

# Look East Policy: History and Future

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## 0. Introduction

It is said that the Look East Policy has greatly contributed to the exchange of talents, economic development and mutual understanding between Japan and Malaysia. But now, 30 years later, the situation has changed. Japan's GDP has been overtaken by China and fell to the No. 3 position in world economy in 2010. Such situation easily gives rise to the question as to whether Japanese economy is still a role model appropriate for Malaysia's development. With regards to the tone of articles in Malaysian newspapers, there are several articles stating that it is time to rethink the purpose of the Policy.

During Prime Minister Dato' Seri Mohd Najib bin Tun Haji Abdul Razak's first official visit to Japan in April 2010, a renewed commitment from leaders of both countries to enhance the Policy and reaffirmation of the necessity to strengthen their bilateral relations were announced. The importance of the Policy was reported by the Malaysian press from different perspectives.

This paper tries to illustrate the historical circumstances of the bilateral relations, with a focus on how the Malaysian media has picked up the Policy so far and gives some suggestions for the future.

## 1. Historical Relationship

The relationship between Japan and Malaysia started with trade relationship in the pre-modern age. From the late 14th century to the early 17th century, as Southeast Asia entered "the Age of Commerce", merchants from East Asia, Southeast Asia, South Asia, West Asia and Europe came to the Malay Peninsula. From the end of the 19th century when Japan started its modernization, trade and interpersonal exchanges boosted again. Migrant workers from poor villages in Kyushu area started to immigrate to the so-called 「南洋」 (Nan-yo, means Southeast Asia) looking for employment. Japanese prostitutes called 「からゆきさん」 (*karayuki-san*) migrated to port cities such as Singapore and Sandakan, and later to inland cities such as Kuala Lumpur and Ipoh. At the beginning of the 20th century, many Japanese entrepreneurs came to Malaya and Borneo to invest in rubber plantation, timber industry and iron mining and to sell light industrial products such as matches. It is said that the business relationships established between the Japanese trading companies, merchants and planters with their Malaysian counterparts during the pre-war period played an important role in helping Japanese firms to restart trade and investment activities in Malaysia after World War II<sup>3</sup>. The Japanese occupation started when the Japanese army landed on the shore of Kota Bharu, north east of the Malay Peninsula, on 8 December 1941. On 15 February the following year, it occupied Singapore. The purpose of the occupation of the Malay Peninsula was to control the Strait of Malacca, a strategic traffic area and its valuable resources of tin and rubber. The Japanese occupation in Malaya ended when Japan lost the war.

1 Researcher/Advisor, Embassy of Japan in Malaysia. This paper expresses the personal views of the presenter and does not represent the view of the organization to which the presenter belongs.

2 Anthony Reid. 1995. *Southeast Asia in the Age of Commerce, 1450-1680: Volume 2, Expansion and Crisis*. Yale University Press

3 For example, even opposed by British colonial government, Japanese timber company which planned to restart their operation after the War has approved under the support of the local people and companies in Sabah in late 1940s.

To establish the Greater East Asia Co-prosperity Sphere, the Japanese government promoted Japanese language education to the occupied area. To foster further understanding on Japan, the Japanese government came up with a scheme for inviting youths from the occupation area to study in Japan. Under the so-called “Nampo Tokubetsu Ryugakusei” scheme, 205 students from Southeast Asia visited Japan from 1943-1944, including 12 students from Malaya.

One of the Malaysian students was Datuk Abdul Razak Abdul Hamid. During his study in Hiroshima, Japan, he survived the atomic bombing of Hiroshima on 6 August 1945. After coming back to Malaysia, Abdul Razak became a Malay and Japanese language teacher in Universiti Teknologi Mara (UiTM). When the Look East Policy was initiated in 1982 and preparatory education started in UiTM, he was nominated to be the head of the programme and he contributed as a Japanese language teacher until his retirement from UiTM in 1998<sup>4</sup>.

One of the other prominent scholars who studied in Japan in the early years was Royal Professor Dr. Ungku Abdul Aziz. Born into the royal family of Johor, he studied under the Tokugawa scholarship, as his family had a good relationship with the Tokugawa family before and during World War II. Subsequently, he visited Japan several times during the 1960s and 1970s and attained his PhD from Waseda University in 1964. During his tenure as the first Malaysian Vice President of the University of Malaya from 1968 to 1988, preparatory education for Look East Policy students (Ambang Asuhan Jepun) started<sup>5</sup>. The contribution of these pro-Japan scholars at the higher education level is essential for the success of the Look East Policy.

