons, such as in anti-piracy operations in the Gulf of Aden and the Indian Ocean. In addition to anti-piracy and maritime security, both countries could explore avenues for cooperation in broader security issues, such as in cyber security and in the defence industry.

The management of pandemics and other public health emergencies was another area highlighted by participants where cooperation between the two countries was

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possible, especially given the recent pandemics such as avian influenza, and 'swine flu'. Some remaining areas of cooperation raised by participants with regard to the political and security arena include nuclear power plants, energy security, and combating illegal trafficking.

Participants also identified a number of areas for both countries to engage in terms of economic and socio-cultural cooperation. There was a call for greater financial cooperation. It was noted that there was potential for Malaysia to cooperate with Korea to evolve Islamic finance in that nation into a viable alternative, or at least a system complementary to the existing financial system. With Korea beginning to introduce Islamic finance, Malaysia can assist the nation integrate Islamic finance into its economy.

A second area is that of green technology; there is strong will in both governments to promote this technology. New initiatives have been announced recently by both governments, and there is also potential for both human resource development and networking in this area between universities in both countries.

Another area with great potential for cooperation between the two countries is that of infrastructure development. It is noted that Asian countries have predominantly young populations and the demand for infrastructure is high – it is estimated at as much as US\$8 trillion over the next ten years. It is thus feasible for both countries to cooperate in infrastructure development in Asia.

Finally, education is another area in which greater ties could be fostered between the two countries. It was suggested that both countries not only move beyond technical training into exchanges at university and advanced graduate levels, but also explore avenues for greater sharing of information and expertise in high-value, high-technology areas.

In terms of socio-cultural exchanges, it was noted that people-to-people relations should be enhanced so as to improve ties between the two countries, especially beyond the elite, government-to-government level. There is scope for each country to establish in the other a dedicated arts and culture centre that would conduct various programmes and exhibitions, and provide information to facilitate greater understanding and interaction between their peoples.

Beyond cultural exchanges, Malaysia's standing as a multi-cultural, moderate, Islamic country is also an attraction which offers potential for greater cooperation. Indeed, as Korea, which is traditionally a homogeneous, mono-cultural society, is now becoming less homogeneous, Malaysia's experiences could prove useful for it to explore, understand and manage the transition.

Discussions on cooperation at the regional level focused on a number of issues, such as FTAs, East Asian integration and regionalism, and China.

With regard to advancing East Asian regionalism, questions were raised regarding the

It is thus feasible for both countries to cooperate in infrastructure development in Asia



From left: Jae-Hyon, Mahani Zainal Abidin and Tang Siew Mun

criteria for an East Asian community -- whether such a community should be based on geography, culture, politics, or a combination of the above. One participant concluded that there are difficulties associated with each of these criteria and that it may be easier if the approach toward regional integration is through participation based on various functional areas.

The role and limitations of Asean was also debated. Asean's leadership in arrangements such as Asean+3 and the EAS shows both the potential as well as the limits of Asean leadership. While on one hand, Asean was pivotal in establishing these groupings, on the other, the limited progress made under these arrangements, even after many years, highlights the limitations of Asean leadership.

One participant noted that Asean as a group does not know what it wants, and this lack of direction, along with other issues, is undermining the centrality of Asean. As such, Asean needs to assess the functions and the context of each configuration (Asean+3, EAS, etc.) prioritize amongst these, and to make a stand. Another participant, however, noted that Asean will be in the driver's seat by default as Northeast Asian nations are distrustful of each other.

It was proposed that Korea and Malaysia jointly provide a vision for revitalising cooperation and integration in the East Asian region. Given their history of long and deep links, they can support regional integration by providing stronger leadership and fostering a sense of ownership in the regionalisation process.

Malaysia is attractive to South Koreans as a tourism destination, and also as an educational destination

A Passionate and Excellent Development Economist*

Mahani Zainal Abidin**

Upon completing his PhD in economics at Oxford University, Datuk Dr Zainal Aznam Yusof*** (who passed away on April 30) found Malaysia to be fertile ground for his life-long passion – development economics.

He had great empathy for issues of economic backwardness and justice. He contributed immensely to growth, macroeconomic management, poverty and income distribution while working with the public sector, think tanks and international institutions and through his writings. He began his work in the Economic Planning Unit (EPU) where he dealt with distribution issues and helped set up the foreign investment committee (FIC). The FIC's work includes guiding and monitoring the restructuring of corporate ownership.

He pursued his research while engaged with various government bodies and agencies. He expanded this interest by working with a group of economists who shared his passion for development, poverty and income distribution. This group included the late Professor Ishak Shaari, the late Datuk Ismail Salleh, Tan Sri Kamal Salleh, Tan Sri Sulaiman Mahbob and Datuk Dr Hamzah Kassim.

Zainal examined many aspects of economic growth. Development, to him, was only meaningful if it was well distributed. As such, good governance, competition and fairness were as important as foreign direct investment, savings and fiscal position. He helped prepare the Industrial Master Plans and the Second, Fourth and Fifth Malaysia Plans to this extent.