From the end of World War II to 1957, both countries carried out substantive economic relations in spite of the unfortunate past. Post-war diplomatic relations between Japan and Malaysia started the same day when Malaysia became independent in 1957, when Japan recognized it as an independent nation. Japanese companies started to increase their influence in Southeast Asian countries. On one hand, active expansion of Japanese companies was welcomed but, on the other, this resulted in an over-presence of the Japanese business in the region. In 1984, when Prime Minister Mahathir gave warning to the Japanese Chamber of Trade and Industry, Malaysia (JACTIM), it subsided.

The official launch of the “Look East Policy” in February 1982 supposedly caused a vast increase in the number of Japanese companies in Malaysia, along with the high appreciation of Japanese Yen. With trade relations between the two countries developed and Japanese yen highly appreciated in 1985, direct investments from Japanese firms rapidly increased and many firms transferred their production lines to Malaysia. Nearly three-quarters of the Japanese investments to Malaysia between 1961 to 1990 originated in the 1980s. In 1996 there were 1346 Japanese companies operating in Malaysia, compared to a mere 477 companies in 1986. Although figures show a temporary decrease from the second half of the 1990s to 2000, there are approximately 1421 Japanese companies operating in the country as of 2009. Among them, 735 companies or approximately half of them come from the manufacturing industry, of which 270 companies are in electronics, 89 petrochemicals and 78 iron and steel or non-metal.

## ■ 2. Enhanced Partnership for a New Frontier

But now, 30 years later, the situation has changed. Malaysian media frequently report that Japan has been overtaken by China and has fallen to be the No. 3 world economy on the basis of the GDP in 2010 and such reports sometimes conclude that Japanese economy is no longer relevant as a model of growth

4 Kimiko Ban “Pro-Japanese people in Malaysia (3): Datuk Abdul Razak” (伴美喜子「マレーシアの親日家たち(3)——アブドゥル・ラザク先生」) <http://homepage3.nifty.com/kiara/mikiko/000824.htm> (04/05/2012 final access)

5 Kimiko Ban “Royal Professor Ungku Abdul Aziz, who studied in Japan under Tokugawa Scholarship” (伴美喜子「徳川奨学金を得て早大で学んだアジズ元マラヤ大学学長」) <http://www.yorozubp.com/0008/000820.htm> (04/05/2012 final access)

for Malaysia. Related to this and the tone of articles in Malaysian newspapers, there are several articles stating that it is time to rethink the need and purpose of the Look East Policy.

In May 2012, the International Institute for Management Development (IMD) in Switzerland announced the World Competitiveness Yearbook Ranking for 2012. Hong Kong has been ranked No.1 for two consecutive years ahead of the US (2<sup>nd</sup>), Switzerland (3<sup>rd</sup>) and Singapore (4<sup>th</sup>). It was quite shocking for Japan when its ranking went down from 17<sup>th</sup> in 2009 to 27<sup>th</sup> in 2012, overtaken by Malaysia (14<sup>th</sup>) and Korea (22<sup>nd</sup>).

The Prime Minister of Malaysia, Dato' Seri Mohd Najib bin Tun Haji Abdul Razak, officially visited Japan from 18<sup>th</sup> to 21<sup>st</sup> April 2010. It was his first visit to Japan as prime minister. From the Japanese perspective, the visit was an opportunity to evaluate how significant Japan was to Najib's administration, especially in the context of the growing power of China and India in the diplomatic landscape of Asia. Since his inauguration in April 2009, Prime Minister Najib has visited the main ASEAN countries, China, South Korea and India, while his visit to Japan came notably later. Former Prime Minister Mahathir Mohamad initiated the "Look East Policy" in 1982, making Japan an integral part of his diplomatic strategy and his successor Abdullah Badawi continued to uphold the policy, though in a lower profile. The concern that Japan might be deemed less important compared to these countries existed in Japan before Najib's visit. This is partly because he was regarded as a pro-China politician like his father Razak, who as prime minister had successfully concluded Malaysia's diplomatic relation with China in 1974 ahead of other ASEAN countries. Despite such apprehension, Najib confirmed the importance of Japan by reaffirming the Look East Policy and strongly encouraging Japanese businesses toward further investment and trade. This positive signal was welcomed by both the Japanese government and the business world. It is considerably significant for both Japan and Malaysia, two of the main players in Asia, to reaffirm each other's importance and to strengthen their cooperation.