Among his published works are *Income Distribution: Managing Economic Growth Amid Ethnic Diversity: Malaysia 1970-1990*, co-written with Donald R Snodgrass and Ishak Shari; and *Economic Growth and Development in Malaysia: Policymaking and Leadership*, with Deepak Bhattasali for the Commission on Growth and Development, the World Bank. His work in public policy can be easily categorized as academic research. I suspect he was quite comfortable being a researcher and would have enjoyed academic freedom as he found bureaucracy burdensome. He could have made a great professor but somehow never took up a

full-time academic post.

A major part of his life was working on the New Economic Policy (NEP). His writings tracked the implementation of the NEP, debated its achievements and shortcomings and offered bold ideas on implementation and how to achieve its twin objectives. But he did not blindly follow set paths. He was concerned with furthering bumiputera interests but not through nepotism and rent seeking. He often spoke his mind on these issues and some people found this uncomfortable.

Zainal's views on the implementation of the NEP changed over the years, although he remained steadfast on its objectives. In the National Economic Advisory Council, he and other members of the council advocated a new approach towards affirmative action, one that took cognizance of the many challenges in achieving the objectives of the NEP, including those caused by globalization.

He objected strongly to the rent-seeking activities that arose from the affirmative action and was searching for transparent, competitive and merit-based methods. Many did not understand some of these new ideas where opportunities for the marginalized and deprived were made more equal because it was difficult to ensure an equal outcome. He regretted that some groups had accused his ideas of jeopardizing the interest of the bumiputeras.

After serving the EPU, he joined the Malaysian Institute for Economic Research (MIER) as deputy director. From 1990 to 1994, he was adviser of economics at Bank Negara Malaysia. He spent a short stint in the private sector as regional economist for Kleinwort Benson Research before joining the Institute of Strategic and International Studies (ISIS) Malaysia as deputy director-general from 1995 to 2002. While at ISIS, he coordinated the Knowledge Based Economy Master Plan, among other major projects.

His links with ISIS continued well beyond his time at the institute. He was one of ISIS' distinguished fellows and often participated in seminars, dialogues and discussions. His last collaboration was as adviser

for a book entitled *Malaysia: Policies and Issues in Economic Development* to commemorate ISIS' 25th anniversary. With Datuk R Thillainathan, he gave valuable suggestions for the structure and content of the book and wrote its final chapter, which contemplated the future direction of the Malaysian economy. Sadly, he did not live to see the published book as the printed copies were only delivered a few days before he died.

He was respected by international institutions such as the World Bank, United Nations Development Programme, United Nations Industrial Development Organisation, United Nations Conference on Trade and Development, Asian Development Bank, Asean Secretariat, Overseas Development Institute (ODI) London and the International Growth Centre (IGC) London for his deep knowledge and wide experience on economic development and was invited to work with them.



Zainal Aznam Yusof

He was also a visiting scholar at Harvard Institute of International Development (HIID), consultant to Oxford Centre for Analysis of Resource Rich Economies (OXCARE), Oxford University, and visiting research fellow at the Centre for Research on Inequality, Security and Ethnicity (CRISE), Oxford University.

In return, he brought back many new ideas and approaches to Malaysia. I came to know Zainal well when we were appointed by former finance minister Tun Daim Zainuddin to the working group of the National Economic Action Council during the Asian Financial Crisis of 1997/98. Other members of the working group were Tan Sri Wan Azmi Hamzah and Tan Sri Thong Yaw Hong. Those were unforgettable times because of the severity of the crisis and intense work to produce the National Economic Recovery Plan.

Zainal and I worked together again when Prime Minister Datuk Seri Najib Razak made us, together with seven others, members of the National Economic Advisory Council in 2009 to propose a new economic model for Malaysia.

Why did Zainal leave such a deep impression on many people? He was noted for his sharp, independent and forthright assessments of the

Malaysian economy and was not afraid to debate issues on any level. An elegant writer, he contributed regularly to newspapers including *The Edge*. Moreover, he engaged the public through his writings, TV appearances and participation in conferences. I remember that even his comments during discussions were well written, as if they were ready for publication. This trait for making his work public was evident when he initiated the Bank Negara discussion paper series for Bank Negara staff to share their work with the public. He also started brown bag lunches at MIER. He also suggested that the work of the National Economic Action Council and National Economic Advisory Council be published.

Besides economics, Zainal was equally known for his lifestyle. I used to tease him about his Kevin Costner dark glasses and superstar status as an anchor for budget discussions on TV. He had a great sense of humour and was unassuming. He cycled before it became fashionable. A keen sportsman, he participated in two Langkawi ironman events and completed Olympic length triathlons and biathlons.

A competent musician and movie buff, he was as at ease writing for the *Life & Times* section of the *New Straits Times* as when writing about economics. And of course, he had great love for his family - he and his wife, Datuk Kaziah Abdul Kadir, the former deputy director-general of the Malaysian Industrial Development Authority, made a handsome couple.

He will be missed by many, not least the economic community. At the Lake Club, where he was a member, there was a general feeling of sadness when he passed away. We miss him for his ideas, openness and friendship.



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