Prime Minister Najib's three-day visit was full of meetings and activities, including an audience with Their Majesties the Emperor and the Empress at the Imperial Palace and a summit meeting and an official dinner with then Japanese Prime Minister Yukio Hatoyama. Following the summit meeting on 19<sup>th</sup> April, both Prime Ministers issued the Japan-Malaysia Joint Leaders' Statement - "Enhanced Partnership for a New Frontier". In this statement, the two leaders confirmed that bilateral relations are entering a new stage of enhanced partnership based on strong ties between the peoples of Japan and Malaysia, which have been greatly strengthened with the implementation of the "Look East Policy". To further enhance bilateral relations, they focused on four pillars of cooperation, which are (1) cooperation for peace and security, (2) cooperation for strengthening competitiveness and sustainable growth, (3) cooperation for contribution in the areas of environment and energy, (4) cooperation for human resources development and promotion of people-to-people exchange.

Both leaders also reaffirmed their commitment to promote regional architecture in the East Asian region, including the building of an East Asian community with ASEAN countries being the driving force. These changes indicate that the proactive roles of both countries and their closer cooperation are more and more important in maintaining security and prosperity in the region, given the current fluid regional and international situation.

During and after the visit, news reported by the Malaysian media focused on the renewal of the Look East Policy. For example, in an editorial of *Berita Harian* titled "Look East Policy Given New Breath Relevant to Present Needs" published on 21<sup>st</sup> April 2010, the renewal and promotion of the Look East Policy was described as follows:

'Administration of Datuk Seri Najib Razak committed to strengthen and give new breath (nafas baru) to the

“Look East Policy”, by suggesting that the Malaysian business community should explore new fields and cooperation with Japan.<sup>7</sup>

‘As Japan is one of the most developed countries in new technology, Malaysia should benefit from the participation of the business community. Transfer of technology through sending students and industrial trainees to Japan should also be given a new impetus. Efforts by the government in promoting green and environmental-friendly technology also should be strengthened in order to achieve the targeted high-income economy which was set by the New Economic Model (in 2010).’

The “Look East Policy” was implemented in 1982 and it is the policy that makes Japan (and Korea) a “mentor or idol”. Former Prime Minister, Tun Dr. Mahathir Mohamad took the initiative to implement this policy where Malaysians can learn from the experiences of both countries such that it could be integrated into a framework to develop Malaysia. The secret of Japan’s success lies in employees’ ethics and morality as well as management skills. To ensure the success of the policy, the government has sent students to universities and institutes of technology in Japan, not only industrial trainees.<sup>7</sup>

‘Given the fact that the industrial community, civil servants and corporate sectors are integral parts to achieve a high-income economy by the year 2020, ethics, morale and management skills that led to the success of Japan should be modeled after<sup>6</sup>.’

A significant number of these graduates then moved on to Malaysian companies or started their own business. In these ways, they have contributed to the advancement of the Malaysian economy. In addition, some of them served as a cultural bridge between Japan and Malaysia. Their active involvement in Japanese cultural events held in Malaysia or Japanese language education in their companies, communities or schools is also noteworthy. It is reassuring to read the aforementioned editorial of the *Berita Harian*, which emphasized the necessity for Malaysian society to forge a stronger relationship with the Alumni Look East Policy Society (ALEPS) in order to advance the Look East Policy, thereby giving recognition to the merits of these Japan-trained Malaysians who epitomize Japan’s strength.

The diplomatic implication of the Look East Policy must also be pointed out. The policy exemplifies the high regard the Malaysian Government has towards Japan as a trusted partner. Of further importance, bilateral relations have been underpinned by the national policy and a large number of Malaysian intellectuals who stayed in Japan for years and got well acquainted with Japan and Japanese people through the Look East Policy. The Joint Leaders’ Statement also states that:

‘the two leaders appreciated the role played by the Look East Policy in human resources development in Malaysia, through education exchanges and capacity building, and the promotion of people-to-people exchanges between the two countries. They welcomed efforts to explore new areas of cooperation under the Look East Policy.’

### ■ 3. Look East Policy in the East Asian Region

In terms of diplomatic implications of the Look East Policy, insightful views were spotted in the editorials of two Chinese newspapers in Malaysia, the *Sinchew Daily* and the *Nanyang Siang Pau* on the occasion of Prime Minister Najib’s visit to Japan. The Policy was commented on its focus on the aspects of bilateral relations, international relations and the balance of power in the whole Asian region.

The editorial titled “Making an Important Step Forward in the Look East Policy” of *Sinchew Daily* published on 20<sup>th</sup> April 2010, depicted the following:

‘In formality, it is a working visit but in reality, it is an important summit diplomacy of obvious political and economic significance which gave rise to a huge developmental step for pushing forward the Look East

6 “Dasar Pandang Ke Timur diberi nafas baru relevan keperluan masa kini” (*Berita Harian*: 21 April 2010,

Policy with important advancement.’

‘Background circumstances that have led to this step include: (1) the Asia Pacific region is the biggest potential area for the fastest growth in the world, and thus Malaysia has to engage in the regional economy as energetically as possible; (2) Malaysia’s dependency on China’s economy has rapidly elevated while troubles and instability still exist within ASEAN-China relations. Therefore, Malaysia has to maintain balance by strengthening her relations with Japan politically and economically; (3) as regionalism rises up on a global sphere, many East Asian countries are channeling their efforts into the construction of multi-faceted military security systems. If Malaysia does not actively participate in such efforts, it would be very disadvantageous to the future security of Malaysia.’

‘For Malaysia, diplomacy governing relations with neighboring countries, as well as those with the United States, China and Japan, have always been the two most important agendas. On the surface, both have their own target and are not inter-related, but in reality, they are closely related. Concentrating on neighbouring policies only will not strengthen Malaysia’s path for survival. On the other hand, neglecting neighbours by focusing on the United States, China and Japan relations will not guarantee Malaysia’s long-term development.’<sup>7</sup>

Meanwhile, the editorial in *Nanyang Siang Pau* titled “Expand the Boundaries of the Look East Policy” published on 22<sup>nd</sup> April 2010 after Najib returned to Malaysia, suggested that the boundaries of the Look East Policy should be further expanded to include China and other East Asian countries. In fact, it affirmed that:

‘The serious and meticulous work attitude of the Japanese left a deep impression on Najib. He called it “precision” and attributed Japan’s success to the nature of their society which pursues excellence and urged Malaysians to stop being “more or less (lebih kurang)” and to learn the work attitudes of the Japanese in order to make Malaysia an advanced nation that pursues excellence.’

‘Najib pointed out that now is the time to revisit the Look East Policy and to strengthen interchange in new and innovative areas. In times when every country is developing cutting-edge technology, green technology and biotechnology, there is a necessity and urgency for Malaysia and Japan to strengthen cooperation in these areas.’

‘Since the inception of the Look East Policy in 1982, there are 15,000 Malaysian students who have returned from their studies in Japan and South Korea. Under the Look East Policy, we have also successfully attracted main Japanese and South Korean businesses to invest and set up factories in Malaysia which contributed much to the industrialization of Malaysia.’

‘Apart from cooperation in the sectors of business, industry and education, the government should also deepen their learning of the highly effective Japanese management style and the citizens’ and employees’ attitude of seriousness, discipline, responsibility and entrepreneurship. All these highly esteemed moral values and innovative spirit will help to strengthen and realize Najib’s “New Economic Model” and growth-oriented policy.’

‘The Malaysian Government should seriously examine how to inject these excellent essence of the Japanese and South Korean into our universities, huge civil sector as well as research area in order to stimulate creativity and motivation so that Malaysia could realize the target of becoming a developed nation as scheduled.’

‘The Look East Policy now targets only Japan and South Korea but the government should look into expanding the geographical boundaries of the Look East Policy, especially by including China which is rising to become the world’s largest economy and whose role in the international trade, military and diplomatic scene is of increasing importance, and also Taiwan which is taking the lead in research and production of

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7 “Making an Important Step Forward in the Look East Policy” (『邁出東向政策重要一步』) (*Sin Chew Daily*: 20 April 2010, p. 29).

both computer software and hardware, as their pathway to success can become our model.’

‘Therefore, considerations to include China, Taiwan and Hong Kong into a new Look East Policy will aid Malaysia–China relations to enter into a more lively stage, thus being able to effectively deal with the huge challenges and limitless business opportunities that will arise in the process of becoming a common economic entity.’<sup>8</sup>

#### ■ 4. For Future

Given the abovementioned points, the significance of the Look East Policy for the future will be sorted out as follows: first of all, the editorial of *Sinchew Daily* presented an interesting perspective on the Look East Policy in terms of Malaysia’s foreign policy to the effect that Malaysia should consider Japan as an important counterbalance to China in the region. In this sense, nowadays, the re-emphasis of the Look East Policy could be interpreted as a policy that represents Malaysia’s foreign policy in Asia, attaching significant diplomatic value to Japan’s position in Asia, which includes her role as a power in the regional balance and her still important economic power. Supposedly, the political connotation of the Look East Policy has changed from the time when Prime Minister Mahathir initiated it in an attempt to strike a balance between the West and Asia by looking to Japan, an Asian power, as a role model for Malaysia when the country was striving for development. But the present political meaning of the Policy might include a strike of power balance inside Asia, specifically between Japan and China, given China’s rise.

In this context, Najib’s visit to Japan would add its significance in a sense that both countries renewed their commitment to enhance the Look East Policy whereby both leaders reaffirmed the necessity to strengthen bilateral relations in a wider perspective for their survival in a time when the international situation surrounding them is drastically changing.

Secondly, all Malaysian media placed an emphasis on the application of the Look East Policy to meet Malaysia’s economic goal to become a developed country by 2020. Needless to say, one of the important objectives of this visit was to make a fresh appeal of Malaysia as an investment site in Japan, so that Japanese businesses would continue to stay and strengthen their investment in the country. Through the “New Economic Model” launched by the National Economic Advisory Council on 30<sup>th</sup> March 2010, the Malaysian Government intends to improve the quality of people’s life by accomplishing the targets of ‘high income’ (GDP US\$15,000~20,000 by 2020), ‘inclusiveness’ and ‘sustainability’. To this end, the Malaysian Government needs to introduce Japanese cutting-edge technologies including green technology through the “Look East Policy”. The policy has also provided Malaysia with various Japanese values such as work ethics, diligence, management skills as well as technologies which are still instrumental to Malaysia’s development. On this point, the editorial of *Nanyang Siang Pau* focused on the geographical boundary of the Look East Policy and asserted the necessity of including China, Taiwan and Hong Kong for furthering Malaysian development only from the economic point of view.

Thirdly, it is a great compliment for the Japanese that Prime Minister Najib had repeatedly brought up the word “precision” as a Japanese characteristic during his visit to Japan. This clearly implies that the Japanese have a commendable spirit for Malaysians to learn from and Malaysia should continue the Look East Policy as one of the most important human resource development tool. Another editorial of *Sinchew Daily* titled “Strengthen Malaysia–Japan Bilateral Cooperation” written in 2007 on the occasion of then Prime Minister Shinzo Abe’s visit to Malaysia, commented with regards to the Look East Policy that ‘Malaysians have yet to learn completely the spirit of the Look East Policy, and that the Gov-

8 “Expand the Boundaries of Look East Policy (『拡大向東学習区域』)” (*Nanyang Siang Pau*: 22 April 2010, p. C12)

9 『深化馬日雙邊合作關係』(星洲日報: 13 August 2007, page 27)

ernment should strengthen the policy to acquire the innovative and strenuous spirit of the Japanese<sup>9</sup>. This editorial presented a similar thinking to the two abovementioned editorials of 2010.

Fourthly, how concrete programmes of the Look East Policy could be energized to serve the various missions enumerated above is an imminent issue to be addressed. With the relative decline of Japan's economic strength in the international arena, the number of students applying for the programmes is also in decline in recent years. Therefore, public relations activities to attract excellent students should be enhanced. Courses such as newly planned technologies (green technology, renewable technology, biotechnology, ICT technology, etc.) as well as Japan's pop culture (anime, movies, etc.) seem appealing to expected applicants.

Another problem is the low number of students majoring in social sciences in Japan. Under the framework of the Look East Policy programmes, the percentage of Malaysian students going to Japan lean heavily on science and engineering. In order to accurately understand Japan's situation and formulate foreign policies on Japan as a partner country, it is essential to bring up human resources who are well versed in Japan in various fields such as politics, economy and security. These issues could be resolved by intensifying the promotion of multi-faceted Japanese studies in universities and research institutions under the leadership of the Malaysian Government. With these measures, the Look East Policy as a foreign policy of Malaysia which attaches great importance to Japan could be expected to contribute not only to Malaysia's further development but also to the further enhancement of the relationship between the two countries, as well as regional peace and prosperity.